

ALIGN TECHNOLOGY INC
Form 10-Q
August 05, 2009
Table of Contents

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 June 30, 2009

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
(State or other jurisdiction of
incorporation or organization)

94-3267295
(I.R.S. Employer
Identification Number)

881 Martin Avenue

Santa Clara, California 95050

(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

Smaller reporting company

(Do not check if a 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

Edgar Filing: ALIGN TECHNOLOGY INC - Form 10-Q

The number of shares outstanding of the registrant's Common Stock, \$0.0001 par value, as of July 31, 2009 was 66,660,177.

Table of Contents

ALIGN TECHNOLOGY, INC.

INDEX

<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	3
<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS (UNAUDITED):</u>	3
	<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS</u>	3
	<u>CONDENSED CONSOLIDATED BALANCE SHEETS</u>	4
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	5
	<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	6
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	16
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	27
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>	27
<u>PART II</u>	<u>OTHER INFORMATION</u>	27
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>	27
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>	30
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	40
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>	40
<u>ITEM 4.</u>	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	40
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>	41
<u>ITEM 6.</u>	<u>EXHIBITS</u>	42
<u>SIGNATURES</u>		43

Invisalign, Align, ClinCheck, Invisalign Assist, Invisalign Teen and Vivera, amongst others, are trademarks belonging to Align Technology, Inc. and are pending or registered in the United States and other countries.

Table of Contents**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 June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net revenues	\$ 76,316	\$ 79,902	\$ 146,448	\$ 154,678
Cost of revenues	18,338	20,243	35,763	39,851
Gross profit	57,978	59,659	110,685	114,827
Operating expenses:				
Sales and marketing	29,108	32,464	56,962	60,523
General and administrative	16,539	16,322	30,007	31,510
Research and development	5,669	7,001	10,860	14,296
Restructurings	409		1,319	
Total operating expenses	51,725	55,787	99,148	106,329
Profit from operations	6,253	3,872	11,537	8,498
Interest and other income, net	557	443	705	1,409
Net profit before provision for income taxes	6,810	4,315	12,242	9,907
Provision for income taxes	(2,265)	(285)	(5,061)	(573)
Net profit	\$ 4,545	\$ 4,030	\$ 7,181	\$ 9,334
Net profit per share:				
Basic	\$ 0.07	\$ 0.06	\$ 0.11	\$ 0.14
Diluted	\$ 0.07	\$ 0.06	\$ 0.11	\$ 0.13
Shares used in computing net profit per share:				
Basic	66,285	68,581	66,135	