

Section 1: 8-K (FORM 8-K)

**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): June 20, 2018 (June 19, 2018)

Ormat Technologies, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001- 32347
Commission File Number

88-0326081
(I.R.S. Employer Identification Number)

**6225 Neil Road,
Reno, Nevada**
(Address of principal executive offices)

89511-1136
(Zip Code)

(775) 356-9029
(Registrant's telephone number, including area code)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition.

On June 19, 2018, Ormat Technologies, Inc. (the “Company”) issued a press release announcing that it has filed an amended (i) Form 10-Q for the period ending June 30, 2017 (ii) Form 10-Q for the period ending September 30, 2017 and (iii) Form 10-K for the year ending December 31, 2017 with the U.S. Securities and Exchange Commission (“SEC”) to restate its financial results for the second, third and fourth quarters of 2017 and for the full-year of 2017. In addition, the Company announced it has filed its quarterly report on Form 10-Q for the period ending March 31, 2018 with the SEC in which the Company adjusted the income tax benefit for the first quarter of 2018 as compared to what was previously reported on May 7, 2018. A copy of the Company’s press release is furnished as Exhibit 99.1 to this Report and is incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.***(d) Exhibits***

- 99.1 [Press Release, dated June 19, 2018, announcing the filing of the Company’s \(i\) restated financial results for the second, third and fourth quarters of 2017 and for the full-year of 2017 and \(ii\) Form 10-Q for the period ending March 31, 2018.](#)

| | | | | | | | | |
|---|-------|-------|------|------|------|------|------|------|
| Net income | 170.2 | 147.1 | 69.4 | 68.1 | 22.8 | 27.6 | 38.2 | 11.8 |
| Net income attributable to the Company's stockholders | 155.5 | 132.4 | 66.0 | 64.6 | 19.2 | 24.0 | 35.0 | 8.6 |
| Diluted EPS: | 3.06 | 2.61 | 1.29 | 1.27 | 0.38 | 0.47 | 0.69 | 0.17 |
| Adjusted net income attributable to the Company's stockholders ¹ | 151.9 | 155.2 | 66.0 | 64.6 | 21.1 | 25.9 | 29.5 | 29.5 |
| Adjusted diluted EPS ¹ | 2.99 | 3.06 | 1.29 | 1.26 | 0.42 | 0.51 | 0.58 | 0.58 |

ORMAT TECHNOLOGIES, INC.

6225 Neil Road Reno, Nevada • +1-775-356-9029 • ormat@ormat.com

ormat.com



In connection with the restatement of the full-year 2017 financial statements, the Company also made revisions to the same line items in certain quarterly financial statements for 2016 and its full-year 2016 and 2015 financial statements.

Q1 2018

The Company has also filed its quarterly report on Form 10-Q for the period ending March 31, 2018 with the SEC. Within this report, the Company adjusted the income tax benefit for the first quarter of 2018 compared to the amount reported on May 7, 2018. As a result of this adjustment, the Company's income tax benefit increased to \$26.9 million compared to \$2.1 million reported on May 7, 2018. The Company's amended net income attributable to the Company's shareholders is \$69.5 million, or \$1.36 per diluted share, compared to \$44.7 million, or \$0.88 per diluted share, reported on May 7, 2018. The Company's amended adjusted net income attributable to the Company's shareholders is \$25.1 million, or \$0.49 per diluted share, compared to \$24.4 million, or \$0.48 per diluted share, reported on May 7, 2018.

The previously reported revenue, net income before tax and adjusted EBITDA for the first quarter of 2018 remained unchanged.

| (\$M) | Three Months Ended March 31, 2018 | |
|---|-----------------------------------|----------|
| | As reported on May 7, 2018 | As filed |
| Income tax benefit | 2.1 | 26.9 |
| Net income | 49.4 | 74.3 |
| Net income attributable to the Company's stockholders | 44.7 | 69.5 |
| Diluted EPS: | 0.88 | 1.36 |
| Adjusted net income attributable to the Company's stockholders ² | 24.4 | 25.1 |
| Adjusted diluted EPS ² | 0.48 | 0.49 |

