

AMERICAN SUPERCONDUCTOR CORP /DE/
Form 10-Q
February 05, 2018

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: December 31, 2017
 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: 0-19672

American Superconductor Corporation
(Exact name of registrant as specified in its charter)

Delaware	04-2959321
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

64 Jackson Rd. Devens, Massachusetts 01434
(Address of principal executive offices) (Zip Code)
(978) 842-3000
(Registrant's telephone number, including area code)

N/A
(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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Shares outstanding of the Registrant's common stock:
Common Stock, par value \$0.01 per share 20,936,769
Class Outstanding as of February 1, 2018

AMERICAN SUPERCONDUCTOR CORPORATION
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AMERICAN SUPERCONDUCTOR CORPORATION
PART I — FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2017	March 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,113	\$26,784
Accounts receivable, net	12,052	7,956
Inventory	17,129	17,462
Prepaid expenses and other current assets	2,822	2,703
Restricted cash	—	795
Total current assets	54,116	55,700
Property, plant and equipment, net	36,684	43,438
Intangibles, net	3,315	301
Goodwill	1,719	—
Restricted cash	165	165
Deferred tax assets	545	407
Other assets	227	233
Total assets	\$ 96,771	\$100,244
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,486	\$14,490
Note payable, current portion, net of discount of \$19 as of March 31, 2017	—	1,481
Derivative liabilities	1,142	1,923
Deferred revenue	14,194	14,323
Total current liabilities	30,822	32,217
Deferred revenue	8,425	7,631
Deferred tax liabilities	125	125
Other liabilities	54	45
Total liabilities	39,426	40,018
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock	211	147
Additional paid-in capital	1,040,348	1,017,510
Treasury stock	(1,645) (1,371)
Accumulated other comprehensive income (loss)	770	(503)
Accumulated deficit	(982,339) (955,557)
Total stockholders' equity	57,345	60,226
Total liabilities and stockholders' equity	\$ 96,771	\$100,244

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

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AMERICAN SUPERCONDUCTOR CORPORATION
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Revenues	\$14,933	\$27,148	\$34,904	\$59,000
Cost of revenues	9,917	22,107	34,103	50,992
Gross margin	5,016	5,041	801	8,008
Operating expenses:				
Research and development	3,023	2,985	8,690	8,804
Selling, general and administrative	5,486	6,077	16,964	19,640
Amortization of acquisition-related intangibles	85	39	98	118
Change in fair value of contingent consideration	272	—	71	—
Restructuring	1	—	1,328	—
Total operating expenses	8,867	9,101	27,151	28,562
Operating loss	(3,851)	(4,060)	(26,350)	(20,554)
Change in fair value of warrants	399	101	1,468	667
Gain on sale of minority interest	—	325	951	325
Interest income (expense), net	49	(89)	94	(331)
Other (expense)/income, net	(279)	873	(2,449)	481
Loss before income tax (benefit) expense	(3,682)	(2,850)	(26,286)	(19,412)
Income tax (benefit) expense	566	(82)	496	1,036
Net loss	\$(4,248)	\$(2,768)	\$(26,782)	\$(20,448)
Net loss per common share				
Basic	\$(0.21)	\$(0.20)	\$(1.44)	\$(1.49)
Diluted	\$(0.21)	\$(0.20)	\$(1.44)	\$(1.49)
Weighted average number of common shares outstanding				
Basic	19,949	13,792	18,614	13,746
Diluted	19,949	13,792	18,614	13,746

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

AMERICAN SUPERCONDUCTOR CORPORATION
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
 (In thousands)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Net loss	\$ (4,248)	\$ (2,768)	\$ (26,782)	\$ (20,448)
Other comprehensive gain (loss), net of tax:				
Foreign currency translation gain (loss)	52	(831)	1,273	(1,372)
Total other comprehensive gain (loss), net of tax	52	(831)	1,273	(1,372)
Comprehensive loss	\$ (4,196)	\$ (3,599)	\$ (25,509)	\$ (21,820)

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

AMERICAN SUPERCONDUCTOR CORPORATION
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)

	Nine months ended December 31,	
	2017	2016
Cash flows from operating activities:		
Net loss	\$(26,782)	\$(20,448)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	9,239	5,606
Stock-based compensation expense	2,115	2,266
Provision for excess and obsolete inventory	415	1,074
Gain on sale of minority interest	(951)	(325)
Change in fair value of warrants and contingent consideration	(1,397)	(667)
Non-cash interest expense	19	127
Other non-cash items	81	(937)
Changes in operating asset and liability accounts:		
Accounts receivable	(3,576)	3,213
Inventory	180	(2,294)
Prepaid expenses and other current assets	647	2,283
Accounts payable and accrued expenses	638	(4,031)
Deferred revenue	(862)	3,598
Net cash used in operating activities	(20,234)	(10,535)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,125)	(557)
Proceeds from the sale of property, plant and equipment	18	15
Change in restricted cash	795	457
Cash paid for acquisition, net of cash acquired	74	—
Proceeds from sale of minority interest	951	325
Change in other assets	26	117
Net cash (used in)/provided by investing activities	(261)	357
Cash flows from financing activities:		
Employee taxes paid related to net settlement of equity awards	(274)	(490)
Repayment of debt	(1,575)	(3,167)
Proceeds from public equity offering, net	16,952	—
Proceeds from exercise of employee stock options and ESPP	85	—
Net cash provided by/(used in) financing activities		