

STRATASYS INC
Form 10-Q
November 05, 2009

**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 September 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: 1-13400

STRATASYS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3658792
(I.R.S. Employer
Identification No.)

7665 Commerce Way, Eden Prairie, Minnesota
(Address of principal executive offices)

55344
(Zip Code)

(952) 937-3000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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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 November 2, 2009 the Registrant had 20,252,192 shares of common stock, \$.01 par value issued and outstanding.

Stratasys, Inc.

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**STRATASYS, INC. AND SUBSIDIARIES
 CONSOLIDATED FINANCIAL STATEMENTS**

**PART I - FINANCIAL INFORMATION
 Item 1. Financial Statements.**

Consolidated Balance Sheets

	September 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 34,993,140	\$ 27,945,799
Short-term investments - held to maturity	12,207,926	4,835,055

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Accounts receivable, less allowance for doubtful accounts of \$1,099,442 at September 30, 2009 and \$1,017,521 at December 31, 2008	20,887,758	26,539,733
Inventories	15,388,102	19,889,351
Net investment in sales-type leases, less allowance for doubtful accounts of \$199,709 at September 30, 2009 and \$324,642 at December 31, 2008	4,064,467	3,870,472
Prepaid expenses and other current assets	2,702,167	2,608,080
Deferred income taxes	2,168,000	2,168,000
Total current assets	92,411,560	87,856,490
Property and equipment, net	26,871,099	29,749,921
Other assets		
Intangible assets, net	7,886,767	8,347,200
Net investment in sales-type leases	3,560,840	4,545,977
Long-term investments - available for sale	1,109,250	1,109,250
Long-term investments - held to maturity	11,363,730	13,825,981
Other non-current assets	1,613,154	2,308,214
Total other assets	25,533,741	30,136,622
Total assets	\$ 144,816,400	\$ 147,743,033
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 8,379,196	\$ 11,795,238
Unearned revenues	10,242,116	12,765,396
Total current liabilities	18,621,312	24,560,634
Non-current liabilities		
Deferred tax liabilities	620,000	620,000
Total non-current liabilities	620,000	620,000
Total liabilities	19,241,312	25,180,634
Commitments and contingencies		
Stockholders' equity		
Common stock, \$.01 par value, authorized 30,000,000 shares; 25,925,503 and 25,909,603 issued as of 2009 and 2008, respectively	259,255	259,096
Capital in excess of par value	92,719,350	91,611,078
Retained earnings	71,624,111	69,899,669
Accumulated other comprehensive loss	(23,203)	(203,019)
Less cost of treasury stock, 5,687,631 shares as of 2009 and 2008	(39,004,425)	(39,004,425)
Total stockholders' equity	125,575,088	122,562,399
Total liabilities and stockholders' equity	\$ 144,816,400	\$ 147,743,033

See accompanying notes to consolidated financial statements.

STRATASYS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Operations and Comprehensive Income (Unaudited)

**Three Months Ended
September 30,**

**Nine Months Ended Septe
30,**

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	2009	2008	2009	2008
Net sales				
Products	\$ 18,046,184	\$ 23,965,510	\$ 53,197,716	\$ 73,910,000
Services	6,283,212	6,603,918	18,924,759	18,630,000
	24,329,396	30,569,428	72,122,475	92,540,000
Cost of sales				
Products	9,918,263	12,048,155	30,883,158	34,510,000
Services	2,542,879	2,706,835	8,225,489	7,550,000
	12,461,142	14,754,990	39,108,647	42,060,000
Gross profit	11,868,254	15,814,438	33,013,828	50,480,000
Operating expenses				
Research and development	1,983,420	2,100,349	5,510,385	6,840,000
Selling, general and administrative	7,481,311	8,415,988	25,257,138	27,000,000
	9,464,731	10,516,337	30,767,523	33,840,000
Operating income	2,403,523	5,298,101	2,246,305	16,640,000
Other income (expense)				
Interest income, net	230,429	498,831	754,695	1,640,000
Foreign currency transaction losses, net	(5,930)	(83,794)	(169,148)	(290,000)
Other	(9,021)	(33,560)	16,780	(280,000)
	215,478	381,477	602,327	1,060,000
Income before income taxes	2,619,001	5,679,578	2,848,632	17,700,000
Income taxes	1,040,201	1,970,011	1,124,191	6,090,000
Net income	\$ 1,578,800	\$ 3,709,567	\$ 1,724,441	\$ 11,610,000
Net income per common share				
Basic	\$ 0.08	\$ 0.18	\$ 0.09	\$ 0.18
Diluted	0.08	0.18	0.09	0.18
Weighted average commons shares outstanding				
Basic	20,229,357	20,616,338	20,224,889	20,820,000
Diluted	20,231,033	21,021,417	20,233,234	21,350,000
Comprehensive Income				
Net income	\$ 1,578,800	\$ 3,709,567	\$ 1,724,441	\$ 11,610,000
Other comprehensive income:				
Foreign currency translation adjustment	127,053	(436,312)	179,816	(200,000)
Unrealized loss on available-for-sale securities	-	-	-	(120,000)
Comprehensive income	\$ 1,705,853	\$ 3,273,255	\$ 1,904,257	\$ 11,290,000

See accompanying notes to consolidated financial statements.

**STRATASYS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Statements of Cash Flows (Unaudited)

**Nine Months Ended September 30,
2009**

2008

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Cash flows from operating activities		
Net income	\$ 1,724,441	\$ 11,604,192
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	4,362,310	3,491,079
Amortization	1,877,739	1,584,899
Stock based compensation	907,174	956,504
Loss (gain) on disposal of property and equipment	46,082	(100,135)
Loss on write-down of investment	-	440,000
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable, net	5,651,975	(5,191,307)
Inventories	4,212,013	(6,760,585)
Net investment in sales-type leases	791,142	(669,183)
Prepaid expenses	(94,087)	(294,628)
Other assets	655,287	683,375
Accounts payable and other current liabilities	(3,416,041)	(1,082,968)
Unearned revenues	(2,523,280)	1,129,356
Excess tax benefit from stock options	-	(18,747)
Net cash provided by operating activities	14,194,755	5,771,852
Cash flows from investing activities		
Proceeds from sale of investments	4,962,211	19,048,190
Purchase of investments	(9,920,000)	-
Proceeds from sale of property and equipment	1,000	296,252
Acquisition of property and equipment	(1,203,874)	(6,515,097)

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