In addition, during the first quarter of 2018, based upon continued analysis of the specific provisions of the "Tax Cuts and Jobs Act", specifically the newly created requirement that global intangible low-taxed income (GILTI) earned by controlled foreign corporations (CFCs) must be included currently in gross income of the CFC's U.S. shareholder, the Company concluded it was more likely than not that the Section 78 gross up included in the GILTI calculation would provide an additional source of realization for the Company's foreign tax credits and production tax credits. Accordingly, in the first quarter of 2018, the Company recorded a tax benefit of \$44.4 million for the reduction of the valuation allowance related to foreign tax credits and production tax credits. In addition, due to the complexity of the new GILTI tax rules, the Company is continuing to evaluate this provision of the Act and the application of ASC 740. In May 2018, certain officials from the U.S. Department of the Treasury and the Internal Revenue Service made public comments about a plan to propose regulations related to GILTI that will confirm how to allocate certain income in the GILTI calculation. As a result, all or substantially all of the tax benefit of \$44.4 million recorded by the Company for the period ended March 31, 2018 is expected to be reversed in the period ended June 30, 2018. The range of the ultimate adjustment in the second quarter results is dependent upon multiple variables and the release of additional guidance in future periods may require changes to the Company's provisional estimates.

¹ A reconciliation of Adjusted Net income attributable to the Company's stockholders is set forth below in this release

² Adjusted Net income attributable to the Company's stockholders and diluted EPS for the first quarter of 2018 excludes the \$20.3 million and \$ 44.4 million tax benefits recorded for the reduction of the valuation allowance related to foreign tax credits and production tax credits as reported on May 7, 2018 and as filed, respectively.



Furthermore, as previously reported, the Company identified a material weakness in its internal control over financial reporting related to accounting for income taxes. Management, with the oversight of the Audit Committee and the Board of Directors, continues to dedicate significant resources and efforts to improve the Company's control environment and take steps to address the material weakness identified. These efforts are intended both to address the identified material weakness and to enhance the Company's overall financial control environment.

ABOUT ORMAT TECHNOLOGIES

With over five decades of experience, Ormat is a leading geothermal company and the only vertically integrated company engaged in geothermal and recovered energy generation (REG), with the objective of becoming a leading global provider of renewable energy. The company owns, operates, designs, manufactures and sells geothermal and REG power plants primarily based on the Ormat Energy Converter – a power generation unit that converts low-, medium- and high-temperature heat into electricity. With 77 U.S. patents, Ormat's power solutions have been refined and perfected under the most grueling environmental conditions. Ormat has 530 employees in the United States and 770 overseas. Ormat's flexible, modular solutions for geothermal power and REG are ideal for the vast range of resource characteristics. The company has engineered, manufactured and constructed power plants, which it currently owns or has installed to utilities and developers worldwide, totaling over 2,600 MW of gross capacity. Ormat's current approximately 851 MW generating portfolio is spread globally in the U.S., Kenya, Guatemala, Indonesia, Honduras and Guadeloupe. In March 2017, Ormat expanded its operations to provide energy storage and energy management solutions, by leveraging its core capabilities and global presence as well as through its Viridity Energy Solutions, Inc. subsidiary, a Philadelphia-based company with nearly a decade of expertise and leadership in demand response, energy management and storage.

ORMAT'S SAFE HARBOR STATEMENT

Information provided in this press release may contain statements relating to current expectations, estimates, forecasts and projections about future events that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally relate to Ormat's plans, objectives and expectations for future operations and are based upon its management's current estimates and projections of future results or trends. Actual future results may differ materially from those projected as a result of certain risks and uncertainties. For a discussion of such risks and uncertainties, see "Risk Factors" as described in Ormat Technologies, Inc.'s Form 10-K/A filed with the SEC on June 19, 2018 and Form 10-Q for the period ended March 31, 2018 filed with the SEC on June 19, 2018.

These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.



RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS

| | Year Ended December 31, 2017 | | Three Months Ended December 31, 2017 | | Three Months Ended September 30, 2017 | | Three Months Ended June 30, 2017 | |
|---|---------------------------------|----------------|---|----------------|--|----------------|-------------------------------------|----------------|
| | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated |
| Net income attributable to the Company's stockholders | 155.5 | 132.4 | 66.0 | 64.6 | 19.2 | 24.0 | 35.0 | 8.6 |
| Adjusted for: | | | | | | | | |
| Tax benefit related to valuation allowance and other tax restructuring | (5.5) | 20.9 | | | | | (5.5) | 20.9 |
| One-time make whole premium paid in connection with the prepayment of OFC Senior Secured Notes and DEG loan | 1.9 | 1.9 | | | 1.9 | 1.9 | | |
| Adjusted net income attributable to the Company's stockholders | 151.9 | 155.2 | 66.0 | 64.6 | 21.1 | 25.9 | 29.5 | 29.5 |



ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

Ormat Technologies, Inc. and Subsidiaries
 Condensed Consolidated Statements of Operations
 For the Three-Month Periods Ended March 31, 2018 and 2017
 (Unaudited)

| | Three Months Ended March 31 | |
|--|--|------------------|
| | 2018 | 2017 |
| | (In thousands, except per share data) | |
| Revenues: | | |
| Electricity | \$ 132,489 | \$ 115,776 |
| Product | 48,672 | 74,122 |
| Other | 2,862 | — |
| Total revenues | <u>184,023</u> | <u>189,898</u> |
| Cost of revenues: | | |
| Electricity | 73,482 | 66,036 |
| Product | 33,726 | 49,452 |
| Other | 3,443 | — |
| Total cost of revenues | <u>110,651</u> | <u>115,488</u> |
| Gross profit | 73,372 | 74,410 |
| Operating expenses: | | |
| Research and development expenses | 1,108 | 602 |
| Selling and marketing expenses | 3,699 | 4,363 |
| General and administrative expenses | 13,849 | 9,949 |
| Write-off of unsuccessful exploration activities | 123 | — |
| Operating income | <u>54,593</u> | <u>59,496</u> |
| Other income (expense): | | |
| Interest income | 113 | 244 |
| Interest expense, net | (14,344) | (14,923) |
| Derivatives and foreign currency transaction gains (losses) | (1,599) | 1,338 |
| Income attributable to sale of tax benefits | 7,361 | 6,157 |
| Other non-operating expense, net | (20) | (92) |
| Income before income taxes and equity in losses of investees | <u>46,104</u> | <u>52,220</u> |
| Income tax (provision) benefit | 26,942 | (11,004) |
| Equity in losses of investees, net | <u>1,210</u> | <u>(1,599)</u> |
| Net income | 74,256 | 39,617 |
| Net income attributable to noncontrolling interest | (4,748) | (4,423) |
| Net income attributable to the Company's stockholders | <u>\$ 69,508</u> | <u>\$ 35,194</u> |
| Earnings per share attributable to the Company's stockholders - Basic and diluted: | | |
| Basic: | | |
| Net Income | <u>\$ 1.37</u> | <u>\$ 0.71</u> |
| Diluted: | | |
| Net Income | <u>\$ 1.36</u> | <u>\$ 0.70</u> |
| Weighted average number of shares used in computation of earnings per share attributable to the Company's stockholders: | | |
| Basic | <u>50,614</u> | <u>49,680</u> |
| Diluted | <u>51,051</u> | <u>50,491</u> |



ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES
Ormat Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
As of March 31, 2018, and December 31, 2017
(Unaudited)

