

FUEL TECH, INC.
Form 10-Q
August 07, 2013
Table of Contents

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, 2013

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: 001-33059

FUEL TECH, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation of organization)

Fuel Tech, Inc.

27601 Bella Vista Parkway

Warrenville, IL 60555-1617

630-845-4500

www.ftek.com

(Address and telephone number of principal executive offices)

20-5657551

(I.R.S. Employer
Identification Number)

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 Website, 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 definition of "accelerated filer", "large 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

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

On August 7, 2013 there were outstanding 22,374,873 shares of Common Stock, par value \$0.01 per share, of the registrant.

Table of Contents

FUEL TECH, INC.
Form 10-Q for the three-month period ended June 30, 2013
INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	
<u>Consolidated Balance Sheets as of June 30, 2013 and December 31, 2012</u>	<u>1</u>
<u>Consolidated Statements of Operations for the Three- and Six-Month Periods Ended June 30, 2013 and 2012</u>	<u>2</u>
<u>Consolidated Statements of Comprehensive Income for the Three- and Six-Month Periods Ended June 30, 2013 and 2012</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows for the Six-Month Periods Ended June 30, 2013 and 2012</u>	<u>4</u>
<u>Notes to Consolidated Financial Statements</u>	<u>5</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>16</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>18</u>
<u>Item 4. Controls and Procedures</u>	<u>18</u>
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>19</u>
<u>Item 1A. Risk Factors</u>	<u>19</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>19</u>
<u>Item 6. Exhibits</u>	<u>20</u>
<u>SIGNATURES</u>	<u>21</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FUEL TECH, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share and per share data)

	June 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$23,113	\$24,453
Marketable securities	24	44
Accounts receivable, net of allowance for doubtful accounts of \$610 and \$460, respectively	41,418	30,169
Inventories	719	513
Prepaid expenses and other current assets	1,716	3,956
Prepaid income taxes	1,182	156
Deferred income taxes	635	573
Total current assets	68,807	59,864
Property and equipment, net of accumulated depreciation of \$18,978 and \$19,421, respectively	13,811	13,749
Goodwill	21,051	21,051
Other intangible assets, net of accumulated amortization of \$4,692 and \$4,270, respectively	4,574	4,838
Deferred income taxes	2,457	3,688
Other assets	2,372	2,707
Total assets	\$113,072	\$105,897
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	807	—
Accounts payable	13,026	12,828
Accrued liabilities:		
Employee compensation	3,184	3,175
Other accrued liabilities	9,881	4,943
Total current liabilities	26,898	20,946
Other liabilities	701	715
Total liabilities	27,599	21,661
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 22,472,238 and 22,111,675 shares issued, and 22,374,873 and 22,102,549 outstanding	225	221
Additional paid-in capital	133,602	133,498
Accumulated deficit	(47,913) (49,128
Accumulated other comprehensive loss	(127) (392
Nil coupon perpetual loan notes	76	76
Treasury stock, 97,365 and 9,126 shares in 2013 and 2012, respectively, at cost	(390) (39

Edgar Filing: FUEL TECH, INC. - Form 10-Q

Total shareholders' equity	85,473	84,236
Total liabilities and shareholders' equity	\$113,072	\$105,897
See notes to consolidated financial statements.		

1

Table of Contents

FUEL TECH, INC.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (in thousands, except share and per-share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Revenues	\$29,092	\$20,911	\$51,576	\$46,123
Costs and expenses:				
Cost of sales	17,227	11,880	30,279	25,100
Selling, general and administrative	9,307	7,874	17,765	16,868
Research and development	430	969	1,363	1,475
	26,964	20,723	49,407	43,443
Operating income	2,128	188	2,169	2,680
Interest expense				