

# 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 22, 2004

## 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 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The information in this Item is furnished to, but not filed with, the Securities and Exchange Commission solely under Item 12 of Form 8-K, "Results of Operations and Financial Condition."

On July 22, 2004, Libbey Inc. issued a press release announcing financial results for the second quarter ended June 30, 2004. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

**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 here unto duly authorized.

**LIBBEY INC.  
Registrant**

*Date: July 22, 2004*  
-----

*By: /s/ Scott M. Sellick*  
-----

*Scott M. Sellick  
Vice President, Chief Financial Officer  
(Principal Accounting Officer)*

**EXHIBIT INDEX**

Exhibit No. -----	Description -----	Page No. -----
99.1	Text of press release dated July 22, 2004	E-1

[LIBBEY LOGO] LIBBEY INC.

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

---

NEWS RELEASE

AT THE COMPANY:

-----

KENNETH BOERGER  
VP/TREASURER  
(419) 325-2279

AT FINANCIAL RELATIONS BOARD:

-----

SUZY LYNDE  
ANALYST INQUIRIES  
(312) 640-6772

**FOR IMMEDIATE RELEASE**  
**THURSDAY, JULY 22, 2004**

**LIBBEY INC. ANNOUNCES SECOND QUARTER DILUTED EPS  
OF 68 CENTS VERSUS 59 CENTS IN PRIOR-YEAR PERIOD**

**SALES UP 5.8 PERCENT, INCOME FROM OPERATIONS UP 25.9 PERCENT**

TOLEDO, OHIO, JULY 22, 2004--LIBBEY INC. (NYSE: LBY) announced that its diluted earnings per share for the second quarter ended June 30, 2004, were 68 cents on sales of \$135.8 million. The Company reported increased sales, higher income from operations, and an increase of 18.4 percent in net income as compared to the prior-year period.

**SECOND-QUARTER RESULTS**

For the quarter-ended June 30, 2004, sales increased 5.8 percent to \$135.8 million from \$128.3 million in the year-ago quarter. The increase in sales was attributable to growth in sales to customers in the foodservice, retail and export channels of distribution. Shipments to foodservice customers of Libbey glassware, Syracuse China dinnerware, World Tableware products, and Traex products were all higher than the year-ago period. Sales to retail customers increased over 8 percent, as compared to the year-ago quarter.

The Company recorded income from operations of \$16.1 million during the quarter. This compares with income from operations of \$12.8 million in the year-ago quarter. Factors contributing to the 25.9 percent increase were higher sales to customers, improved capacity utilization and efficiencies in the manufacturing operations.

Pretax equity earnings from Vitrocrisa, the Company's joint venture in Mexico, were \$1.5 million as compared with pretax earnings of \$2.0 million in the second quarter of 2003, as the result of flat sales and higher natural gas costs. Interest expense decreased \$0.1 million compared with the year-ago period. The effective tax rate increased to 32.9 percent for the quarter from 30.7 percent in the year-ago period as the result of lower federal and state income tax credits. Net income was \$9.4 million, or \$0.68 per diluted share. This was a 15.3 percent increase compared with diluted earnings per share of \$0.59 in the second quarter of 2003.

## **SIX-MONTH RESULTS**

For the six months ended June 30, 2004, sales increased 7.8 percent to \$258.9 million from \$240.2 million in the year-ago period. The increase in sales was attributable to increased sales to foodservice, retail, industrial and export customers. Sales to foodservice customers of Libbey glass products, Syracuse China dinnerware products, Traex plastic products and World Tableware products were all higher by at least 8 percent when compared with the first six months of 2003.

Income from operations was up 20.7 percent to \$22.2 million compared with \$18.4 million in the year-ago period. In addition to the higher sales, other factors that contributed to the higher income from operations included increased capacity utilization and improved manufacturing efficiencies.

Equity earnings from Vitrocrisa were \$0.1 million on a pretax basis as compared to \$1.8 million pretax in the year-ago period, as the result of higher natural gas costs and increased repair expenses. Interest expense increased \$0.9 million as the result of higher average debt during the first half of 2004. The effective tax rate increased to 33.0 percent during the first six months of 2004 from 31.2 percent in 2003 as the result of lower federal and state income tax credits. Net income was \$9.9 million, or \$0.73 per diluted share, compared with \$9.9 million, or \$0.71 per diluted share, in the year-ago period.

## **OUTLOOK FOR 2004**

John F. Meier, chairman and chief executive officer, commenting on the quarter and the Company's outlook for 2004 said, "We are pleased that we were able to deliver solid increases in sales and earnings during the second quarter. The continued increase in sales to our customers is encouraging." He added, "We are reviewing our expectations for the balance of 2004 and will provide guidance around the middle of August for the third and fourth quarters."

