

BIOLASE TECHNOLOGY INC
Form S-3/A
February 24, 2004
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As filed with the Securities and Exchange Commission on February 24, 2004

Registration No. 333-106260

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 8

to

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

BIOLASE TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction

of Incorporation or Organization)

87-0442441

(I.R.S. Employer

Identification Number)

981 Calle Amanecer

San Clemente, California 92673

(949) 361-1200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Jeffrey W. Jones

President and Chief Executive Officer

BioLase Technology, Inc.

981 Calle Amanecer

San Clemente, California 92673

(949) 361-1200

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission becomes effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 24, 2004

PRELIMINARY PROSPECTUS

2,807,500 Shares

Common Stock

We are offering 2,500,000 shares of our common stock and one of our stockholders is offering 307,500 shares of our common stock. We will not receive any proceeds from the sale of shares by the selling stockholder. Our common stock is traded on the Nasdaq National Market under the symbol BLTI. On February 3, 2004, the last reported sale price of our common stock on the Nasdaq National Market was \$20.13 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page 7.

	Per Share	Total
Public Offering Price	\$	\$
Underwriting Discounts	\$	\$
Proceeds, before expenses, to BioLase Technology, Inc.	\$	\$
Proceeds, before expenses, to the selling stockholder	\$	\$

The underwriters have the right to purchase up to 421,125 additional shares of common stock from us to cover over-allotments, if any.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. It is illegal for any person to tell you otherwise.

Needham & Company, Inc.

William Blair & Company

Oppenheimer & Co. Inc.

The date of this prospectus is _____, 2004.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information different from that contained in this prospectus. We are not, and the underwriters are not, making an offer to sell or seeking offers to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities.

In this prospectus, BioLase, BLTI, we, us, our, or our company refer to BioLase Technology, Inc. and its subsidiaries and predecessors, collectively. BioLase®, Waterlase®, Millennium®, Laserbrush®, Lazersmile®, Flavorflow®, Hydrolase® and Vetlase® are our registered trademarks, and LaserSmile is our unregistered trademark. All other trademarks, servicemarks or trade names referred to in this prospectus are the property of their respective owners.

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PROSPECTUS SUMMARY

This summary highlights our business and other selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making an investment decision. You should read the entire prospectus carefully, including Risk Factors, our consolidated financial statements and notes to these statements and other information incorporated by reference in this prospectus, before deciding to invest.

BioLase Technology, Inc.

We are the world's leading dental laser company. We design, manufacture and market proprietary dental laser systems that allow dentists, oral surgeons and other specialists to perform a broad range of common dental procedures. Our systems provide superior performance for many types of dental procedures, with less pain and faster recovery times than are generally achieved with high-speed drills and other dental instruments. We have clearances from the U.S. Food and Drug Administration to market our laser systems in the United States. We also have approvals to sell our laser systems in Canada, the European Union and other international markets. Since 1998, we have sold more than 2,000 laser systems in over 20 countries.

Our primary product, the Waterlase system, is the best selling dental laser system. The Waterlase uses a patented combination of water and laser to precisely cut hard tissue, such as bone and teeth, and soft tissue, such as gums. We also offer the LaserSmile system, which uses a laser to perform soft tissue and cosmetic procedures, including tooth whitening. In May 2003, we acquired the American Dental Laser product line of American Medical Technologies, Inc., including the Diolase and Pulsemaster systems, which can be used for common soft tissue procedures. These systems, together with our Waterlase and LaserSmile, offer a broad product line with a range of features and price points. We also manufacture and sell accessories and disposables for our laser systems, such as handpieces, laser tips and tooth whitening gel.

According to the American Dental Association, there are over 160,000 practicing dentists in the United States. The World Federation of Dentistry, an international dental organization, estimates that there are at least 700,000 dentists worldwide. Although the use of lasers in dentistry is growing, only a small percentage of dentists currently use lasers. We believe this represents a significant opportunity for us to increase the sales of our laser systems worldwide.

