

ORION ENERGY SYSTEMS, INC.

Form 10-Q

November 09, 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 September 30, 2012

OR

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

Commission file number 001-33887

Orion Energy Systems, Inc.

(Exact name of Registrant as specified in its charter)

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Wisconsin
(State or other jurisdiction of
incorporation or organization)

39-1847269
(I.R.S. Employer
Identification number)

2210 Woodland Drive, Manitowoc, Wisconsin
(Address of principal executive offices)

54220
(Zip code)

Registrant's telephone number, including area code: (920) 892-9340

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) during the preceding 12 months (or for 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 "accelerated filer," "large 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

There were 20,135,623 shares of the Registrant's common stock outstanding on November 7, 2012.

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Orion Energy Systems, Inc.
Quarterly Report On Form 10-Q
For The Quarter Ended September 30, 2012

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1: Financial Statements****ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share amounts)

	March 31, 2012	September 30, 2012
Assets		
Cash and cash equivalents	\$ 23,011	\$ 13,214
Short-term investments	1,016	1,019
Accounts receivable, net of allowances of \$947 and \$834	19,167	19,447
Inventories, net	18,132	18,411
Deferred contract costs	2,193	4,764
Deferred tax assets	1,549	
Prepaid expenses and other current assets	2,174	1,727
Total current assets	67,242	58,582
Property and equipment, net	30,225	29,769
Long-term inventory	12,328	12,273
Patents and licenses, net	1,689	1,698
Deferred tax assets	2,609	213
Long-term accounts receivable	7,555	6,735
Other long-term assets	4,002	3,962
Total assets	\$ 125,650	\$ 113,232
Liabilities and Shareholders' Equity		
Accounts payable	\$ 14,300	\$ 15,166
Accrued expenses	3,018	6,485
Deferred revenue	2,614	3,756
Current maturities of long-term debt	2,791	2,871
Total current liabilities	22,723	28,278
Long-term debt, less current maturities	6,704	5,365
Deferred revenue	3,048	3,128
Other long-term liabilities	406	401
Total liabilities	32,881	37,172
Commitments and contingencies (See Note F)		
Shareholders' equity:		
Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012		
Additional paid-in capital	126,753	126,148
Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012	(32,470)	(36,913)
Shareholder notes receivable	(221)	(283)
Retained deficit	(1,293)	(12,892)

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Total shareholders' equity	92,769	76,060
Total liabilities and shareholders' equity	\$ 125,650	\$ 113,232

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

Table of Contents**ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2011	2012	2011	2012
Product revenue	\$ 30,111	\$ 16,931	\$ 47,472	\$ 30,511
Service revenue	3,364	2,477	4,224	4,207
Total revenue	33,475	19,408	51,696	34,718
Cost of product revenue	21,447	11,867	33,039	21,464
Cost of service revenue	2,647	1,736	3,269	3,076
Total cost of revenue	24,094	13,603	36,308	24,540
Gross profit	9,381	5,805	15,388	10,178
Operating expenses:				
General and administrative	2,725	4,638	5,800	7,940
Sales and marketing	3,729	4,561	7,504	8,513
Research and development	593	710	1,215	1,407
Total operating expenses	7,047	9,909	14,519	17,860
Income (loss) from operations	2,334	(4,104)	869	(7,682)
Other income (expense):				
Interest expense	(150)	(142)	(237)	(303)
Interest income	214	218	368	443
Total other income	64	76	131	140
Income (loss) before income tax	2,398	(4,028)	1,000	(7,542)
Income tax expense	1,040	5,631	434	4,057
Net income (loss)	\$ 1,358	\$ (9,659)	\$ 566	\$ (11,599)
Basic net income (loss) per share attributable to common shareholders	\$ 0.06	\$ (0.46)	\$ 0.02	\$ (0.53)
Weighted-average common shares outstanding	22,989,502	21,075,624	22,955,655	21,814,321
Diluted net income (loss) per share attributable to common shareholders	\$ 0.06	\$ (0.46)	\$ 0.02	\$ (0.53)
Weighted-average common shares outstanding	23,369,520	21,075,624	23,380,375	21,814,321

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

Table of Contents**ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	Six Months Ended September 30,	
	2011	2012
Operating activities		
Net income (loss)	\$ 566	\$ (11,599)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,890	2,230
Stock-based compensation expense	657	770
Deferred income tax (benefit) expense	(538)	3,945
(Gain) Loss on sale of property and equipment	(1)	30
Provision for bad debts	159	100
Other	38	34
Changes in operating assets and liabilities:		
Accounts receivable, current and long-term	3,157	440
Inventories, current and long-term	(3,227)	(224)
Deferred contract costs	6,682	(2,571)
Prepaid expenses and other assets	(2,330)	445
Accounts payable	(2,099)	866
Accrued expenses	370	1,985
Deferred revenue	(3,940)	1,222
Net cash provided by (used in) operating activities	1,384	(2,327)
Investing activities		
Purchase of property and equipment	(2,003)	(1,715)
Purchase of property and equipment held under operating leases	(3)	