

FUEL TECH, INC.
Form 10-Q
November 13, 2017

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 September 30, 2017
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: 001-33059

FUEL TECH, INC.

(Exact name of registrant as specified in its charter)

Delaware 20-5657551

(State or other jurisdiction of incorporation of organization) (I.R.S. Employer Identification Number)

Fuel Tech, Inc.

27601 Bella Vista Parkway

Warrenville, IL 60555-1617

630-845-4500

www.ftek.com

(Address and telephone number of principal executive offices)

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 Website, 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 definition 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 Smaller reporting company
(Do not check if a 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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On October 31, 2017 there were outstanding 24,132,910 shares of Common Stock, par value \$0.01 per share, of the registrant.

FUEL TECH, INC.
Form 10-Q for the nine-month period ended September 30, 2017
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FUEL TECH, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)
 (in thousands, except share and per share data)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,130	\$ 11,826
Restricted cash	1,020	6,020
Marketable securities	7	9
Accounts receivable, net of allowance for doubtful accounts of \$1,638 and \$1,569, respectively	21,323	18,790
Inventories, net	926	1,012
Prepaid expenses and other current assets	2,738	2,891
Income taxes receivable	61	87
Total current assets	32,205	40,635
Property and equipment, net of accumulated depreciation of \$25,679 and \$24,542, respectively	6,491	10,517
Goodwill	2,116	2,116
Other intangible assets, net of accumulated amortization of \$6,367 and \$5,902, respectively	1,700	1,796
Restricted cash	5,000	—
Assets held for sale	1,839	2,058
Other assets	669	666
Total assets	\$ 50,020	\$ 57,788
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,281	\$ 6,303
Accrued liabilities:		
Employee compensation	1,133	1,390
Other accrued liabilities	3,878	6,357
Total current liabilities	14,292	14,050
Other liabilities	477	346
Total liabilities	14,769	14,396
COMMITMENTS AND CONTINGENCIES (Note 11)		
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 24,777,001 and 23,800,924 shares issued, and 24,132,910, and 23,446,035 shares outstanding, respectively	248	238
Additional paid-in capital	138,578	137,380
Accumulated deficit	(101,296)	(91,520)
Accumulated other comprehensive loss	(883)	(1,568)

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Nil coupon perpetual loan notes	76	76
Treasury stock, at cost	(1,472) (1,214
Total shareholders' equity	35,251	43,392
Total liabilities and shareholders' equity	\$ 50,020	\$ 57,788

See notes to condensed consolidated financial statements.

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FUEL TECH, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (in thousands, except share and per-share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 13,548	\$ 12,596	\$ 31,780	\$ 45,593
Costs and expenses:				
Cost of sales	8,498	7,281	19,383	28,650
Selling, general and administrative	4,968	5,789	16,045	19,711
Restructuring charge	—	1,108	119	1,425
Research and development	216	672	780	1,438
Building impairment	—	—	2,965	—
	13,682	14,850	39,292	51,224
Operating loss	(134)	(2,254)	(7,512)	(5,631)
Interest income	2	5	8	21
Other expense	(41)	(254		