

3D SYSTEMS CORP
Form 10-Q
April 26, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

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. 001-34220

3D SYSTEMS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

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DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

95-4431352
(I.R.S. Employer
Identification No.)

333 THREE D SYSTEMS CIRCLE

ROCK HILL, SOUTH CAROLINA
(Address of Principal Executive Offices)

29730
(Zip Code)

(803) 326-3900

(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

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 (Do not check if 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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of Common Stock, par value \$0.001, outstanding as of April 20, 2012: 51,116,267

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3D SYSTEMS CORPORATION
Quarterly Report on Form 10-Q for the
Quarter Ended March 31, 2012
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3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(in thousands, except par value)</i>	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,027	\$ 179,120
Accounts receivable, net of allowance for doubtful accounts of \$3,382 (2012) and \$3,019 (2011)	61,143	51,195
Inventories, net of reserves of \$3,432 (2012) and \$2,542 (2011)	34,940	25,283
Prepaid expenses and other current assets	2,536	2,241
Current deferred income taxes	5,937	3,528
Restricted cash	13	13
Total current assets	164,596	261,380
Property and equipment, net	33,817	29,594
Intangible assets, net	96,261	54,040
Goodwill	204,365	107,651
Long term deferred income taxes	552	3,195
Other assets, net	7,591	7,114
Total assets	\$ 507,182	\$ 462,974
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of capitalized lease obligations	\$ 160	\$ 163
Accounts payable	33,113	25,911
Accrued and other liabilities	23,171	16,816
Customer deposits	3,647	3,398
Deferred revenue	15,541	12,735
Total current liabilities	75,632	59,023
Long-term portion of capitalized lease obligations	7,574	7,609
Convertible senior notes, net	131,942	131,107
Deferred income tax liability	20,967	3,666
Other liabilities	6,950	6,781
Total liabilities	243,065	208,186
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, authorized 5,000 shares, none issued		
Common stock, \$0.001 par value, authorized 120,000 shares; 51,310 (2012) and 50,975 (2011) issued	51	51
Additional paid-in capital	276,510	274,542
Treasury stock, at cost: 339 (2012) and 324 shares (2011)	(225)	(214)

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Accumulated deficit	(16,343)	(22,531)
Accumulated other comprehensive income	4,124	2,940
Total stockholders' equity	264,117	254,788
Total liabilities and stockholders' equity	\$ 507,182	\$ 462,974

See accompanying notes to condensed consolidated financial statements.

Table of Contents**3D SYSTEMS CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

<i>(in thousands, except per share amounts)</i>	Three Months Ended March 31,	
	2012	2011
Revenue:		
Products	\$ 49,397	\$ 29,144
Services	28,523	18,752
Total revenue	77,920	47,896
Cost of sales:		
Products	23,047	13,751
Services	16,020	10,948
Total cost of sales	39,067	24,699
Gross profit	38,853	23,197
Operating expenses:		
Selling, general and administrative	23,950	12,964
Research and development	4,933	2,822
Total operating expenses	28,883	15,786
Income from operations	9,970	7,411
Interest and other expense (income), net	2,682	(296)
Income before income taxes	7,288	7,707
Provision for income taxes	1,100	885
Net income	\$ 6,188	\$ 6,822
Other comprehensive income		
Unrealized gain (loss) on pension obligation	\$ (6)	\$ 3
Foreign currency translation gain	1,190	1,123
Comprehensive income	\$ 7,372	\$ 7,948
Net income per share basic	\$ 0.12	\$ 0.14
Net income per share diluted	\$ 0.12	\$ 0.14

See accompanying notes to condensed consolidated financial statements.

Table of Contents**3D SYSTEMS CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

<i>(in thousands)</i>	Three Months Ended March 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 6,188	\$ 6,822
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for deferred income taxes	628	341
Depreciation and amortization	5,391	2,410
Non-cash interest on convertible notes	960	
Provision for bad debts	331	469
Stock-based compensation	1,176	387
Loss on the disposition of property and equipment	9	
Changes in operating accounts:		
Accounts receivable	(1,255)	474
Inventories	(4,097)	(2,355)
Prepaid expenses and other current assets	239	(1,075)
Accounts payable	2,305	(7,445)
Accrued liabilities	4,309	1,009
Customer deposits	(330)	45
Deferred revenue	397	(843)
Other operating assets and liabilities	(424)	50
Net cash provided by operating activities	15,827	289
Cash flows from investing activities:		
Purchases of property and equipment	(755)	(475)
Additions to license and patent costs	(231)	(66)
Cash paid for acquisitions, net of cash assumed	(134,918)	(22,125)
Net cash used in investing activities	(135,904)	(22,666)
Cash flows from financing activities:		
Proceeds from issuance of common stock		53,985
Proceeds from exercise of stock options and restricted stock	782	1,532
Repayment of capital lease obligations	(36)	(55)
Restricted cash		(1)
Net cash provided by financing activities	746	55,461
Effect of exchange rate changes on cash	238	395
Net increase (decrease) in cash and cash equivalents	(119,093)	33,479
Cash and cash equivalents at the beginning of the period	179,120	37,349
Cash and cash equivalents at the end of the period	\$ 60,027	\$ 70,828

Supplemental Cash Flow Information:

