



Ocean Power Technologies Announces Results for the Fiscal Fourth Quarter and Full Year Ended April 30, 2013

July 12, 2013

PENNINGTON, N.J., July 12, 2013 (GLOBE NEWSWIRE) -- Ocean Power Technologies, Inc. (Nasdaq:OPTT) ("OPT" or "the Company") today announced financial results for its fiscal 2013 fourth quarter and the full year ended April 30, 2013.

Highlights

- Ocean Power Technologies reported a net decrease in cash and investments of \$11.4 million for the twelve months ended April 30, 2013 ("Fiscal 2013") versus a net decrease of \$15.2 million for the twelve months ended April 30, 2012 ("Fiscal 2012").
- The Company's net loss for Fiscal 2013 declined to \$14.8 million from \$15.2 million in Fiscal 2012.
- During Fiscal 2013, the Company announced several achievements including the following:
 - Further progress was made in Australia, where OPT and Lockheed Martin are working together on a planned 62.5MW peak generator rated wave power project off Portland, Victoria, which would be one of the largest wave projects in the world. Professional Diving Services was engaged to conduct a seabed survey in connection with this project. In addition, OPT is working with the Australian Renewable Energy Agency ("ARENA"), the entity that manages the Commonwealth's A\$66.5 million grant for the project, on certain variations to the funding deed that governs the grant. This funding deed for the project sets out the terms of the grant, including the requirement to obtain significant additional funding.
 - A contract worth ¥70 million (approximately US\$0.7 million) was received from Mitsui Engineering & Shipbuilding Co. Ltd. for further work on PowerBuoy enhancements that, under Japanese wave conditions, provide for improved power capture. The analysis and design work are now complete, and a decision is expected to be made on next steps toward ocean trials of a demonstration PowerBuoy.
 - The Company's Waveport project in Spain achieved an important milestone. Following extensive design, construction and land testing activity during Fiscal 2013, OPT shipped its advanced modular power take-off in May, 2013. OPT has been working with a consortium of European companies and institutions to advance the energy conversion system of the PowerBuoy through the development of a new wave prediction model. The system can assess the characteristics of incoming waves before they reach the PowerBuoy, thereby providing more time for OPT's proprietary electronic tuning capability to react. This is expected to boost the power output of the PowerBuoy and reduce cost per megawatt hour of energy produced.
 - During Fiscal 2013, the Company completed certain work towards deployment of a Mark 3 PowerBuoy off the coast of Oregon, including assembly and land testing of the buoy. Deployment and commissioning have been delayed due to several factors, including notification received in February, 2013 from staff of the Federal Energy Regulatory Commission ("FERC"), that it considers this first, non-grid connected Mark 3 to be subject to its jurisdiction, thus necessitating further reporting and expenditures. OPT intends to seek additional funding specific to this project for deployment of this PowerBuoy in view of costs associated with regulatory factors and weather delays. Deployment of this initial buoy will depend on resolution of these financial and regulatory issues, and such deployment is expected to be delayed beyond calendar 2013.
 - OPT established a new business unit to assess, target and develop opportunities for the Company's Autonomous PowerBuoys. OPT has developed non-grid connected applications of its PowerBuoy for defense and homeland security, offshore oil and gas operations, and oceanographic data gathering. Further, the Company entered into a Cooperative Research and Development Agreement ("CRADA") with the US Department of Homeland Security Science & Technology Directorate to demonstrate use of OPT's Autonomous PowerBuoy for expanded ocean surveillance capabilities.
 - Two important additions were made to the Company's leadership. Terence J. Cryan joined the Company's Board of Directors. He is co-founder and managing director of Concert Energy Partners, a New York-based private equity firm focused on the alternative energy, power and natural resources industries. The Company also announced the appointment of Dr. Mike Mekhiche to the position of Vice President, Engineering. Dr. Mekhiche was previously with BAE Systems, where he had most recently held the position of Director of Programs. In that capacity, he oversaw the design, development, production and systems integration of an advanced power management and hybrid propulsion product line for various industrial and defense applications.
 - OPT has changed the [nomenclature of its Utility and Autonomous PowerBuoy products](#) to focus on product classes. Among the utility PowerBuoy products, the Mark 3 PowerBuoy, previously called the PB150, drives a peak rated generator with a maximum power output of 0.86MW. The Mark 4 PowerBuoy, previously called the PB500, currently is planned to drive a peak rated generator with a maximum power output of 2.4MW. This method of power rating is more closely aligned with that utilized by other renewable energy sources such as wind and solar. Among the Autonomous PowerBuoy products, the [LEAP](#) system will be called the APB 350, and the OPT MicroBuoy will be called the APB 10.

"Fiscal 2013 was one of continued technology development and attainment of important milestones at Ocean Power Technologies," said Charles F. Dunleavy, Chief Executive Officer of OPT. "We marked further progress across a number of fronts both in North America and abroad, as we sharpened our focus and executed on an operating plan meant to expedite commercialization of our groundbreaking technology. We strengthened our presence in Australia and are working with key team members such as Lockheed in our efforts to bring a multi-megawatt wave power station to Victoria, leveraging the commitment of the Australian government and local interest in power purchase agreements for the project. We have recently engaged a firm to conduct a detailed survey for the location of our proposed wave power station and are actively involved in pursuing funding to complement the funds expected to be provided by the Commonwealth.

"We are also moving toward deployment of a next-generation Autonomous PowerBuoy off the coast of New Jersey, under our relationship with the US Department of Homeland Security, and are pleased to report significant work with our partner in Japan, Mitsui Engineering & Shipbuilding, towards commercialization there as well. Overall, we are concentrating on near-term results and managing expenses as we prepare for our next stage of growth. I'd like to personally thank all our employees for their hard work at Ocean Power Technologies and our investors for their continued support as we look to reporting further progress in these areas of focus."

Financial Review

OPT's contract backlog as of April 30, 2013 was \$3.8 million, compared to \$4.3 million as of January 31, 2013 and \$6.8 million as of April 30, 2012. Backlog includes funded amounts and unfunded amounts that are expected to be funded in the future. The current backlog of \$3.8 million is fully funded. The Company's contract backlog consists largely of orders to support product development.

Results for the Fiscal Fourth Quarter Ended April 30, 2013

For the three months ended April 30, 2013, OPT reported revenue of \$0.4 million as compared to revenue of \$1.4 million for the three months ended April 30, 2012. This decrease relates primarily to lower external funding for the Company's Mark 4 PowerBuoy development project and its WavePort project off the coast of Spain. In addition, there was a decline in revenue tied to OPT's planned PowerBuoy deployment off Reedsport, Oregon, which is delayed pending receipt of further project-specific funding and the resolution of regulatory issues.

The net loss for the three months ended April 30, 2013 was \$4.2 million as compared to a net loss of \$4.1 million for the three months ended April 30, 2012. The unfavorable increase in the Company's net loss year-over-year reflects slightly higher product development costs offset by lower SG&A expenses. The increase in product development costs was due primarily to a higher level of activity for OPT's project in Oregon and for the project in Spain. SG&A decreased due to cost-cutting initiatives implemented during Fiscal 2013.

Results for the Twelve Months Ended April 30, 2013

For the twelve months ended April 30, 2013, OPT reported revenue of \$3.6 million as compared to revenue of \$5.7 million for the twelve months ended April 30, 2012. The revenue decline primarily reflects the completion in Fiscal 2012 of the Company's LEAP project with the US Navy for coastal security and maritime surveillance; OPT also saw a decrease in revenue related to its Mark 4 next-generation PowerBuoy and its project off the coast of Spain. These declines were partially offset by an increase in revenue from the Company's work in Oregon and in Japan with Mitsui Engineering & Shipbuilding during Fiscal 2013.

The net loss was \$14.8 million for the twelve months ended April 30, 2013 compared to \$15.2 million for the same period in the prior year. The decrease in OPT's net loss was due to higher gross profit and lower product development costs, offset by an increase in SG&A costs. Product development costs declined year-over-year due to the completion of the project in Scotland during Fiscal 2012, slightly offset by higher expenses tied to OPT's WavePort project in Spain and its Oregon project. SGA increased due to an increase in business development-related professional fees and site development expenses related to the planned VWP wave power station in Australia. In the Fiscal 2013, OPT also reported lower interest income, slightly lower foreign exchange losses, and a higher recorded income tax benefit due to the sale of New Jersey net operating tax losses.