| | March 31, 2018 | December 31, 2017 (As Restated) |
|---|-------------------|---------------------------------------|
| (In thousands) | | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 54,723 | \$ 47,818 |
| Restricted cash, cash equivalents and marketable securities | 50,332 | 48,825 |
| Receivables: | | |
| Trade | 103,580 | 110,410 |
| Other | 10,018 | 13,828 |
| Inventories | 20,069 | 19,551 |
| Costs and estimated earnings in excess of billings on uncompleted contracts.. | 41,134 | 40,945 |
| Prepaid expenses and other | 42,274 | 40,269 |
| Total current assets | 322,130 | 321,646 |
| Investment in an unconsolidated company | 63,109 | 34,084 |
| Deposits and other | 21,205 | 21,599 |
| Deferred income taxes | 124,304 | 57,337 |
| Deferred charges | — | 49,834 |
| Property, plant and equipment, net | 1,723,560 | 1,734,691 |
| Construction-in-process | 345,563 | 293,542 |
| Deferred financing and lease costs, net | 4,922 | 4,674 |
| Intangible assets, net | 84,771 | 85,420 |
| Goodwill | 21,253 | 21,037 |
| Total assets | \$ 2,710,817 | \$ 2,623,864 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 103,551 | \$ 153,796 |
| Short-term revolving credit lines with banks (full recourse) | 38,500 | 51,500 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 10,458 | 20,241 |
| Current portion of long-term debt: | | |
| Limited and non-recourse: | | |
| Senior secured notes | 28,398 | 33,226 |
| Other loans | 21,495 | 21,495 |
| Full recourse | 2,809 | 3,087 |
| Total current liabilities | 205,211 | 283,345 |
| Long-term debt, net of current portion: | | |
| Limited and non-recourse: | | |
| Senior secured notes | 305,905 | 311,668 |
| Other loans | 237,245 | 242,385 |
| Full recourse: | | |
| Senior unsecured bonds | 303,469 | 203,752 |
| Other loans | 46,506 | 46,489 |
| Liability associated with sale of tax benefits | 42,622 | 44,634 |
| Deferred lease income | 50,745 | 51,520 |
| Deferred income taxes | 48,074 | 61,961 |
| Liability for unrecognized tax benefits | 9,074 | 8,890 |
| Liabilities for severance pay | 20,874 | 21,141 |
| Asset retirement obligation | 27,639 | 27,110 |
| Other long-term liabilities | 21,625 | 18,853 |
| Total liabilities | 1,318,989 | 1,321,748 |
| Redeemable non-controlling interest | 6,943 | 6,416 |
| Equity: | | |

The Company's stockholders' equity:

| | | |
|---|---------------------|---------------------|
| Common stock | 51 | 51 |
| Additional paid-in capital | 890,485 | 888,778 |
| Retained earnings (accumulated deficit) | 410,758 | 327,255 |
| Accumulated other comprehensive income (loss) | (909) | (4,706) |
| | <u>1,300,385</u> | <u>1,211,378</u> |
| Noncontrolling interest | 84,500 | 84,322 |
| Total equity | <u>1,384,885</u> | <u>1,295,700</u> |
| Total liabilities and equity | <u>\$ 2,710,817</u> | <u>\$ 2,623,864</u> |



ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES
 Reconciliation of EBITDA and Adjusted EBITDA
 For the Three-Month Periods Ended March 31, 2018 and 2017
 (Unaudited)

We calculate EBITDA as net income before interest, taxes, depreciation and amortization. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, adjusted for (i) termination fees, (ii) impairment of long-lived assets, (iii) write-off of unsuccessful exploration activities, (iv) any mark-to-market gains or losses from accounting for derivatives, (v) merger and acquisition transaction costs (vi) stock-based compensation, (vii) gains or losses from extinguishment of liability, (viii) gains or losses on sales of subsidiaries and property, plant and equipment and (ix) other unusual or non-recurring items. EBITDA and Adjusted EBITDA are not measurements of financial performance or liquidity under U.S. GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or as an alternative to net earnings as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP. EBITDA and Adjusted EBITDA are presented because we believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of a company's ability to service and/or incur debt. However, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do.

The following table reconciles net income to EBITDA and Adjusted EBITDA for the three-month periods ended March 31, 2018 and 2017.

| | Three Months Ended March 31 | |
|---|-----------------------------|------------------|
| | 2018 | 2017 |
| | (in thousands) | |
| Net income | \$ 74,256 | \$ 39,617 |
| Adjusted for: | | |
| Interest expense, net (including amortization of deferred financing costs) | 14,231 | 14,679 |
| Income tax provision | (26,942) | 11,004 |
| Adjustment to investment in unconsolidated company: our proportionate share in interest, tax and depreciation and amortization | 3,530 | — |
| Depreciation and amortization | 29,437 | 25,542 |
| EBITDA | <u>\$ 94,512</u> | <u>\$ 90,842</u> |
| Mark-to-market on derivatives instruments | 962 | (1,523) |
| Stock-based compensation | 1,707 | 1,713 |
| Merger and acquisition transaction cost | 1,095 | 800 |
| Write-off of unsuccessful exploration activities | 123 | — |
| Adjusted EBITDA | <u>\$ 98,399</u> | <u>\$ 91,832</u> |

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