

# AMERICAN SUPERCONDUCTOR CORP / DE/

## **FORM 8-K** (Current report filing)

Filed 02/06/17 for the Period Ending 02/06/17

Address	SIXTY FOUR JACKSON ROAD DEVENS, MA 01434
Telephone	9788423000
CIK	0000880807
Symbol	AMSC
SIC Code	3621 - Motors and Generators
Industry	Electrical Components & Equipment
Sector	Industrials
Fiscal Year	03/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of**

**The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):  
February 6, 2017**

**American Superconductor Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**000-19672**

(Commission  
File Number)

**04-2959321**

(IRS Employer  
Identification No.)

**64 Jackson Road  
Devens, Massachusetts**

(Address of principal executive offices)

**01434**

(Zip Code)

**Registrant's telephone number, including area code (978) 842-3000**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On February 6, 2017, American Superconductor Corporation (the "Company") announced its financial results for the third quarter ended December 31, 2016 of the Company's fiscal year 2016. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits :

<b>Exhibit No.</b>	<b><u>Description</u></b>
99.1	Press release issued by American Superconductor Corporation on February 6, 2017 (furnished, not "filed," for purposes of Section 18 of the Exchange Act).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN SUPERCONDUCTOR CORPORATION

Date: February 6, 2017

By: /s/ David A. Henry

David A. Henry

*Executive Vice President and Chief Financial Officer*

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by American Superconductor Corporation on February 6, 2017 (furnished, not “filed,” for purposes of Section 18 of the Exchange Act).



# AMSC Reports Third Quarter Fiscal 2016 Financial Results and Provides Business Outlook

*Company to host conference call today at 10:00 am ET*

**Devens, MA – February 6, 2017** – AMSC (NASDAQ: AMSC), a global solutions provider serving wind and power grid industry leaders, today reported financial results for its third quarter of fiscal 2016 ended December 31, 2016 .

Revenues for the third quarter of fiscal 2016 were \$27.1 million , compared with \$25.8 million for the same period of fiscal 2015 . Revenues in both the Wind and Grid segments increased year-over-year.

AMSC’s net loss for the third quarter of fiscal 2016 decreased to \$2.8 million , or \$0.20 per share, from \$3.0 million , or \$0.22 per share, for the same period of fiscal 2015 . The Company’s non-GAAP net loss for the third quarter of fiscal 2016 was \$2.9 million , or \$0.21 per share, which was improved compared with a non-GAAP net loss of \$4.9 million , or \$0.36 per share, in the same period of fiscal 2015 . Please refer to the financial table below for a reconciliation of GAAP to non-GAAP results.

Cash, cash equivalents and restricted cash at December 31, 2016 totaled \$26.0 million , compared with \$26.6 million at September 30, 2016.

“Revenues were seasonally stronger in our Wind segment in the third quarter, while our Grid revenues continued to achieve year-over-year growth,” said Daniel P. McGahn, President and CEO, AMSC. “In the third quarter, we demonstrated significant improvement in our operating results relative to the first and second quarters of fiscal 2016, with positive operating cash flow in the third quarter. We expect our revenues in the fourth quarter of fiscal 2016 to be strong as well.”

## **Business Outlook**

For the fourth quarter ending March 31, 2017, AMSC expects that its revenues will be in the range of \$22.0 million to \$26.0 million. The Company’s net loss for the fourth quarter of fiscal 2016 is expected to be less than \$5.5 million, or \$0.39 per share. The Company's non-GAAP net loss (as defined below) is expected to be less than \$5.0 million, or \$0.36 per share. The Company expects a minimal cash burn of less than \$2.0 million in the fourth quarter.

press release

**Conference Call Reminder**

In conjunction with this announcement, AMSC management will participate in a conference call with investors beginning at 10:00 a.m. Eastern Time today to discuss the Company's financial results and business outlook. Those who wish to listen to the live or archived conference call webcast should visit the "Investors" section of the Company's website at <http://www.amsc.com/investors>. The live call also can be accessed by dialing 888-240-1347 and using conference ID 6209539.

**About AMSC (NASDAQ: AMSC)**

AMSC generates the ideas, technologies and solutions that meet the world's demand for smarter, cleaner ... better energy™. Through its Windtec™ Solutions, AMSC provides wind turbine electronic controls and systems, designs and engineering services that reduce the cost of wind energy. Through its Gridtec™ Solutions, AMSC provides the engineering planning services and advanced grid systems that optimize network reliability, efficiency and performance. The Company's solutions are now powering gigawatts of renewable energy globally and are enhancing the performance and reliability of power networks in more than a dozen countries. Founded in 1987, AMSC is headquartered near Boston, Massachusetts with operations in Asia, Australia, Europe and North America. For more information, please visit [www.amsc.com](http://www.amsc.com).