Cash and Investments

On April 30, 2013, total cash, cash equivalents, restricted cash and investments were \$21.7 million. The net decrease in cash and investments was \$11.4 million for the twelve months ended April 30, 2013 compared to \$15.2 million for the twelve months ended April 30, 2012. OPT received approximately \$1.5 million and \$1.1 million in connection with the sale of New Jersey net operating tax losses during the twelve months ended April 30, 2013 and 2012, respectively. The net decrease in cash and investments was lower in Fiscal 2013 relative to Fiscal 2012 due to lower product development expenses and an increase in accrued expenses.

Additional information may be found in the Company's Annual Report on Form 10-K that will be filed with the US Securities and Exchange Commission ("SEC"). The Form 10-K may be accessed at www.sec.gov or at the Company's website in the Investor Relations tab.

Conference Call Details

The Company will host a conference call to review these results at 10:00 a.m. Eastern Time today. The call will be available by telephone at 877.415.3177 (toll free in the U.S.) or 857.244.7320 (for international callers), using passcode 14542982. Investors may also access a webcast by visiting the Company's website at www.oceanpowertechnologies.com and clicking on the Investor Relations tab, then Webcasts & Presentations. Recorded replays of the conference call will be available on the Company's website and by telephone at 888.286.8010 (toll free in the U.S.) or 617.801.6888 (for international callers), replay passcode 13559432, beginning at 1:00 p.m. Eastern on July 12, 2013.

About Ocean Power Technologies

Ocean Power Technologies, Inc. (Nasdaq:OPTT) is a pioneer in wave-energy technology that harnesses ocean wave resources to generate reliable and clean and environmentally-beneficial electricity. OPT has a strong track record in the advancement of wave energy and participates in an estimated \$150 billion annual power generation equipment market. OPT's proprietary PowerBuoy® system is based on modular, ocean-going buoys that capture and convert predictable wave energy into clean electricity. The Company is widely recognized as a leading developer of on-grid and autonomous wave-energy generation systems, benefiting from over 15 years of in-ocean experience. OPT is headquartered in Pennington, New Jersey, USA with an office in Warwick, UK, and operations in Melbourne and Perth, Australia. More information can be found at www.oceanpowertechnologies.com.

Forward-Looking Statements

This release may contain "forward-looking statements" that are within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company's current expectations about its future plans and performance, including statements concerning the impact of marketing strategies, new product introductions and innovation, deliveries of product, sales, earnings and margins. These forward-looking statements rely on a number of assumptions and estimates which could be inaccurate and which are subject to risks and uncertainties. Actual results could vary materially from those anticipated or expressed in any forward-looking statement made by the Company. Please refer to the Company's most recent Forms 10-Q and 10-K and subsequent filings with the SEC for a further discussion of these risks and uncertainties. The Company disclaims any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this release.

Consolidated Balance Sheets as of April 30, 2013 and April 30, 2012

ASSETS	April 30, 2013	April 30, 2012
Current assets:		
Cash and cash equivalents	\$ 6,372,788	9,353,460
Marketable securities	13,996,705	22,369,484
Accounts receivable, net	796,332	1,064,796
Unbilled receivables	127,598	223,050
Other current assets	152,962	842,820
Total current assets	21,446,385	33,853,610
Property and equipment, net	700,968	682,933
Patents, net	1,044,902	1,269,457
Restricted cash	1,366,256	1,453,712
Other noncurrent assets	272,548	181,925
Total assets	\$ 24,831,059	37,441,637
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 510,031	440,773
Accrued expenses	3,900,623	2,770,094
Deferred credits payable	—	600,000
Unearned revenues	1,117,115	1,073,389
Current portion of long-term debt	100,000	100,000
Total current liabilities	5,627,769	4,984,256
Long-term unearned revenues	232,033	—
Long-term debt	250,000	350,000
Deferred credits payable-noncurrent	600,000	—
Total liabilities	6,709,802	5,334,256
Ocean Power Technologies, Inc. Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 5,000,000 shares, none issued or outstanding	—	—
Common stock, \$0.001 par value; authorized 105,000,000 shares, issued 10,403,215 and 10,407,389 shares, respectively	10,403	10,407
Treasury stock, at cost; 33,771 and 23,544 shares, respectively	(123,893)	(102,388)
Additional paid-in capital	159,155,365	158,296,458
Accumulated deficit	(140,671,311)	(125,989,474)
Accumulated other comprehensive loss	(79,786)	(78,990)
Total Ocean Power Technologies, Inc. stockholders' equity	18,290,778	32,136,013

