

Proto Labs Inc
Form 10-Q
November 02, 2016

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, 2016

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: 001-35435

Proto Labs, Inc.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

41-1939628

(I.R.S. Employer Identification No.)

5540 Pioneer Creek Drive

Maple Plain, Minnesota

(Address of principal executive offices)

55359

(Zip Code)

(763) 479-3680

(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 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.

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 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: 26,432,035 shares of Common Stock, par value \$0.001 per share, were outstanding at October 25, 2016.

Proto Labs, Inc.

TABLE OF CONTENTS

Item Description	Page
<u>PART I</u>	
1. Financial Statements	1
2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
3. Quantitative and Qualitative Disclosures about Market Risk	20
4. Controls and Procedures	21
<u>PART II</u>	
1. Legal Proceedings	22
1A. Risk Factors	22
2. Unregistered Sales of Equity Securities and Use of Proceeds	22
3. Defaults Upon Senior Securities	22
4. Mine Safety Disclosures	22
5. Other Information	22
6. Exhibits	23

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****Proto Labs, Inc.****Consolidated Balance Sheets****(In thousands, except share and per share amounts)**

	September 30, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 68,218	\$ 47,653
Short-term marketable securities	39,028	33,201
Accounts receivable, net of allowance for doubtful accounts of \$333 and \$330 as of September 30, 2016 and December 31, 2015, respectively	37,261	36,125
Inventory	9,930	9,771
Prepaid expenses and other current assets	5,392	5,224
Income taxes receivable	-	6,028
Total current assets	159,829	138,002
Property and equipment, net	142,722	125,475
Goodwill	28,916	28,916
Other intangible assets, net	2,817	3,337
Long-term marketable securities	68,387	64,789
Other long-term assets	1,374	517
Total assets	\$ 404,045	\$ 361,036
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 10,703	\$ 13,643
Accrued compensation	10,330	9,993
Accrued liabilities and other	3,612	2,626
Income taxes payable	541	-

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Total current liabilities	25,186	26,262
Long-term deferred tax liabilities	4,247	4,240
Other long-term liabilities	3,795	2,889
Total liabilities	33,228	33,391
Shareholders' equity		
Preferred stock, \$0.001 par value, authorized 10,000,000 shares; issued and outstanding 0 shares as of each of September 30, 2016 and December 31, 2015	-	-
Common stock, \$0.001 par value, authorized 150,000,000 shares; issued and outstanding 26,432,035 and 26,200,718 shares as of September 30, 2016 and December 31, 2015, respectively	26	26
Additional paid-in capital	210,226	198,835
Retained earnings	167,331	133,996
Accumulated other comprehensive loss	(6,766)	(5,212)
Total shareholders' equity	370,817	327,645
Total liabilities and shareholders' equity	\$ 404,045	\$ 361,036

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

Proto Labs, Inc.
Consolidated
Statements of
Comprehensive
Income
(In thousands,
except share
and per share
amounts)
(Unaudited)

	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
	2016	2015	2016	2015

Statements of Operations:

Revenue	\$78,173	\$67,842	\$225,702	\$190,347
Cost of revenue	33,448	27,517	99,077	77,218
Gross profit	44,725	40,325	126,625	113,129
Operating expenses				
Marketing and sales	11,787	10,027	34,182	28,383
Research and development	5,976	4,760	17,110	13,471
General and administrative	10,020	8,134	28,397	20,683
Total operating expenses	27,783	22,921	79,689	62,537
Income from operations	16,942	17,404	46,936	50,592
Other income, net	625	593	2,342	100
Income before income taxes	17,567	17,997	49,278	50,692
Provision for income taxes	5,585	5,615	15,943	16,171
Net income	\$11,982	\$12,382	\$33,335	