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FARO TECHNOLOGIES INC

Form 10-Q

May 01, 2019

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[Table of Contents](#)

**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, 2019

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: 0-23081

FARO TECHNOLOGIES INC

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or other Jurisdiction of Incorporation or Organization)

59-3157093

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

250 Technology Park, Lake Mary, Florida

(Address of Principal Executive Offices)

32746

(Zip Code)

(407) 333-9911

(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 every Interactive Data File required to be submitted 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 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 Accelerated filer Non-accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.001	FARO	Nasdaq Global Select Market

There were 17,328,630 shares of the registrant's common stock outstanding as of April 26, 2019.

Table of Contents

FARO TECHNOLOGIES, INC.

Quarterly Report on Form 10-Q

Quarter Ended March 31, 2019

INDEX

	PAGE
PART I. <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	
a) <u>Condensed Consolidated Balance Sheets as of March 31, 2019 (Unaudited) and December 31, 2018</u>	<u>3</u>
b) <u>Condensed Consolidated Statements of Operations (Unaudited) For the Three Months Ended March 31, 2019 and March 31, 2018</u>	<u>4</u>
c) <u>Condensed Consolidated Statements of Comprehensive (Loss) Income (Unaudited) For the Three Months Ended March 31, 2019 and March 31, 2018</u>	<u>5</u>
d) <u>Condensed Consolidated Statements of Cash Flows (Unaudited) For the Three Months Ended March 31, 2019 and March 31, 2018</u>	<u>6</u>
e) <u>Condensed Consolidated Statements of Shareholders' Equity (Unaudited) For the Three Months Ended March 31, 2019 and March 31, 2018</u>	<u>7</u>
f) <u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>8</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>26</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>34</u>
Item 4. <u>Controls and Procedures</u>	<u>35</u>
PART II. <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>36</u>
Item 1A. <u>Risk Factors</u>	<u>36</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>36</u>
Item 6. <u>Exhibits</u>	<u>37</u>
<u>SIGNATURES</u>	<u>38</u>

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****FARO TECHNOLOGIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

<u>(in thousands, except share and per share data)</u>	March 31, 2019 (unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 110,696	\$ 108,783
Short-term investments	24,831	24,793
Accounts receivable, net	76,237	88,927
Inventories, net	74,586	65,444
Prepaid expenses and other current assets	24,210	28,795
Total current assets	310,560	316,742
Property and equipment:		
Machinery and equipment	80,586	76,048
Furniture and fixtures	6,141	6,749
Leasehold improvements	20,311	20,304
Property and equipment at cost	107,038	103,101
Less: accumulated depreciation and amortization	(76,188)	(72,684)
Property and equipment, net	30,850	30,417
Operating lease right-of-use asset	18,876	—
Goodwill	71,097	67,274
Intangible assets, net	29,507	33,054
Service and sales demonstration inventory, net	38,351	39,563
Deferred income tax assets, net	14,696	14,719
Other long-term assets	4,416	4,475
Total assets	\$ 518,353	\$ 506,244
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,351	\$ 20,093
Accrued liabilities	31,389	36,327
Income taxes payable	3,747	5,081
Current portion of unearned service revenues	34,189	32,878
Customer deposits	2,847	3,144
Lease liability	6,446	—
Total current liabilities	92,969	97,523
Unearned service revenues - less current portion	16,319	15,505
Lease liability - less current portion		