Noncontrolling interest in Ocean Power Technologies (Australasia) Pty Ltd.	(169,521)	(28,632)
Total equity	18,121,257	32,107,381
Total liabilities and stockholders' equity	\$ 24,831,059	37,441,637

Consolidated Statements of Operations

For the Three and Twelve Months Ended April 30, 2013 and 2012

	Three Months Ended April 30,		Twelve Months Ended April 30,	
	2013	2012	2013	2012
Revenues	\$ 407,881	1,388,598	3,616,129	5,738,506
Cost of revenues	364,633	1,364,097	3,480,821	5,683,731
Gross profit	43,248	24,501	135,308	54,775
Operating expenses:				
Product development costs	1,861,024	1,785,917	7,327,766	8,337,424
Selling, general and administrative costs	2,269,942	2,416,440	9,126,757	8,274,096
Total operating expenses	4,130,966	4,202,357	16,454,523	16,611,520
Operating loss	(4,087,718)	(4,177,856)	(16,319,215)	(16,556,745)
Interest income, net	14,261	76,421	126,377	418,052
Foreign exchange loss	(99,612)	(11,659)	(83,416)	(104,739)
Loss before income taxes	(4,173,069)	(4,113,094)	(16,276,254)	(16,243,432)
Income tax benefit	—	—	1,453,243	1,053,427
Net loss	(4,173,069)	(4,113,094)	(14,823,011)	(15,190,005)
Less: Net loss attributable to the noncontrolling interest in Ocean Power Technologies (Australasia) Pty Ltd.	44,596	16,699	141,174	49,503
Net loss attributable to Ocean Power Technologies, Inc.	\$ (4,128,473)	(4,096,395)	(14,681,837)	(15,140,502)
Basic and diluted net loss per share	\$ (0.40)	(0.40)	(1.42)	(1.47)
Weighted average shares used to compute basic and diluted net loss per share	10,314,642	10,290,005	10,304,044	10,277,661

Consolidated Statements of Cash Flows

For the Twelve Months Ended April 30, 2013 and 2012

	Year Ended April 30,	
	2013	2012
Cash flows from operating activities:		
Net loss	\$ (14,823,011)	(15,190,005)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange loss	83,416	104,739
Depreciation and amortization	502,099	436,062
Loss on disposals of property, plant and equipment	44,067	52,128
Impairment of long-lived assets	7,718	358,447
Provision for doubtful accounts	—	298,534
Treasury note discount amortization	(12,191)	(33,353)
Compensation expense related to stock option grants and restricted stock	858,902	1,121,528
Changes in operating assets and liabilities:		

Accounts receivable	264,077	(126,722)
Unbilled receivables	95,451	226,840
Other current assets	685,523	(17,291)
Other noncurrent assets	(93,700)	43,504
Accounts payable	105,036	(546,709)
Accrued expenses	1,158,481	(1,371,912)
Unearned revenues-ST	46,451	729,367
Unearned revenues-LT	232,033	—
Net cash used in operating activities	(10,845,648)	(13,914,843)

Cash flows from investing activities:

Purchases of marketable securities	(16,678,329)	(18,574,454)
Maturities of marketable securities	25,055,534	38,559,110
Restricted cash	75,000	53,936
Purchases of equipment	(394,632)	(547,252)
Payments of patent costs	—	(180,011)
Net cash provided by investing activities	8,057,573	19,311,329

Cash flows from financing activities:

Repayment of debt	(100,000)	(139,378)
Acquisition of treasury stock	(21,505)	(59,654)
Net cash used in financing activities	(121,505)	(199,032)
Effect of exchange rate changes on cash and cash equivalents	(71,092)	(220,130)
Net (decrease) increase in cash and cash equivalents	(2,980,672)	4,977,324
Cash and cash equivalents, beginning of period	9,353,460	4,376,136
Cash and cash equivalents, end of period	\$ 6,372,788	9,353,460

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Ocean Power Technologies, Inc.