*AMSC, Windtec, Gridtec, and Smarter, Cleaner ... Better Energy are trademarks or registered trademarks of American Superconductor Corporation. All other brand names, product names, trademarks or service marks belong to their respective holders.*

**Forward-Looking Statements**

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*This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any statements in this release about our expectations regarding anticipated financial results, strong revenues in the fourth quarter and other statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements represent management's current expectations and are inherently uncertain. There are a number of important factors that could materially impact the value of our common stock or cause actual results to differ materially from those indicated by such forward-looking statements. These important factors include, but are not limited to: A significant portion of our revenues are derived from a single customer, Innox, and shipments to Innox may not occur in the time frame we expect; We have a history of operating losses and negative operating cash flows, which may continue in the future and require us to secure additional financing in the future; Our operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter; Our financial condition may have an adverse effect on our customer and supplier relationships; Our success in addressing the wind energy market is dependent on the manufacturers that license our designs; Our success is dependent upon attracting and retaining qualified personnel and our inability to do so could significantly damage our business and prospects; We rely upon third-party suppliers for the components and subassemblies of many of our Wind and Grid products, making us vulnerable to supply shortages and price fluctuations; We may not realize all of the sales expected from our backlog of orders and contracts; Our success depends upon the commercial use of high temperature superconductor ("HTS") products, which is currently limited, and a widespread commercial market for our products may not develop; Growth of the wind energy market depends largely on the availability and size of government subsidies and economic incentives; We have operations in and depend on sales in emerging markets, including India and China, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of these countries; We face risks related to our intellectual property; We face risks related to our legal proceedings; and the important factors discussed under the caption "Risk Factors" in Part 1. Item 1A of our Form 10-K for the fiscal year ended March 31, 2016, and our other reports filed with the SEC. These important factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Any such forward-looking statements represent management's estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.*

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**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)

	Three months ended December 31,		Nine Months Ended December 31,	
	2016	2015	2016	2015
Revenues				
Wind	\$ 18,248	\$ 17,229	\$ 36,822	\$ 48,976
Grid	8,900	8,543	22,178	19,523
Total revenues	27,148	25,772	59,000	68,499
Cost of revenues	22,107	19,263	50,992	55,758
Gross profit	5,041	6,509	8,008	12,741
Operating expenses:				
Research and development	2,985	2,759	8,804	8,924
Selling, general and administrative	6,077	7,023	19,640	21,331
Impairment loss	—	—	—	779
Amortization of acquisition related intangibles	39	39	118	118
Total operating expenses	9,101	9,821	28,562	31,152
Operating loss	(4,060)	(3,312)	(20,554)	(18,411)
Change in fair value of derivatives and warrants	101	(1,092)	667	409
Gain on sale of minority interest	325	2,511	325	2,511
Interest expense, net	(89)	(238)	(331)	(841)
Other income (expense), net	873	(20)	481	(1,189)
Loss before income tax expense	(2,850)	(2,151)	(19,412)	(17,521)
Income tax (benefit) expense	(82)	806	1,036	2,256
Net loss	\$ (2,768)	\$ (2,957)	\$ (20,448)	\$ (19,777)
Net loss per common share				
Basic	\$ (0.20)	\$ (0.22)	\$ (1.49)	\$ (1.52)
Diluted	\$ (0.20)	\$ (0.22)	\$ (1.49)	\$ (1.52)
Weighted average number of common shares outstanding				
Basic	13,792	13,539	13,746	13,052
Diluted	13,792	13,539	13,746	13,052

