

ALIGN TECHNOLOGY INC
Form 10-Q
July 31, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended June 30, 2014
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: 0-32259

ALIGN TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	94-3267295
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2560 Orchard Parkway	
San Jose, California 95131	
(Address of principal executive offices)	
(408) 470-1000	
(Registrant's telephone number, including area code)	

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
o (Do not check if a smaller reporting company)			

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

The number of shares outstanding of the registrant's Common Stock, \$0.0001 par value, as of July 25, 2014 was 80,793,072.

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PART I—FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

ALIGN TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Net revenues	\$192,531	\$163,828	\$373,177	\$317,408
Cost of net revenues	47,055	40,137	90,450	80,868
Gross profit	145,476	123,691	282,727	236,540
Operating expenses:				
Sales and marketing	56,386	47,847	109,274	90,128
General and administrative	27,069	27,027	56,248	57,375
Research and development	13,289	10,916	26,669	22,198
Impairment of goodwill	—	—	—	40,693
Impairment of long-lived assets	—	—	—	26,320
Total operating expenses	96,744	85,790	192,191	236,714
Operating profit (loss)	48,732	37,901	90,536	(174)
Interest and other income (expenses), net	(93)	(335)	508	(1,323)
Net income (loss) before provision for income taxes	48,639	37,566	91,044	(1,497)
Provision for income taxes	13,039	8,246	23,000	11,166
Net income (loss)	\$35,600	\$29,320	\$68,044	\$(12,663)
Net income (loss) per share:				
Basic	\$0.44	\$0.36	\$0.84	\$(0.16)
Diluted	\$0.43	\$0.36	\$0.82	\$(0.16)
Shares used in computing net income (loss) per share:				
Basic	81,027	80,576	81,073	80,909
Diluted	82,341	82,149	82,651	80,909

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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ALIGN TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Net income (loss)	\$35,600	\$29,320	\$68,044	\$(12,663)
Net change in cumulative translation adjustment	(4)	(8)	102	(64)
Change in unrealized gains (losses) on available-for-sale securities, net of tax	70	(186)	112	(183)
Other comprehensive income (loss)	66	(194)	214	(247)
Comprehensive income (loss)	\$35,666	\$29,126	\$68,258	\$(12,910)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

June 30,
2014