Traditional dental instruments, such as high speed drills used on hard tissue, and scalpels, scissors and other cutting instruments used on soft tissue, cause discomfort, require anesthesia and result in unintended trauma to dental structure. Alternatives to traditional instruments in most cases are not suitable for performing a wide range of hard and soft tissue procedures. We believe these limitations create a significant opportunity for our laser systems, which can often perform common hard and soft tissue dental procedures more effectively and comfortably.

Our goal is to establish our laser systems as essential tools in dentistry for most common dental procedures. Our systems complement traditional tools, such as dental drills, which perform functions our systems do not address, such as cutting metal fillings and certain polishing and grinding functions. While our systems are more expensive than competing instruments, we believe that the superior performance of our systems, and the potential return on investment our systems offer practitioners, will enable us to increase our leading market position.

The BioLase Solution

We have developed our laser systems for the dental market to perform many common hard and soft tissue dental procedures, such as cavity preparations, root canals and cutting and reshaping gums. We believe our laser systems are positioned to become the preferred instruments for many dental procedures.

Our laser systems benefit practitioners by:

reducing the need for anesthesia, which can decrease the time required for each procedure;

allowing general dentists to perform more complex surgical and cosmetic procedures that they may have previously referred to specialists or simply not performed;

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improving patient retention and increasing the demand for elective procedures; and

reducing trauma, swelling and general discomfort.

Our laser systems benefit patients by:

improving comfort and reducing trauma for many common procedures;

eliminating or reducing the need for anesthesia in many cases, and the associated pain of injections and numbness;

enabling multiple procedures to be performed in one visit; and

making many elective procedures more comfortable and convenient.

Business Strategy

Our objectives are to increase our leadership position and expand our penetration in the dental laser market. Our strategy consists of the following key elements:

increasing awareness of our laser systems among dental practitioners and patients;

expanding our sales and distribution capabilities in the United States and abroad;

expanding our products and applications in dentistry;

continuing to provide high quality manufacturing and customer service; and

strengthening and defending our technology leadership in the dental laser market.

Key Strengths

We believe we can strengthen our leading position in the dental laser market because of the following advantages over our competitors:

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our Waterlase is the only commercially available dental laser that uses water and a unique crystal laser optimized for dental applications;

our Waterlase system is the best selling dental laser system;

we have established relationships with leading dental practitioners and academic leaders worldwide who help us increase awareness of our systems among dental professionals; and

we have a strong patent portfolio covering a broad range of dental technologies.

Recent Developments (Unaudited)

On February 24, 2003, we announced the results of operations for the quarter and year ended December 31, 2003. Net sales for the quarter and year ended December 31, 2003 were \$16.1 million and \$49.1 million, respectively. Net sales for the quarter and year ended December 31, 2002 were \$8.1 million and \$27.3 million, respectively.

Gross margin for the quarter and year ended December 31, 2003 was 68.0% and 64.3%, respectively. Gross margin for the quarter and year ended December 31, 2002 was 64.1% and 61.5%, respectively. Gross margin in the fourth quarter of 2003 reflects the increased percentage of domestic sales relative to sales to international distributors and may not be indicative of gross margins in the future.

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Net income for the quarter and year ended December 31, 2003 was \$14.3 million and \$19.1 million, respectively, and includes a one-time tax benefit of \$11.4 million. The tax benefit is the result of the recognition of deferred tax assets, which consists primarily of net operating loss carryforwards. The deferred tax assets previously had been offset by a full valuation reserve due to the uncertainty of their future realization. Under generally accepted accounting principles, we are required to reduce the valuation reserve and recognize deferred tax assets if it is more likely than not that we will realize the benefit from the deferred tax assets in future years. The recognition of these deferred tax assets will not affect our operating results, cash flow or the timing of income taxes payable in the future. As a result of recording the deferred tax assets at December 31, 2003, we expect to record a provision for income taxes in future periods. At December 31, 2003, an estimated \$32.5 million in net operating loss carryforwards were available to offset federal taxable income in future years.

