

ORMAT TECHNOLOGIES, INC.
Form 10-Q
August 08, 2018

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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 June 30, 2018

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: 001-32347

ORMAT TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of

incorporation or organization)

88-0326081

(I.R.S. Employer

Identification Number)

6225 Neil Road, Reno, Nevada

(Address of principal executive offices)

89511-1136

(Zip Code)

(775) 356-9029

(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, 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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth company

(Do not check if a smaller reporting 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

As of August 6, 2018, the number of outstanding shares of common stock, par value \$0.001 per share, was 50,630,138.

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FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2018

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Certain Definitions

Unless the context otherwise requires, all references in this quarterly report to “Ormat”, “the Company”, “we”, “us”, “our company”, “Ormat Technologies” or “our” refer to Ormat Technologies, Inc. and its consolidated subsidiaries.

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**PART I -
FINANCIAL
INFORMATION
ITEM 1.
FINANCIAL
STATEMENTS**

**ORMAT
TECHNOLOGIES,
INC. AND
SUBSIDIARIES
CONDENSED
CONSOLIDATED
BALANCE
SHEETS
(Unaudited)**

	June 30, 2018	December 31, 2017
	(Dollars in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$66,696	\$47,818
Restricted cash and cash equivalents (primarily related to VIEs)	76,041	48,825
Receivables:		
Trade	109,061	110,410
Other	20,731	13,828
Inventories	36,696	19,551
Costs and estimated earnings in excess of billings on uncompleted contracts	46,573	40,945
Prepaid expenses and other	39,836	40,269
Total current assets	395,634	321,646
Investment in an unconsolidated company	66,551	34,084
Deposits and other	20,532	21,599
Deferred income taxes	102,162	57,337
Deferred charges	—	49,834
Property, plant and equipment, net (\$1,759,608 and \$1,631,900 related to VIEs, respectively)	1,840,558	1,734,691
Construction-in-process (\$100,184 and \$142,717 related to VIEs, respectively)	316,447	293,542
Deferred financing and lease costs, net	4,926	4,674
Intangible assets, net	207,206	85,420
Goodwill	40,133	21,037
Total assets	\$2,994,149	\$2,623,864
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$103,342	\$153,796

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Short term revolving credit lines with banks (full recourse)	158,600	51,500
Billings in excess of costs and estimated earnings on uncompleted contracts	16,136	20,241
Current portion of long-term debt:		
Limited and non-recourse (primarily related to VIEs):		
Senior secured notes	36,458	33,226
Other loans	21,495	21,495
Full recourse	5,000	3,087
Total current liabilities	341,031	283,345
Long-term debt, net of current portion:		
Limited and non-recourse (primarily related to VIEs):		
Senior secured notes (less deferred financing costs of \$7,987 and \$8,113, respectively)	391,047	311,668
Other loans (less deferred financing costs of \$5,025 and \$5,258, respectively)	230,973	242,385
Full recourse:		
Senior unsecured bonds (less deferred financing costs of \$813 and \$580, respectively)	303,527	203,752
Other loans (less deferred financing costs of \$970 and \$1,011, respectively)	44,030	46,489
Liability associated with sale of tax benefits	70,574	44,634
Deferred lease income	49,973	51,520
Deferred income taxes	47,128	61,961
Liability for unrecognized tax benefits	9,637	8,890
Liabilities for severance pay	20,159	21,141
Asset retirement obligation	37,188	27,110
Other long-term liabilities	21,817	18,853
Total liabilities	1,567,084	1,321,748
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interest	8,268	6,416
Equity:		
The Company's stockholders' equity:		
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 50,630,138 and 50,609,051 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	51	51
Additional paid-in capital	892,601	888,778
Retained earnings	405,353	327,255
Accumulated other comprehensive income (loss)	(2,297)	(4,706)
Total stockholders' equity attributable to Company's stockholders	1,295,708	1,211,378
Noncontrolling interest	123,089	84,322
Total equity	1,418,797	1,295,700
Total liabilities, redeemable noncontrolling interest and equity	\$2,994,149	\$2,623,864

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

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**ORMAT
TECHNOLOGIES,
INC. AND
SUBSIDIARIES
CONDENSED
CONSOLIDATED
STATEMENTS OF
OPERATIONS
AND
COMPREHENSIVE
INCOME
(Unaudited)**

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	2017	2017	2017	2017
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)	
Revenues:				
Electricity	\$122,179	\$110,896	\$254,668	\$226,672
Product	54,915	67,587	103,587	141,709
Other	1,205	881	4,067	881
Total revenues	178,299	179,364	362,322	369,262
Cost of revenues:				
Electricity	81,236	63,196	154,718	129,232
Product	37,573	43,432	71,299	92,884
Other	2,028	2,243	5,471	2,243
Total cost of revenues	120,837	108,871	231,488	224,359
Gross profit	57,462	70,493	130,834	144,903
Operating expenses:				
Research and development expenses	1,251	1,050	2,359	1,652
Selling and marketing expenses	3,712	4,090	7,411	8,453
General and administrative expenses	15,866	12,201	29,719	22,150
Write-off of unsuccessful exploration activities	—	—	119	—
Operating income	36,633	53,152	91,226	112,648
Other income (expense):				
Interest income	189	362	302	606
Interest expense, net	(15,846)	(14,540)	(30,190)	(29,463)
Derivatives and foreign currency transaction gains (losses)	(529)	1,703	(2,128)	3,041
Income attributable to sale of tax benefits	3,556	4,356	10,917	10,513
Other non-operating income (expense), net	7,373	6	7,353	(86)
Income from continuing operations before income taxes and equity in losses of investees	31,376	45,039	77,480	97,259

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Income tax (provision) benefit	(29,105)	(32,765)	(2,163)	(43,769)
Equity in earnings (losses) of investees, net	388	(428)	1,598	(2,027)
Income from continuing operations	2,659	11,846	76,915	51,463
Net income attributable to noncontrolling interest	(3,002)	(3,206)	(7,750)	(7,629)
Net income attributable to the Company's stockholders	\$(343)	\$8,640	\$69,165	\$43,834
Comprehensive income:				
Net income	2,659	11,846	76,915	51,463
Other comprehensive income (loss), net of related taxes:				
Change in foreign currency translation adjustments	(2,496)	1,461	(968)	1,539
Change in unrealized gains or losses in respect of the Company's share in derivatives instruments of unconsolidated investment	529	(916)	3,163	(347)
Loss in respect of derivative instruments designated for cash flow hedge	20	45	40	93
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge	(15)	(15)	(30)	(39)
Comprehensive income	697	12,421	79,120	52,709
Comprehensive income attributable to noncontrolling interest	(2,428)	(3,613)	(7,546)	(8,025)
Comprehensive income attributable to the Company's stockholders	\$(1,731)	\$8,808	\$71,574	\$44,684
Earnings per share attributable to the Company's stockholders:				
Basic:				
Net income	\$(0.01)	\$0.17	\$1.37	\$0.88
Diluted:				
Net income	\$(0.01)	\$0.17	\$1.36	\$0.87
Weighted average number of shares used in computation of earnings per share attributable to the Company's stockholders:				
Basic	50,623	49,771	50,618	49,726
Diluted	50,958	50,624	51,001	50,559
Dividend per share declared				