

ORMAT TECHNOLOGIES, INC.  
Form 10-Q  
November 08, 2012  
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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 September 30, 2012**

**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 89511-1136**

*(Address of principal executive offices, including zip code)*

**(775) 356-9029**

*(Registrant's telephone number, including area code)*

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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 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)

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

Indicate the number of shares outstanding shares of each of the registrant's classes of common stock as of the latest practicable date: As of November 6, 2012, the number of outstanding shares of common stock, par value \$0.001 per share was 45,430,886.

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**ORMAT TECHNOLOGIES, INC.**

**FORM 10-Q**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

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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 Technol or our refer to Ormat Technologies, Inc. and its consolidated subsidiaries.*

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	September 30, 2012	December 31, 2011
	(In thousands)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 37,524	\$ 99,886
Marketable securities		18,521
Short-term bank deposit	3,008	
Restricted cash, cash equivalents and marketable securities (all related to VIEs)	76,296	75,521
Receivables:		
Trade	80,166	51,274
Related entity	351	287
Other	10,265	9,415
Due from parent	196	260
Inventories	17,786	12,541
Costs and estimated earnings in excess of billings on uncompleted contracts	7,704	3,966
Deferred income taxes	1,729	1,842
Prepaid expenses and other	31,497	18,672
Total current assets	266,522	292,185
Unconsolidated investments	3,476	3,757
Deposits and other	27,416	22,194
Deferred charges	38,636	40,236
Property, plant and equipment, net (\$1,424,544 and \$1,477,580 related to VIEs, respectively)	1,491,411	1,518,532
Construction-in-process (\$248,754 and \$271,859 related to VIEs, respectively)	367,762	370,551
Deferred financing and lease costs, net	26,821	28,482
Intangible assets, net	36,319	38,781
Total assets	\$ 2,258,363	\$ 2,314,718
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 96,516	\$ 105,112
Billings in excess of costs and estimated earnings on uncompleted contracts	32,546	33,104
Current portion of long-term debt:		
Limited and non-recourse (all related to VIEs):		
Senior secured notes	25,609	21,464
Other loans	13,744	13,547
Full recourse	20,755	20,543
Total current liabilities	189,170	193,770
Long-term debt, net of current portion:		
Limited and non-recourse (all related to VIEs):		
Senior secured notes	329,000	341,157
Other loans	93,015	100,585
Full recourse:		
Senior unsecured bonds (plus unamortized premium based upon 7% of \$1,514)	250,982	250,042

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Other loans	49,869	63,623
Revolving credit lines with banks	187,474	214,049
Liability associated with sale of tax benefits	56,528	69,269
Deferred lease income	67,051	68,955
Deferred income taxes	58,758	54,665
Liability for unrecognized tax benefits	7,139	5,875
Liabilities for severance pay	20,818	20,547
Asset retirement obligation	22,548	21,284
Other long-term liabilities	2,857	4,253
<b>Total liabilities</b>	<b>1,335,209</b>	<b>1,408,074</b>
<b>Commitments and contingencies</b>		
Equity:		
The Company's stockholders' equity:		
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 45,430,886 shares issued and outstanding as of September 30, 2012 and December 31, 2011	46	46
Additional paid-in capital	730,583	725,746
Retained earnings	184,649	172,331
Accumulated other comprehensive income	697	595
	915,975	898,718
Noncontrolling interest	7,179	7,926
<b>Total equity</b>	<b>923,154</b>	<b>906,644</b>
<b>Total liabilities and equity</b>	<b>\$ 2,258,363</b>	<b>\$ 2,314,718</b>

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

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

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(In thousands, except per share data)			
<b>Revenues:</b>				
Electricity	\$ 81,452	\$ 86,815	\$ 248,710	\$ 246,273
Product	54,685	24,026	149,616	67,002
<b>Total revenues</b>	<b>136,137</b>	<b>110,841</b>	<b>398,326</b>	<b>313,275</b>
<b>Cost of revenues:</b>				
Electricity	61,466	57,941	177,350	186,090
Product	42,130	17,137	108,575	43,276
<b>Total cost of revenues</b>	<b>103,596</b>	<b>75,078</b>	<b>285,925</b>	<b>229,366</b>
<b>Gross margin</b>	<b>32,541</b>	<b>35,763</b>	<b>112,401</b>	<b>83,909</b>
<b>Operating expenses:</b>				
Research and development expenses	1,436	2,346	3,948	7,128
Selling and marketing expenses	3,445	2,940	13,033	9,325
General and administrative expenses	6,208	6,269	20,315	20,755
Impairment charge	7,264		7,264	
Write-off of unsuccessful exploration activities			1,919	
<b>Operating income</b>	<b>14,188</b>	<b>24,208</b>	<b>65,922</b>	<b>46,701</b>
<b>Other income (expense):</b>				
Interest income	280	438	1,004	1,289
Interest expense, net	(15,400)	(23,909)	(44,541)	(54,431)
Foreign currency translation and transaction gains (losses)	615	(2,659)	(1,127)	(1,546)
Income attributable to sale of tax benefits	2,311	2,344	7,417	7,624
Other non-operating income, net	215	347	344	465
<b>Income before income taxes and equity in losses of investees</b>	<b>2,209</b>	<b>769</b>	<b>29,019</b>	<b>102</b>
Income tax benefit (provision)	(1,479)	305	(11,245)	726
Equity in losses of investees	(1,245)	(71)	(1,542)	(552)
<b>Net income (loss)</b>	<b>(515)</b>	<b>1,003</b>	<b>16,232</b>	<b>276</b>
Net income attributable to noncontrolling interest	(67)	(137)	(278)	(252)
<b>Net income (loss) attributable to the Company's stockholders</b>	<b>\$ (582)</b>	<b>\$ 866</b>	<b>\$ 15,954</b>	<b>\$ 24</b>
<b>Comprehensive income (loss):</b>				