Align moves to profit in 3Q

The Associated Press

Align Technology Inc. said Thursday it posted a profit in the third quarter, reversing a prior-year loss when the dental products company absorbed hefty costs related to a patent lawsuit settlement.

The company, which makes the teeth-straightening system Invisalign, also revised its fourth-quarter earnings estimates to a range that fell short of what Wall Street had been anticipating.

Investors appeared to focus on that outlook, driving down Align shares $2.56, or 12.4 percent, to $18.15 in aftermarket trading. The stock slipped 37 cents to $20.71 during the regular session.

Align said net income was $16.8 million, or 22 cents a share, in the three months ended Sept. 30. That compares with a loss of $49.9 million, or 72 cents a share, in the same quarter last year.

The latest results included pretax litigation settlement costs of $3.3 million related to a class-action lawsuit over the proficiency standards the company requires dentists have before they can prescribe Invisalign. The prior-year results included several one-time items, including $69.7 million in costs related to a patent lawsuit settlement with Ormco Corp.

Excluding the charges, Align said it earned $19.3 million, or 25 cents a share. Analysts surveyed by Thomson Reuters expected, on average, earnings of 18 cents a share. The estimates typically exclude one-time items.

Revenue rose to $95.9 million from $79.3 million a year earlier. Analysts had forecast revenue of $94.4 million.

Thomas Prescott, Align's president and CEO, said case shipments of Invisalign for the quarter were on the lower end of the company's guidance. But he noted that softness in the summer has persisted into the fall months, especially among dentists in North America, who have reported a decline in visits and demand for premium procedures.

Still, the company has begun laying the groundwork to deliver its product to customers in China.

Align said it received regulatory clearance from Chinese authorities to market and distribute Invisalign in China and expects to begin doing so in the second half of next year.

Looking ahead, the company said it expects fourth-quarter earnings per share to

range from 15 cents to 17 cents. It anticipates revenue to range from $90.5 million to $93 million.

Analysts expect profit of 19 cents a share on revenue of $76.2 million.

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