

ORMAT TECHNOLOGIES, INC.  
Form 10-Q  
November 05, 2015

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**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, 2015**

**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)*

<b>DELAWARE</b> <i>(State or other jurisdiction of incorporation or organization)</i>	<b>88-0326081</b> <i>(I.R.S. Employer Identification Number)</i>
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<b>6225 Neil Road, Reno, Nevada</b> <i>(Address of principal executive offices)</i>	<b>89511-1136</b> <i>(Zip Code)</i>
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**(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, 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 of each of the issuer's classes of common stock, as of the latest practicable date: As of November 3, 2015, the number of outstanding shares of common stock, par value \$0.001 per share, was 49,035,593.

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**ORMAT TECHNOLOGIES, INC.**

**FORM 10-Q**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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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.*

**PART I - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>(Dollars in thousands)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 171,541	\$ 40,230
Restricted cash and cash equivalents (all related to VIEs)	70,523	93,248
Receivables:		
Trade	52,313	48,609
Related entity	—	451
Other	9,946	10,141
Due from Parent	—	1,337
Inventories	16,595	16,930
Costs and estimated earnings in excess of billings on uncompleted contracts	14,459	27,793
Deferred income taxes	1,344	251
Prepaid expenses and other	34,011	34,884
Total current assets	370,732	273,874
Deposits and other	17,506	20,044
Deferred charges	36,235	37,567
Property, plant and equipment, net (\$1,522,076 and \$1,339,342 related to VIEs, respectively)	1,580,379	1,437,637
Construction-in-process (\$125,425 and \$162,006 related to VIEs, respectively)	230,561	296,722
Deferred financing and lease costs, net	24,718	27,057
Intangible assets, net	26,202	28,655
Total assets	\$ 2,286,333	\$ 2,121,556
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 85,226	\$ 88,276
Deferred income taxes	975	974
Short term revolving credit lines with banks (full recourse)	—	20,300
Billings in excess of costs and estimated earnings on uncompleted contracts	22,616	24,724
Current portion of long-term debt:		
Limited and non-recourse (all related to VIEs):		
Senior secured notes	33,197	34,368
Other loans	21,495	17,995
Full recourse	17,228	19,116
Total current liabilities	180,737	205,753

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Long-term debt, net of current portion:		
Limited and non-recourse (all related to VIEs):		
Senior secured notes	317,909	360,366
Other loans	288,753	264,625
Full recourse:		
Senior unsecured bonds (plus unamortized premium based upon 7% of \$590)	250,058	250,289
Other loans	23,070	34,351
Unconsolidated investments	12,667	3,617
Liability associated with sale of tax benefits	18,580	39,021
Deferred lease income	58,325	60,560
Deferred income taxes	31,360	66,220
Liability for unrecognized tax benefits	7,112	7,511
Liabilities for severance pay	18,826	20,399
Asset retirement obligation	20,282	19,142
Other long-term liabilities	697	2,956
Total liabilities	1,228,376	1,334,810
Commitments and contingencies (Note 10)		
Equity:		
The Company's stockholders' equity:		
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 49,035,593 and 45,537,162 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	49	46
Additional paid-in capital	846,998	742,006
Retained earnings	128,352	41,539
Accumulated other comprehensive income	(12,844 )	(8,668 )
	962,555	774,923
Noncontrolling interest	95,402	11,823
Total equity	1,057,957	786,746
Total liabilities and equity	\$2,286,333	\$2,121,556

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

## ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND

## COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Dollars in thousands,		(Dollars in thousands,	
	except per share data)		except per share data)	
Revenues:				
Electricity	\$97,245	\$102,506	\$278,124	\$289,015
Product	65,607	37,736	145,446	121,266
Total revenue	162,852	140,242	423,570	410,281
Cost of revenues:				
Electricity	61,501	61,727	179,604	186,083
Product	42,019	23,040	89,826	75,307
Total cost of revenue	103,520	84,767	269,430	261,390
Gross margin	59,332	55,475	154,140	148,891
Operating expenses:				
Research and development expenses	335	250	1,112	395
Selling and marketing expenses	4,383	4,258	12,099	10,853
General and administrative expenses	7,950	7,179	25,597	20,847
Write-off of unsuccessful exploration activities	185	—	359	8,107
Operating income	46,479	43,788	114,973	108,689
Other income (expense):				
Interest income	53	35	106	236
Interest expense, net	(17,748 )	(22,494 )	(54,435 )	(65,084 )
Foreign currency translation and transaction gains (losses)	1,296	(2,946 )	(641 )	(3,639 )
Income attributable to sale of tax benefits	8,634	5,487	18,917	18,334
Gain from sale of property, plant and equipment	—	—	—	7,628
Other non-operating income (expense), net	(131 )	243	(1,523 )	649
Income before income taxes and equity in losses of investees	38,583	24,113	77,397	66,813
Income tax (provision) benefit	38,211	(6,444 )	26,696	(17,731 )
Equity in losses of investees, net	(3,133 )	(899 )	(4,892 )	(1,210 )
Net income	73,661	16,770	99,201	47,872
Net income attributable to noncontrolling interest	(1,522 )	(256 )	(2,616 )	(670 )
Net income attributable to the Company's stockholders	\$72,139	\$16,514		