

ORMAT TECHNOLOGIES, INC.

Form 10-Q

August 06, 2009

**Table of Contents**

**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, 2009**

**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)*

**Registrant's telephone number, including area code:**

**(775) 356-9029**

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):

Edgar Filing: ORMAT TECHNOLOGIES, INC. - Form 10-Q

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

As of the date of this filing, the number of outstanding shares of common stock of Ormat Technologies, Inc. is 45,407,649 par value \$0.001 per share.

---

**ORMAT TECHNOLOGIES, INC**  
**FORM 10-Q**  
**FOR THE QUARTER ENDED JUNE 30, 2009**

**PART I UNAUDITED FINANCIAL INFORMATION**

<u>ITEM 1.</u>	<u>CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	4
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	25
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	52
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>	52

**PART II OTHER INFORMATION**

<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>	52
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>	52
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	53
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>	53
<u>ITEM 4.</u>	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	53
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>	53
<u>ITEM 6.</u>	<u>EXHIBITS</u>	53
<b><u>SIGNATURES</u></b>		55

EX-31.1  
EX-31.2  
EX-32.1  
EX-32.2

**Table of Contents**

**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.*

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

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
	<b>(In thousands)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 46,028	\$ 34,393
Restricted cash, cash equivalents and marketable securities	35,255	24,439
Receivables:		
Trade	53,323	49,839
Related entity	477	338
Other	16,758	15,654
Due from Parent	1,951	1,085
Inventories, net	14,609	13,724
Costs and estimated earnings in excess of billings on uncompleted contracts	14,622	6,982
Deferred income taxes	3,746	3,003
Prepaid expenses and other	8,451	16,222
Total current assets	195,220	165,679
Long-term marketable securities	2,053	1,994
Restricted cash, cash equivalents and marketable securities	2,983	2,951
Unconsolidated investments	33,425	30,559
Deposits and other	17,209	16,876
Deferred income taxes	14,157	13,965
Property, plant and equipment, net	972,433	958,186
Construction-in-process	469,069	386,501
Deferred financing and lease costs, net	22,911	19,240
Intangible assets, net	43,297	44,853
Total assets	\$ 1,772,757	\$ 1,640,804
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 79,367	\$ 103,336
Billings in excess of costs and estimated earnings on uncompleted contracts	14,584	15,670
Current portion of long-term debt:		

Edgar Filing: ORMAT TECHNOLOGIES, INC. - Form 10-Q

Limited and non-recourse	18,290	6,676
Senior secured notes (non-recourse)	19,896	20,085
Due to Parent, including current portion of notes payable to Parent	9,650	16,616
<b>Total current liabilities</b>	<b>141,787</b>	<b>162,383</b>
Long-term debt, net of current portion:		
Limited and non-recourse	124,912	7,814
Revolving credit lines with banks (full recourse)	120,000	100,000
Senior secured notes (non-recourse)	244,588	252,060
Notes payable to Parent, net of current portion		9,600
Liability associated with sale of equity interests	108,616	113,327
Deferred lease income	73,809	74,427
Deferred income taxes	41,431	33,231
Liability for unrecognized tax benefits	4,077	3,425
Liabilities for severance pay	17,454	17,640
Asset retirement obligation	13,958	13,438
<b>Total liabilities</b>	<b>890,632</b>	<b>787,345</b>
Commitments and contingencies		
Equity:		
The Company's stockholders' equity:		
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 45,407,649 and 45,353,120 shares issued and outstanding, respectively	46	45
Additional paid-in capital	704,854	701,273
Retained earnings	170,409	144,465
Accumulated other comprehensive income (loss)	(59)	645
	875,250	846,428
Noncontrolling interest	6,875	7,031
<b>Total equity</b>	<b>882,125</b>	<b>853,459</b>
<b>Total liabilities and equity</b>	<b>\$ 1,772,757</b>	<b>\$ 1,640,804</b>

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

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands, except per share data)</b>		<b>(In thousands, except per share data)</b>	
Revenues:				
Electricity	\$ 60,562	\$ 61,774	\$ 123,200	\$ 121,293
Product	39,673	18,447	76,924	28,315
Total revenues	100,235	80,221	200,124	149,608
Cost of revenues:				
Electricity	\$ 44,958	41,506	88,842	80,182
Product	27,242	15,704	51,485	23,754
Total cost of revenues	72,200	57,210	140,327	103,936
Gross margin	28,035	23,011	59,797	45,672
Operating expenses:				
Research and development expenses	2,487	785	3,288	1,481
Selling and marketing expenses	3,215	2,020	7,516	5,539
General and administrative expenses	5,582	5,925	13,117	11,952
Operating income	16,751	14,281	35,876	26,700
Other income (expense):				
Interest income	276	1,052	428	2,098
Interest expense, net	(4,415)	(4,851)	(7,705)	(9,637)
Foreign currency translation and transaction gains (losses)	2,569	(1,359)	9	(1,542)
Income attributable to sale of equity interests	4,366	4,848	8,534	8,164
Other non-operating income, net	550	309	400	21
Income before income taxes and equity in income of investees	20,097	14,280	37,542	25,804
Income tax provision	(4,478)	(2,613)	(7,967)	(4,684)
Equity in income of investees, net	355	408	905	947
Net income	15,974	12,075	30,480	22,067
Net loss attributable to noncontrolling interest	77	86	156	158

Edgar Filing: ORMAT TECHNOLOGIES, INC. - Form 10-Q

Net income attributable to the Company's stockholders	\$	16,051	\$	12,161	\$	30,636	\$	22,225
Comprehensive income:								
Net income	\$	15,974	\$	12,075	\$	30,480	\$	22,067
Other comprehensive income (loss), net of related taxes:								
Currency translation adjustment		423				371		
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge		(65)		(74)		(130)		(149)
Change in unrealized gains or losses on marketable securities available-for-sale		260		(136)		260		(410)
Comprehensive income		16,592		11,865		30,981		21,508
Comprehensive loss attributable to noncontrolling interest		77		86		156		158
Comprehensive income attributable to the Company's stockholders	\$	16,669	\$	11,951	\$	31,137	\$	21,666
Earnings per share attributable to the Company's stockholders:								
Basic	\$	0.35	\$	0.28	\$	0.68	\$	0.52
Diluted	\$	0.35	\$	0.28	\$	0.67	\$	0.52
Weighted average number of shares used in computation of earnings per share attributable to the Company's stockholders:								
Basic		45,369		43,828		45,361		42,995
Diluted		45,451		43,978		45,425		43,127
Dividend per share declared	\$	0.06	\$	0.05	\$	0.13	\$	0.10

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

Table of Contents

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
**(Unaudited)**

<b>The Company's Stockholders' Equity</b>									
<b>Common Stock</b>		<b>Additional Paid-in</b>		<b>Retained Earnings</b>		<b>Accumulated Other Comprehensive Income</b>		<b>Noncontrolling Interest</b>	<b>Total Equity</b>
<b>Shares</b>	<b>Amount</b>	<b>Capital</b>	<b>Earnings</b>	<b>(Loss)</b>	<b>Total</b>	<b>Interest</b>	<b>Equity</b>		
<b>(In thousands, except per share data)</b>									
<b>Balance at December 31, 2007</b>									
	41,530	\$ 41	\$ 513,109	\$ 103,545	\$ 1,388	\$ 618,083	\$ 4,682	\$ 622,765	
Stock-based compensation			2,074			2,074			