## **WEBCAST INFORMATION**

Libbey will hold a conference call for investors on Thursday, July 22, 2004, 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 <http://phx.corporate-ir.net/phoenix.zhtml?c=64169&p=irol-eventDetails>. 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 but are not limited to: 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-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 expense associated with higher medical costs, increased pension expense associated with lower returns on pension investments and increased pension obligations; devaluations and other major currency fluctuations relative to the U.S. dollar and the Euro 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,

Libbey Inc.  
Add 4

located in Wisconsin, designs, manufactures and distributes an extensive line of plastic items for the foodservice industry. In 2003, Libbey Inc.'s net sales totaled \$513.6 million.

E-4

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

(unaudited)

	THREE MONTHS ENDED		Percent Change
	June 30, 2004	June 30, 2003	
Net sales	\$ 135,752	\$ 128,254	5.8%
Freight billed to customers	564	529	
Royalties and net technical assistance	712	640	
Total revenues	137,028	129,423	5.9%
Cost of sales	103,394	99,085	
Gross profit(1)	32,922	29,698	10.9%
Selling, general and administrative expenses	17,486	17,514	
Income from operations(2)	16,148	12,824	25.9%
Equity earnings -- pretax	1,456	1,997	
Other (expense) income	(124)	210	
Earnings before interest and income taxes	17,480	15,031	16.3%
Interest expense -- net	3,516	3,611	
Income before income taxes	13,964	11,420	22.3%
Provision for income taxes	4,599	3,510	
Net income	\$ 9,365	\$ 7,910	18.4%
Net income per share:			
Basic	\$ 0.68	\$ 0.59	
Diluted	\$ 0.68	\$ 0.59	15.3%
Weighted average shares:			
Outstanding	13,678	13,307	
Diluted	13,699	13,318	

	SIX MONTHS ENDED		Percent Change
	June 30, 2004	June 30, 2003	
Net sales	\$ 258,875	\$ 240,157	7.8%
Freight billed to customers	1,055	963	
Royalties and net technical assistance	1,404	1,390	
Total revenues	261,334	242,510	7.8%
Cost of sales	204,692	189,864	
Gross profit(1)	55,238	51,256	7.8%
Selling, general and administrative expenses	34,479	34,280	
Income from operations(2)	22,163	18,366	20.7%
Equity earnings -- pretax	67	1,847	
Other (expense) income	(317)	336	
Earnings before interest and income taxes	21,913	20,549	6.6%
Interest expense -- net	7,092	6,152	
Income before income taxes	14,821	14,397	2.9%
Provision for income taxes	4,891	4,486	

	-----	-----	
Net income	\$ 9,930	\$ 9,911	0.2%
	=====	=====	
Net income per share:			
Basic	\$ 0.73	\$ 0.71	
	=====	=====	
Diluted	\$ 0.73	\$ 0.71	2.8%
	=====	=====	
Weighted average shares:			
Outstanding	13,653	13,883	
	=====	=====	
Diluted	13,682	13,899	
	=====	=====	

(1) Gross profit is net sales plus freight billed to customers less cost of sales.

(2) Gross profit plus Royalties and net technical assistance income less Selling, general and administrative expenses

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

	June 30, 2004 ----- (unaudited)	December 31, 2003 -----	June 30, 2003 ----- (unaudited)
<b>ASSETS</b>			
Cash	\$ 2,355	\$ 2,750	\$ 5,862
Accounts receivable	63,380	57,122	56,535
Inventories	134,297	125,696	123,520
Other current assets	10,947	10,610	12,993
	-----	-----	-----
Total current assets	210,979	196,178	198,910
Investments	87,754	87,574	84,596
Other assets	40,682	40,745	39,754
Goodwill	52,917	53,133	61,228
Net property, plant and equipment	174,183	173,486	163,348
	-----	-----	-----
Total assets	\$566,515 =====	\$551,116 =====	\$547,836 =====
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Notes payable	\$ 14,142	\$ 611	\$ 4,808
Accounts payable	35,625	40,280	32,474
Accrued liabilities	32,488	33,555	45,252
Other current liabilities	17,125	14,281	16,952
Long-term debt due within one year	115	115	115
	-----	-----	-----
Total current liabilities	99,495	88,842	99,601
Long-term debt	223,685	230,207	231,052
Deferred taxes and other liabilities	27,678	27,873	23,903
Pension liability	17,501	17,092	29,910
Nonpension postretirement benefits	46,986	47,245	47,633
	-----	-----	-----
Total liabilities	415,345	411,259	432,099
Total shareholders' equity	151,170	139,857	115,737
	-----	-----	-----
Total liabilities and shareholders' equity	\$566,515 =====	\$551,116 =====	\$547,836 =====

