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STRATASYS INC
Form 10-Q
November 09, 2011

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 September 30, 2011
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: 1-13400

STRATASYS, INC.

(Exact name of registrant as specified in its charter)

Delaware 36-3658792
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

7665 Commerce Way, Eden Prairie, Minnesota 55344
(Address of principal executive offices) (Zip Code)

(952) 937-3000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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-accelerate filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of November 1, 2011 the Registrant had 21,200,220 shares of common stock, \$.01 par value, issued and outstanding.

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Stratasys, Inc.

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STRATASYS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements.

Consolidated Balance Sheets

	September 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,231,778	\$ 27,554,411
Short-term investments - held to maturity	3,047,213	8,797,878
Accounts receivable, less allowance for doubtful accounts of \$1,154,709 at September 30, 2011 and \$1,094,588 at December 31, 2010	23,766,474	20,051,451
Inventories	21,983,920	17,880,714
Net investment in sales-type leases, less allowance for doubtful accounts of \$245,332 at September 30, 2011 and \$189,338 at December 31, 2010	2,911,027	3,096,911
Prepaid expenses and other current assets	4,660,515	3,384,394
Deferred income taxes	3,826,000	3,447,000
Total current assets	75,426,927	84,212,759
Property and equipment, net	37,828,246	29,872,945
Other assets		
Goodwill	25,055,948	867,700
Other intangible assets, net	25,930,787	5,538,014
Net investment in sales-type leases	4,274,110	3,067,446
Long-term investments - available for sale	-	1,185,250
Long-term investments - held to maturity	42,652,402	52,504,650
Other non-current assets	172,490	1,210,867
Total other assets	98,085,737	64,373,927
Total assets	\$ 211,340,910	\$ 178,459,631
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 15,499,810	\$ 14,408,628
Unearned revenues	12,266,829	11,561,521
Total current liabilities	27,766,639	25,970,149
Non-current liabilities		
Deferred tax liabilities	7,519,500	207,000
Total liabilities	35,286,139	26,177,149
Commitments and contingencies		
Stockholders' equity		
Common stock, \$.01 par value, authorized 30,000,000 shares; 26,857,801 and 26,509,518 shares issued at September 30, 2011 and December 31, 2010, respectively	268,578	265,095

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Additional paid-in capital	116,544,175	107,781,990
Retained earnings	98,225,797	83,385,484
Accumulated other comprehensive income (loss)	20,646	(145,662)
Treasury stock at cost, 5,687,631 shares at September 30, 2011 and December 31, 2010	(39,004,425)	(39,004,425)
Total stockholders' equity	176,054,771	152,282,482
Total liabilities and stockholders' equity	\$ 211,340,910	\$ 178,459,631

See accompanying notes to consolidated financial statements.

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STRATASYS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Operations and Comprehensive Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net sales				
Products	\$ 32,255,554	\$ 23,966,937	\$ 90,521,228	\$ 69,526,507
Services	7,440,470	6,291,609	21,048,816	18,785,660
Fair value of warrant related to OEM agreement	-	-	-	(4,987,806)
	39,696,024	30,258,546	111,570,044	83,324,361
Cost of sales				
Products	14,868,919	12,695,679	42,647,905	35,805,842
Services	3,273,159	2,853,879	9,382,333	8,627,451
	18,142,078	15,549,558	52,030,238	44,433,293
Gross profit	21,553,946	14,708,988	59,539,806	38,891,068
Operating expenses				
Research and development	3,613,668	2,242,263	10,687,578	7,191,594
Selling, general and administrative	10,083,451	8,403,902	28,738,326	24,385,683
	13,697,119	10,646,165	39,425,904	31,577,277
Operating income	7,856,827	4,062,823	20,113,902	7,313,791
Other income (expense)				
Interest income, net	276,089	217,651	698,469	596,541
Foreign currency transaction gains (losses), net	(217,857)	227,623	(429,840)	(570,184)
Other	755,030	48,078	2,264,307	42,093
	813,262	493,352	2,532,936	68,450
Income before income taxes	8,670,089	4,556,175	22,646,838	7,382,241
Income taxes	2,812,920	1,380,625	7,806,524	2,317,635
Net income	\$ 5,857,169	\$ 3,175,550	\$ 14,840,314	\$ 5,064,606
Net income per common share				
Basic	\$ 0.28	\$ 0.15	\$ 0.70	\$ 0.25
Diluted	0.27	0.15	0.68	0.24
Weighted average common shares outstanding				
Basic	21,165,401	20,586,695	21,107,474	20,519,189
Diluted	21,542,674	21,000,804	21,669,848	21,035,559
Comprehensive Income				
Net income	\$ 5,857,169	\$ 3,175,550	\$ 14,840,314	\$ 5,064,606
Other comprehensive income (loss):				

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Foreign currency translation adjustment	57,382	221,975	166,308	(75,408)
Comprehensive income	\$ 5,914,551	\$ 3,397,525	\$ 15,006,622	\$ 4,989,198

See accompanying notes to consolidated financial statements.

STRATASYS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities		
Net income	\$ 14,840,314	\$ 5,064,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(210,410)	-
Depreciation	4,288,846	4,847,219
Amortization	3,241,141	1,948,406
Stock-based compensation	1,088,025	931,632
Excess tax benefit from stock options	(2,562,753)	-
Fair value of warrant related to OEM agreement	-	4,987,806
Gain on disposal of property and equipment	(155,608)	-
Gain on sale of investment	(1,830,595)	-
Increase (decrease) in cash attributable to changes in operating		