

SS&C Technologies Holdings Inc  
Form 10-Q  
November 07, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

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 001-34675

SS&C TECHNOLOGIES HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	71-0987913
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

80 Lamberton Road

Windsor, CT 06095

(Address of principal executive offices, including zip code)

860-298-4500

(Registrant's telephone number, including area code)

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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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

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

There were 240,481,972 shares of the registrant’s common stock outstanding as of October 30, 2018.

## SS&amp;C TECHNOLOGIES HOLDINGS, INC.

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This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes”, “anticipates”, “plans”, “expects”, “estimates”, “projects”, “forecasts”, “may”, “assume”, “intend”, “will”, “continue”, “opportunity”, “predict”, “potential”, “future”, “guarant”, “indicate”, “would”, “could” and “should” and similar expressions are intended to identify forward-looking statements. The important factors discussed under the caption “Risk Factors” in this Quarterly Report on Form 10-Q and in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission on February 28, 2018, and the Company’s Quarterly Reports on Form 10-Q for the quarter ended March 31, 2018 and June 30, 2018, filed with the Securities and Exchange Commission on May 10, 2018 and August 9, 2018, respectively, among others, could cause actual results to differ materially from those indicated by

forward-looking statements made herein and presented elsewhere by management from time to time. The Company does not undertake an obligation to update its forward-looking statements to reflect future events or circumstances.

## PART I

## Item 1. Financial Statements

## SS&amp;C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except per share data) (Unaudited)

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 732.2	\$ 64.1
Funds receivable and funds held on behalf of clients	604.3	—
Accounts receivable, net of allowance for doubtful accounts of \$10.3 and \$6.7, respectively	614.7	243.9
Contract asset	10.0	—
Prepaid expenses and other current assets	127.4	38.7
Prepaid income taxes	34.4	12.2
Restricted cash and cash equivalents	13.8	0.6
Total current assets	2,136.8	359.5
Investments (Note 5)	474.8	—
Property, plant and equipment:		
Land	54.0	2.7
Building and improvements	302.0	59.9
Equipment, furniture, and fixtures	363.5	138.7
	719.5	201.3
Less: accumulated depreciation	(163.2 )	(100.4 )
Net property, plant and equipment	556.3	100.9
Deferred income taxes	2.3	2.3
Contract asset	26.6	—
Goodwill (Note 6)	6,507.6	3,707.8
Intangible and other assets, net of accumulated amortization of \$1,223.3 and \$954.0, respectively	3,574.6	1,369.0
Total assets	\$ 13,279.0	\$ 5,539.5
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt (Note 4)	\$ 71.1	\$ 37.9
Client funds obligations	604.3	—
Accounts payable	36.5	27.1
Income taxes payable	—	6.0
Accrued employee compensation and benefits	260.0	96.0
Interest payable	1.8	16.4
Other accrued expenses	191.6	55.6
Deferred revenue	190.3	204.6
Total current liabilities	1,355.6	443.6
Long-term debt, net of current portion (Note 4)	6,615.0	2,007.3
Other long-term liabilities	237.6	118.7

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Deferred income taxes	847.8	283.5
Total liabilities	9,056.0	2,853.1
Commitments and contingencies (Note 12)		
Stockholders' equity (Note 9):		
Preferred stock, \$0.01 par value per share, 5.0 million shares authorized; no shares issued	—	—
Class A non-voting common stock, \$0.01 par value per share, 5.0 million shares authorized;		
no shares issued	—	—
Common stock, \$0.01 par value per share, 400.0 million shares authorized; 242.0 million shares		
and 208.1 million shares issued, respectively, and 240.4 million shares and 206.5 million shares		
outstanding, respectively	2.4	2.1
Additional paid-in capital	3,597.4	2,018.1
Accumulated other comprehensive loss	(167.3 )	(82.7 )
Retained earnings	808.5	766.9
	4,241.0	2,704.4
Less: cost of common stock in treasury, 1.6 million shares	(18.0 )	(18.0 )
Total stockholders' equity	4,223.0	2,686.4
Total liabilities and stockholders' equity	\$ 13,279.0	\$ 5,539.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions, except per share data) (Unaudited)

	Three Months Ended September 30, 2018    2017		Nine Months Ended September 30, 2018    2017	
Revenues:				
Software-enabled services	\$827.3	\$282.1	\$1,863.7	\$831.1
License, maintenance and related	165.1	136.1	446.4	405.8