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

(unaudited)

	THREE MONTHS ENDED	
	June 30, 2004	June 30, 2003
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 9,365	\$ 7,910
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,631	6,825
Net equity earnings	(1,058)	(1,471)
Change in accounts receivable	(7,105)	(3,122)
Change in inventories	(5,432)	(7,019)
Change in accounts payable	783	3,146
Other operating activities	6,294	9,487
	-----	-----
Net cash provided by operating activities	10,478	15,756
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(8,859)	(6,379)
Dividends received from equity investments	-	4,900
Other	-	897
	-----	-----
Net cash used in investing activities	(8,859)	(582)
FINANCING ACTIVITIES		
Net bank credit facility activity	(5,000)	(20,000)
Payment of financing fees	(838)	-
Other net borrowings	6,602	2,453
Stock options exercised	88	4,765
Treasury shares purchased	-	(640)
Dividends	(1,366)	(1,325)
	-----	-----
Net cash provided by financing activities	(514)	(14,747)
Effect of exchange rate fluctuations on cash	-	(24)
	-----	-----
(Decrease) increase in cash	1,105	403
Cash at beginning of period	1,250	5,459
	-----	-----
Cash at end of period	\$ 2,355	\$ 5,862
	=====	=====

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

(unaudited)

	SIX MONTHS ENDED	
	June 30, 2004	June 30, 2003
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 9,930	\$ 9,911
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,443	13,732
Net equity earnings	(127)	(1,479)
Change in accounts receivable	(6,258)	(6,591)
Change in inventories	(8,601)	(13,886)
Change in accounts payable	(4,655)	841
Other operating activities	5,400	4,206
	-----	-----
Net cash provided by operating activities	11,132	6,734
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(17,026)	(11,093)
Dividends received from equity investments	-	4,900
Other	-	897
	-----	-----
Net cash used in investing activities	(17,026)	(5,296)
FINANCING ACTIVITIES		
Net bank credit facility activity	(5,000)	(61,872)
Senior notes	-	100,000
Payment of financing fees	(838)	(663)
Other net borrowings	13,738	2,088
Stock options exercised	328	4,841
Treasury shares purchased	-	(38,888)
Dividends	(2,728)	(2,788)
	-----	-----
Net cash provided by financing activities	5,500	2,718
Effect of exchange rate fluctuations on cash	(1)	23
	-----	-----
(Decrease) increase in cash	(395)	4,179
Cash at beginning of year	2,750	1,683
	-----	-----
Cash at end of period	\$ 2,355	\$ 5,862
	=====	=====

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED JOINT VENTURE STATEMENTS OF INCOME**  
(Dollars in thousands)

(unaudited)

	THREE MONTHS ENDED	
	June 30, 2004	June 30, 2003
Net sales	\$ 48,490	\$ 48,260
Cost of sales	39,270	35,930
	-----	-----
Gross profit	9,220	12,330
Selling, general and administrative expenses	5,650	5,963
	-----	-----
Income from operations	3,570	6,367
Translation gain (loss)	507	(727)
Other income (expense)	(22)	(216)
	-----	-----
Earnings before interest and taxes	4,055	5,424
Interest expense	1,083	1,349
	-----	-----
Income before income taxes	2,972	4,075
Income taxes	813	1,075
	-----	-----
Net income	\$ 2,159	\$ 3,000
	=====	=====

	SIX MONTHS ENDED	
	June 30, 2004	June 30, 2003
Net sales	\$ 90,968	\$ 86,547
Cost of sales	77,588	68,929
	-----	-----
Gross profit	13,380	17,618
Selling, general and administrative expenses	11,016	10,819
	-----	-----
Income from operations	2,364	6,799
Translation gain (loss)	327	(80)
Other income (expense)	(123)	(208)
	-----	-----
Earnings before interest and taxes	2,568	6,511
Interest expense	2,430	2,743
	-----	-----
Income before income taxes	138	3,768
Income taxes	(120)	751
	-----	-----
Net income	\$ 258	\$ 3,017
	=====	=====

The Company is a 49% equity owner in Vitrocrisa Holding, S. de R.L. de C.V. and related Mexican companies (Vidrocrisa), which manufacture, market and sell glass tableware (beverageware, plates, bowls, serveware and accessories) and industrial glassware (coffee pots, blender jars, meter covers, glass covers for cooking ware and lighting fixtures sold to original equipment manufacturers) and a 49% equity owner in Crisa Industrial, L.L.C., a domestic distributor of industrial glassware for Vitrocrisa in the U.S. and Canada. Summarized combined statements of income for the Company's investments, accounted for by the equity method under U.S. GAAP, is shown above.