

ExOne Co
Form 10-Q
May 15, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2014

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 No. 001-35806

The ExOne Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-1684608
(I.R.S. Employer
Identification No.)

127 Industry Boulevard

North Huntingdon, Pennsylvania 15642

(Address of principal executive offices) (Zip Code)

(724) 863-9663

(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

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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.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of May 15, 2014, 14,442,804 shares of common stock, par value \$0.01, were outstanding.

PART I FINANCIAL INFORMATION
Item 1. Financial Statements.**The ExOne Company and Subsidiaries****Condensed Statement of Consolidated Operations and Comprehensive Loss (Unaudited)**

(in thousands, except per-share amounts)

	Quarter Ended March 31,	
	2014	2013
Revenue	\$ 7,285	\$ 7,934
Cost of sales	5,666	5,096
Gross profit	1,619	2,838
Operating expenses		
Research and development	1,844	856
Selling, general and administrative	5,201	3,568
	7,045	4,424
Loss from operations	(5,426)	(1,586)
Other expense (income)		
Interest expense	29	230
Other income - net	(92)	(59)
	(63)	171
Loss before income taxes	(5,363)	(1,757)
Provision for income taxes	164	19
Net loss	(5,527)	(1,776)
Less: Net income attributable to noncontrolling interests		138
Net loss attributable to ExOne	\$ (5,527)	\$ (1,914)
Net loss attributable to ExOne per common share:		
Basic	\$ (0.38)	\$ (0.20)
Diluted	\$ (0.38)	\$ (0.20)
Comprehensive loss:		
Net loss	\$ (5,527)	\$ (1,914)
Other comprehensive income (loss):		

Foreign currency translation adjustments	112	(141)
Comprehensive loss	(5,415)	(2,055)
Less: Comprehensive income (loss) attributable to noncontrolling interests		
Comprehensive loss attributable to ExOne	\$ (5,415)	\$ (2,055)

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

The ExOne Company and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share amounts)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 77,590	\$ 98,445
Accounts receivable - net of allowance of \$83 (2014) and \$63 (2013)	10,573	9,042
Inventories - net	15,822	12,764
Prepaid expenses and other current assets	2,834	3,297
Total current assets	106,819	123,548
Property and equipment - net	41,824	32,772
Goodwill	7,103	
Other noncurrent assets	1,110	2,115
Total assets	\$ 156,856	\$ 158,435
Liabilities		
Current liabilities:		
Current portion of long-term debt	\$ 128	\$ 127
Current portion of capital and financing leases	557	549
Accounts payable	3,576	1,748
Accrued expenses and other current liabilities	6,254	5,394
Deferred revenue and customer prepayments	1,448	916
Total current liabilities	11,963	8,734
Long-term debt - net of current portion	2,050	2,082
Capital and financing leases - net of current portion	332	475
Other noncurrent liabilities	468	444
Total liabilities	14,813	11,735
Contingencies and commitments		
Stockholders equity		
Common stock, \$0.01 par value, 200,000,000 shares authorized, 14,416,970 (2014) and 14,387,608 (2013) shares issued and outstanding	144	144
Additional paid-in capital	154,121	153,363
Accumulated deficit	(11,982)	(6,455)
Accumulated other comprehensive loss	(240)	(352)
Total stockholders equity	142,043	146,700

Total liabilities and stockholders equity	\$ 156,856	\$ 158,435
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

The ExOne Company and Subsidiaries

Condensed Statement of Consolidated Cash Flows (Unaudited)

(in thousands)

	Quarter Ended March 31,	
	2014	2013
Operating activities		
Net loss	\$ (5,527)	\$ (1,776)
Adjustments to reconcile net loss to cash used for operations:		
Depreciation and amortization	733	572
Equity-based compensation	440	111
Changes in assets and liabilities, excluding effects of acquisitions and foreign currency translation adjustments:		
(Increase) decrease in accounts receivable	(126)	2,008
Increase in inventories	(3,811)	(463)
Decrease (increase) in prepaid expenses and other assets	311	(982)
Increase (decrease) in accounts payable	1,213	(105)
Decrease in accrued expenses and other liabilities	(91)	(1,007)
Increase (decrease) in deferred revenue and customer prepayments	532	(1,379)
Cash used for operating activities	(6,326)	(3,021)
Investing activities		
Capital expenditures	(5,141)	(731)
Acquisitions, net of cash acquired of \$201	(9,230)	
Cash effect of deconsolidation of noncontrolling interests in variable interest entities		(2,327)
Cash used for investing activities	(14,371)	(3,058)
Financing activities		
Net proceeds from issuance of common stock - initial public offering		91,083
Proceeds from exercise of employee stock options	318	
Net change in line of credit borrowings		(528)
Net change in demand note payable to member		(9,885)
Payments on long-term debt	(369)	(5,396)
Payments on capital and financing leases	(134)	(386)
Payment of preferred stock dividends		(456)
Cash (used for) provided by financing activities	(185)	74,432
Effect of exchange rate changes on cash and cash equivalents	27	(43)
Net change in cash and cash equivalents	(20,855)	68,310
Cash and cash equivalents at beginning of period	98,445	2,802

Cash and cash equivalents at end of period	\$ 77,590	\$ 71,112
Supplemental disclosure of noncash investing and financing activities		
Net assets acquired through acquisitions, net of cash acquired of \$201	\$ 9,685	\$
Noncash consideration for acquisitions	\$ (455)	\$
Property and equipment included in accounts payable	\$ 556	\$
Transfer of inventories to property and equipment for internal use	\$ 1,524	\$ 386
Property and equipment acquired through financing arrangements	\$	\$ 282
Conversion of preferred stock dividends payable and accrued interest to principal amounts due under the demand note payable to member	\$	\$ 1,219
Noncash effect of Reorganization of The Ex One Company, LLC with and into The ExOne Company	\$	\$ (2,371)
Noncash effect of deconsolidation of noncontrolling interests in variable interest entities	\$	\$ (397)

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

The ExOne Company and Subsidiaries
Condensed Statement of Changes in Consolidated Stockholders / Members Equity (Unaudited)

(in thousands)

ExOne unitholders / stockholders

	Preferred units	Common units	Members deficit	Preferred stock	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Noncontrolling interests	Total members / stockholders equity
Balance at December 31, 2012	\$ 18,984	\$ 10,000	\$ (31,355)	\$	\$	\$	\$	\$ (174)	\$ 2,586	\$ 41
Reorganization of The Ex One Company, LLC with and into The ExOne Company	(18,984)	(10,000)	31,355	190	58	(2,619)				
Preferred stock dividends						(152)				(152)
Conversion of preferred stock to common stock				(190)	20	170				
Initial public offering of common stock in The ExOne Company, net of issuance costs					55	90,316				90,371
Net loss							(1,914)		138	(1,776)
Other comprehensive loss								(141)		(141)
Equity-based compensation						111				111
Deconsolidation of noncontrolling interests in variable interest entities									(2,724)	(2,724)
	\$	\$	\$	\$	\$ 133	\$ 87,826	\$ (1,914)	\$ (315)	\$	\$ 85,730

**Balance at
March 31,
2013**

Balance at December 31, 2013	\$	\$	\$	\$	\$ 144	\$ 153,363	\$ (6,455)	\$ (352)	\$	\$ 146,700
Net loss							(5,527)			(5,527)
Other comprehensive income								112		112
Equity-based compensation										