Income before taxes for the quarter and year ended December 31, 2003 was \$2.9 million and \$7.7 million, respectively. Income before taxes for the quarter and year ended December 31, 2002 was \$332,000 and \$1.5 million, respectively.

Cash flow from operating activities for the year ended December 31, 2003 was approximately \$6.3 million compared to \$477,000 for the year ended December 31, 2002.

Net income per fully diluted share for the fourth quarter and year ended December 31, 2003 was \$0.61 and \$0.83, respectively. The per-share amount for 2003 includes the one-time tax benefit as discussed above. Net income per fully diluted share for the quarter and year ended December 31, 2002 was \$0.02 and \$0.07, respectively.

At December 31, 2003, we had cash of \$11.1 million, working capital of \$10.7 million, stockholders' equity of \$31.8 million and total assets of \$44.5 million.

As discussed more fully in Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus, due to the change in accounting for revenue recognition in August 2003, results of operations between periods are not directly comparable.

In August 2003, we modified our sales arrangements with our customers and began recognizing revenue upon shipment for our domestic sales, or on an accrual basis, which previously had been recognized upon receipt of payment in full, or on a cash basis. Additionally, we began to recognize revenue upon shipment for our international direct sales, which previously had been recognized after completion of installation. Revenue for the year ended December 31, 2003 included \$18.3 million of domestic sales recognized on a cash basis and \$20.4 million of domestic sales recognized on an accrual basis. Revenue for the year ended December 31, 2002 included \$20.2 million of domestic sales recognized on a cash basis. Revenue for the year ended December 31, 2003 included \$1.6 million of international direct sales recognized after completion of installation and \$1.7 of international direct sales recognized on shipment. Revenue for the year ended December 31, 2002 included \$463,000 of international direct sales recognized upon completion of installation.

During the fourth quarter of 2003, we recognized approximately \$400,000 of revenue that was previously deferred at September 30, 2003. Other than the possible recognition of the \$143,000 deferred revenue balance as of December 31, 2003, the positive impact to our net sales for the year ended December 31, 2003 that resulted from the change in our revenue recognition policy will not occur in future periods.

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The following tables summarize selected results of operations and balance sheet data for the periods indicated:

BIOLASE TECHNOLOGY, INC.**SELECTED CONSOLIDATED FINANCIAL DATA****(unaudited)****Selected Consolidated Statements of Operations Data:**

	Years Ended		Three Months Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
Net sales	\$ 49,081,000	\$ 27,257,000	\$ 16,090,000	\$ 8,123,000
Gross profit	31,551,000	16,772,000	10,946,000	5,207,000
Income from operations	7,441,000	1,412,000	2,816,000	275,000
Income before income tax benefit	7,667,000	1,498,000	2,907,000	332,000
Income tax benefit	11,391,000		11,391,000	
Net income	\$ 19,058,000	\$ 1,498,000	\$ 14,298,000	\$ 332,000
Net income per share:				
Basic	\$ 0.91	\$ 0.08	\$ 0.66	\$ 0.02
Diluted	\$ 0.83	\$ 0.07	\$ 0.61	\$ 0.02
Shares used in computing net income per share:				
Basic	20,993,000	19,929,000	21,550,000	20,078,000
Diluted	22,978,000	21,303,000	23,534,000	21,755,000

Selected Consolidated Balance Sheet Data:

	December 31,	December 31,
	2003	2002
Cash and cash equivalents	\$ 11,111,000	\$ 3,940,000
Working capital	10,656,000	1,418,000
Total assets	44,501,000	16,003,000
Total debt	2,680,000	3,209,000
Stockholders' equity	31,782,000	3,121,000

Additional Information

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We are a Delaware corporation. Our principal executive office is at 981 Calle Amanecer, San Clemente, California 92673, and our telephone number is (949) 361-1200. Our corporate web site is www.biolase.com. The information on our web site is not part of this prospectus.

