

ALIGN TECHNOLOGY INC
Form 10-Q
November 08, 2016
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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: 0-32259

ALIGN TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Delaware 94-3267295
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)
2560 Orchard Parkway
San Jose, California 95131
(Address of principal executive offices)
(408) 470-1000
(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 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 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

The number of shares outstanding of the registrant's Common Stock, \$0.0001 par value, as of October 31, 2016 was 79,689,402.

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PART I—FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

ALIGN TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net revenues	\$278,589	\$207,636	\$786,671	\$615,210
Cost of net revenues	69,387	50,060	191,626	147,910
Gross profit	209,202	157,576	595,045	467,300
Operating expenses:				
Selling, general and administrative	126,708	101,751	360,385	290,657
Research and development	20,415	17,779	54,111	47,348
Total operating expenses	147,123	119,530	414,496	338,005
Income from operations	62,079	38,046	180,549	129,295
Interest and other income (expenses), net	1,463	(1,568)	1,161	(2,846)
Net income before provision for income taxes and equity in losses of investee	63,542	36,478	181,710	126,449
Provision for income taxes	11,698	8,862	39,172	31,306
Equity in losses of investee, net of tax	477	—	477	—
Net income	\$51,367	\$27,616	\$142,061	\$95,143
Net income per share:				
Basic	\$0.64	\$0.35	\$1.78	\$1.19
Diluted	\$0.63	\$0.34	\$1.74	\$1.17
Shares used in computing net income per share:				
Basic	79,977	79,808	79,920	80,173
Diluted	81,466	81,092	81,523	81,576

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

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ALIGN TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net income	\$51,367	\$27,616	\$142,061	\$95,143
Net change in currency translation adjustment	(76)	114	(143)	(95)
Change in unrealized gains (losses) on available-for-sale securities, net of tax	(437)	98	1,038	260
Other comprehensive income (loss)	(513)	212	895	165
Comprehensive income	\$50,854	\$27,828	\$142,956	\$95,308

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

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ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

September 30, December 31,
2016 2015
(unaudited)

ASSETS

Current assets:

Cash and cash equivalents \$ 419,948 \$ 167,714