

ORMAT TECHNOLOGIES, INC.

Form 10-Q

May 07, 2010

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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 March 31, 2010
- 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

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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

As of the date of this filing, the number of outstanding shares of common stock of Ormat Technologies, Inc. is 45,430,886 par value of \$0.001 per share.

ORMAT TECHNOLOGIES, INC
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2010

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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.

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

	March 31, 2010	December 31, 2009
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,111	\$ 46,307
Restricted cash, cash equivalents and marketable securities (all related to VIEs)	52,266	40,955
Receivables:		
Trade	49,904	53,423
Related entity	647	441
Other	9,629	7,884
Due from Parent	709	422
Inventories	20,014	15,486
Costs and estimated earnings in excess of billings on uncompleted contracts	3,112	14,640
Deferred income taxes	3,860	3,617
Prepaid expenses and other	9,914	12,080
Total current assets	193,166	195,255
Long-term marketable securities	1,304	652
Restricted cash, cash equivalents and marketable securities (all related to VIEs)	1,764	2,512
Unconsolidated investments (\$27,294 related to VIEs at March 31, 2010)	29,104	35,188
Deposits and other	19,259	18,653
Deferred charges	30,466	22,532
Property, plant and equipment, net (\$826,520 related to VIEs at March 31, 2010)	1,320,754	998,693
Construction-in-process (\$41,478 related to VIEs at March 31, 2010)	239,505	518,595
Deferred financing and lease costs, net	20,175	20,940
Intangible assets, net	41,203	41,981
Total assets	\$ 1,896,700	\$ 1,855,001
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 87,511	\$ 73,993
Billings in excess of costs and estimated earnings on uncompleted contracts	7,681	3,351
Current portion of long-term debt:		
Limited and non-recourse (all related to VIEs at March 31, 2010)	16,055	19,191

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Full recourse	12,916	12,823
Senior secured notes (non-recourse) (all related to VIEs at March 31, 2010)	20,227	20,227
Due to Parent, including current portion of notes payable to Parent	10,198	10,018
Total current liabilities	154,588	139,603
Long-term debt, net of current portion:		
Limited and non-recourse (all related to VIEs at March 31, 2010)	128,199	129,152
Full recourse	75,695	77,177
Revolving credit lines with banks (full recourse)	158,500	134,000
Senior secured notes (non-recourse) (all related to VIEs at March 31, 2010)	231,872	231,872
Liability associated with sale of equity interests	72,454	73,246
Deferred lease income	72,590	72,867
Deferred income taxes	52,130	44,530
Liability for unrecognized tax benefits	5,184	4,931
Liabilities for severance pay	19,477	18,332
Asset retirement obligation	14,350	14,238
Other long-term liabilities	2,297	3,358
Total liabilities	987,336	943,306
Commitments and contingencies		
Equity:		
The Company's stockholders' equity:		
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 45,430,886 and 45,353,120 shares issued and outstanding, respectively	46	46
Additional paid-in capital	710,770	709,354
Retained earnings	193,333	196,950
Accumulated other comprehensive income	545	622
	904,694	906,972
Noncontrolling interest	4,670	4,723
Total equity	909,364	911,695
Total liabilities and equity	\$ 1,896,700	\$ 1,855,001

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)**

	Three Months Ended March 31,	
	2010	2009
	(In thousands, except per share data)	
Revenues:		
Electricity	\$ 66,105	\$ 62,060
Product	16,549	37,251
Total revenues	82,654	99,311
Cost of revenues:		
Electricity	54,523	43,686
Product	12,437	24,243
Total cost of revenues	66,960	67,929
Gross margin	15,694	31,382
Operating expenses:		
Research and development expenses	3,267	801
Selling and marketing expenses	3,202	4,301
General and administrative expenses	7,020	7,535
Operating income	2,205	18,745
Other income (expense):		
Interest income	197	152
Interest expense, net	(9,714)	(3,290)
Foreign currency translation and transaction gains (losses)	434	(2,393)
Income attributable to sale of tax benefits	2,139	4,168
Other non-operating loss, net	(359)	(150)
Income (loss) from continuing operations before income taxes and equity in income of investees	(5,098)	17,232
Income tax benefit (provision)	2,557	(3,429)
Equity in income of investees, net	546	550
Income (loss) from continuing operations	(1,995)	14,353
Discontinued operations:		
Income from discontinued operations, net of related tax of \$6 and \$60, respectively	14	153
Gain on sale of a subsidiary in New Zealand, net of related tax of \$2,570	3,766	

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Net income		1,785		14,506
Net loss attributable to noncontrolling interest		53		79
Net income attributable to the Company's stockholders	\$	1,838	\$	14,585
Comprehensive income:				
Net income	\$	1,785	\$	14,506
Other comprehensive income (loss), net of related taxes:				
Currency translation adjustment		43		(52)
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge		(58)		(65)
Change in unrealized gains or losses on marketable securities available-for-sale		(62)		
Comprehensive income		1,708		14,389
Comprehensive loss attributable to noncontrolling interest		53		79
Comprehensive income attributable to the Company's stockholders	\$	1,761	\$	14,468
Earnings (loss) per share attributable to the Company's stockholders - basic and diluted:				
Income (loss) from continuing operations	\$	(0.04)	\$	0.32
Income from discontinued operations		0.08		
Net income	\$	0.04	\$	0.32
Weighted average number of shares used in computation of earnings (loss) per share attributable to the Company's stockholders:				
Basic		45,431		45,353
Diluted		45,457		45,405
Dividend per share declared	\$	0.12	\$	0.07

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 EQUITY
(Unaudited)**

	The Company's Stockholders' Equity							
	Common Shares	Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total	Noncontrolling Interest	Total Equity
(In thousands, except per share data)								
Balance at December 31, 2008	45,353	\$ 45	\$ 701,273	\$ 138,241	\$ 645	\$ 840,204	\$ 7,031	\$ 847,235
Stock-based compensation			1,262			1,262		1,262
Cash dividend declared, \$0.07 per share				(3,175)		(3,175)		(3,175)
Exercise of options by employees	1		32			32		32
Net income (loss)				14,585		14,585	(79)	14,506
Other comprehensive income (loss), net of related taxes:								
Currency translation adjustment					(52)	(52)		(52)
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge (net of related tax of \$40)					(65)	(65)		(65)
Balance at March 31, 2009	45,354	\$ 45	\$ 702,567	\$ 149,651	\$ 528	\$ 852,791	\$ 6,952	\$ 859,743
Balance at December 31, 2009	45,431	46	709,354	196,950	622	906,972	4,723	911,695
Stock-based compensation			1,416			1,416		1,416
Cash dividend declared, \$0.12 per share				(5,455)		(5,455)		(5,455)
Net income (loss)				1,838				