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The Offering

Common stock offered by us	2,500,000 shares
Common stock offered by selling stockholder	307,500 shares
Common stock outstanding after the offering	24,088,727 shares
Use of proceeds	For general corporate purposes, working capital, potential repayment of debt, of which approximately \$1.8 million is currently outstanding, capital expenditures and potential acquisitions. We will not receive any proceeds from the sale of shares by the selling stockholder.
Nasdaq National Market symbol	BLTI

The number of shares of common stock outstanding after this offering is based on 21,588,727 shares outstanding as of December 31, 2003, and excludes 3,635,088 shares consisting of:

3,329,131 shares issuable upon exercise of outstanding options at a weighted average exercise price of \$5.43 per share; and

305,957 additional shares of common stock reserved for future grant or issuance under our equity incentive compensation plans.

Unless otherwise indicated, all information in this prospectus assumes no exercise by the underwriters of their over-allotment option to purchase up to 421,125 additional shares of common stock from us. Shares purchased by the underwriters to cover over-allotments, if any, will be offered for sale under this prospectus.

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(in thousands, except per share data)

The following tables set forth summary consolidated financial data for the periods indicated. You should read the data set forth below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. We derived the consolidated statements of operations data for the years ended December 31, 2000, 2001 and 2002 from our audited financial statements included elsewhere in this prospectus. We derived the selected financial data with respect to the consolidated statements of operations data for the nine months ended September 30, 2002 and 2003, and with respect to the balance sheet data at September 30, 2003, from unaudited financial statements included elsewhere in this prospectus. The data set forth below for the years ended December 31, 2000, 2001 and 2002 and the nine months ended September 30, 2002, reflect the recent restatement of our financial statements to account for a change in the timing of revenue recognition, as more fully explained in Management's Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and Note 2 to the consolidated financial statements included elsewhere in this prospectus. The data for the nine months ended September 30, 2003, and as of September 30, 2003, reflect the change in our revenue recognition policy in August 2003, as more fully explained in the above referenced sections included elsewhere in this prospectus.

	Fiscal Years Ended			Nine Months Ended	
	December 31, (Restated)			September 30,	
	2000	2001	2002	2002 (Restated)	2003
Consolidated Statements of Operations Data:					
Net sales	\$ 9,495	\$ 16,546	\$ 27,257	\$ 19,134	\$ 32,991
Cost of sales	4,816	6,938	10,485	7,569	12,386
Gross profit	4,679	9,608	16,772	11,565	20,605
Other income		79	63	47	51
Operating expenses:					
Sales and marketing	4,211	7,314	10,729	7,255	10,962
General and administrative	1,841	2,011	3,010	2,072	3,407
Engineering and development	2,288	1,520	1,684	1,148	1,662
Total operating expenses	8,340	10,845	15,423	10,475	16,031
Income (loss) from operations	(3,661)	(1,158)	1,412	1,137	4,625
Non-operating income (loss)	(94)	(123)	86	29	135
Income (loss) before cumulative effect of change in accounting principle	(3,755)	(1,281)	1,498	1,166	4,760
Cumulative effect of change in accounting principle	(34)				
Net income (loss)	\$ (3,789)	\$ (1,281)	\$ 1,498	\$ 1,166	\$ 4,760
Income (loss) per share before cumulative effect of change in accounting principle:					
Basic	\$ (0.20)	\$ (0.07)	\$ 0.08	\$ 0.06	\$ 0.23
Diluted	\$ (0.20)	\$ (0.07)	\$ 0.07	\$ 0.05	\$ 0.21
Cumulative effect of change in accounting principle per share:					
Basic	\$ 0.00	\$	\$	\$	\$

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Diluted	\$ 0.00	\$	\$	\$	\$
Net income (loss) per share:					
Basic	\$ (0.20)	\$ (0.07)	\$ 0.08	\$ 0.06	\$ 0.23
Diluted	\$ (0.20)	\$ (0.07)	\$ 0.07	\$ 0.05	\$ 0.21
Shares used in computing net income (loss) per share					