**UNAUDITED CONSOLIDATED BALANCE SHEET**  
(In thousands, except per share data)

	<b>December 31, 2016</b>	<b>March 31, 2016</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 25,063	\$ 39,330
Accounts receivable, net	15,863	19,264
Inventory	19,442	18,512
Prepaid expenses and other current assets	3,097	5,778
Restricted cash	795	457
Total current assets	<u>64,260</u>	<u>83,341</u>
Property, plant and equipment, net	45,114	49,778
Intangibles, net	436	854
Restricted cash	140	934
Deferred tax assets	115	96
Other assets	176	315
Total assets	<u>\$ 110,241</u>	<u>\$ 135,318</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 18,354	\$ 23,156
Note payable, current portion, net of discount of \$47 as of December 31, 2016 and \$42 as of March 31, 2016	1,453	2,624
Derivative liabilities	2,560	3,227
Deferred revenue	15,997	12,000
Total current liabilities	<u>38,364</u>	<u>41,007</u>
Note payable, net of discount of \$133 as of March 31, 2016	—	1,367
Deferred revenue	7,974	9,269
Deferred tax liabilities	63	63
Other liabilities	47	63
Total liabilities	<u>46,448</u>	<u>51,769</u>
<b>Stockholders' equity:</b>		
Common stock	143	141
Additional paid-in capital	1,014,365	1,011,813
Treasury stock	(1,371)	(881)
Accumulated other comprehensive (loss) income	(712)	660
Accumulated deficit	(948,632)	(928,184)
Total stockholders' equity	<u>63,793</u>	<u>83,549</u>
Total liabilities and stockholders' equity	<u>\$ 110,241</u>	<u>\$ 135,318</u>

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Nine months ended December 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (20,448)	\$ (19,777)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	5,606	6,050
Stock-based compensation expense	2,266	2,542
Impairment loss	—	746
Provision for excess and obsolete inventory	1,074	1,835
Write-off prepaid taxes	—	289
Gain from sale of minority interest investments	(325)	(2,155)
Change in fair value of derivatives and warrants	(667)	(409)
Non-cash interest expense	127	290
Other non-cash items	(937)	694
Changes in operating asset and liability accounts:		
Accounts receivable	3,213	(7,156)
Inventory	(2,294)	3,288
Prepaid expenses and other current assets	2,283	5,800
Accounts payable and accrued expenses	(4,031)	(34)
Deferred revenue	3,598	198
Net cash used in operating activities	(10,535)	(7,799)
Cash flows from investing activities:		
Net cash provided by investing activities	357	4,856
Cash flows from financing activities:		
Net cash (used in)/provided by financing activities	(3,657)	19,202
Effect of exchange rate changes on cash and cash equivalents	(432)	(312)
Net (decrease)/increase in cash and cash equivalents	(14,267)	15,947
Cash and cash equivalents at beginning of year	39,330	20,490
Cash and cash equivalents at end of year	\$ 25,063	\$ 36,437

**RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME (LOSS)**  
(In thousands, except per share data)

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Net loss	\$ (2,768)	\$ (2,957)	\$ (20,448)	\$ (19,777)
Gain on sale of interest in minority investments, net of tax effect	(325)	(2,354)	(325)	(2,354)
Stock-based compensation	613	708	2,266	2,542
Amortization of acquisition-related intangibles	39	39	118	118
Impairment loss	—	—	—	779
Consumption of zero cost-basis inventory	(478)	(1,543)	(1,118)	(3,612)
Change in fair value of derivatives and warrants	(101)	1,092	(667)	(409)
Non-cash interest expense	30	83	127	290
Tax effect of adjustments	77	\$ —	179	—
Non-GAAP net loss	\$ (2,913)	\$ (4,932)	\$ (19,868)	\$ (22,423)
Non-GAAP net loss per share	\$ (0.21)	\$ (0.36)	\$ (1.45)	\$ (1.72)
Weighted average shares outstanding - basic and diluted	13,792	13,539	13,746	13,052

**Reconciliation of Forecast GAAP Net Loss to Non-GAAP Net Loss**  
(In millions, except per share data)

	Three months ending March 31, 2017
Net loss	\$(5.5)
Stock-based compensation	0.6
Consumption of zero-cost inventory	(0.1)
Non-GAAP net loss	\$(5.0)
Non-GAAP net loss per share	\$(0.36)
Shares outstanding	14.0

*Note: Non-GAAP net loss is defined by the Company as net loss before stock-based compensation; amortization of acquisition-related intangibles; consumption of zero cost-basis inventory; non-cash interest expense; change in fair value of derivatives and warrants; and other unusual charges, net of any tax effects related to these items. The Company believes non-GAAP net loss assists management and investors in comparing the Company's performance across reporting periods on a consistent basis by excluding these non-cash, non-recurring or other charges that it does not believe are indicative of its core operating performance. The Company also regards non-GAAP net loss as a useful measure of operating performance to complement operating loss, net loss and other GAAP financial performance measures. In addition, the Company uses non-GAAP net loss as a factor in evaluating management's performance when determining incentive compensation and to evaluate the effectiveness of its business strategies.*

*Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP to GAAP net loss is set forth in the table above.*

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