

Protolabs shares rise after company says it is narrowing its focus

The Maple Plain-based contract manufacturer will focus on its injection molding and automated CNC offerings and back off on 3-D printing business.

By [Patrick Kennedy](#) Star Tribune

FEBRUARY 10, 2023 — 5:25PM



SHARI L. GROSS, STAR TRIBUNE

A Protolabs employee in 2019 works on injection molding at the company's Rosemount facility.

Protolabs said Friday after a fourth-quarter loss that it was narrowing its focus on two promising businesses. The Maple Plain-based contract manufacturer lost \$115.1 million, or \$4.24 a share, in the quarter after taking a \$118 million goodwill impairment charge related to several factors, including transaction expenses and the closure of its Japan business last year.

CEO Robert Bodor told analysts on the company's earnings call that he was not satisfied with the fourth-quarter results. But he said he recognized positives to build on and a new narrower strategic focus going forward.

"I am confident that a sharper focus on fewer priorities will allow our organization to succeed in 2023 and ultimately drive greater value for our shareholders," Bodor said.

Adjusted quarterly earnings and revenue did beat expectations. Adjusted earnings were \$7 million, or 26 cents a share, when analysts were expecting 21 cents. Revenue was \$115.6 million, down 6.5% from the fourth quarter of 2021.

Bodor said Protolabs will now focus on its injection molding and integrated computer numerical control, or CNC, offerings. The new focus will further leverage the Hubs distribution network it bought in 2021.

CNC automated machining was a bright spot in the fourth quarter, with revenue up 6% to \$46.6 million. Meanwhile, macroeconomic events took a toll on revenue from injection molding, which fell 14% to \$44.9 million.

The company is focusing this year on reducing lead times for creating new molds for the injection molding. Bodor said the company now has seven-day standard lead times for new molds.

"This is the first time in awhile that I've heard the company speak as confidently in their growth prospects in the core business," said analyst Ben Rose, who follows Protolabs at Battle Road Research, an independent investment research company in Lexington, Mass.

The focus on injection molding and the CNC offerings means Protolabs' 3-D printing and sheet metal services, which accounted for a combined \$23.9 million of revenue in the fourth quarter, will be watched for their growth and profitability.

Protolabs shares closed Friday at \$34.43, up 13%. Its shares over the past 52 weeks have ranged from \$22.04 to \$61.14.