

TYLER TECHNOLOGIES INC
Form 10-Q
October 25, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2017

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

Commission File Number 1-10485

TYLER TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE 75-2303920
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification no.)
5101 TENNYSON PARKWAY
PLANO, TEXAS
75024
(Address of principal executive offices)
(Zip code)
(972) 713-3700
(Registrant's telephone number, including area code)

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, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer 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

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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 Act). Yes No
x

The number of shares of common stock of registrant outstanding on October 24, 2017 was 37,568,139.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

TYLER TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Revenues:				
Software licenses and royalties	\$19,842	\$19,930	\$55,172	\$54,331
Subscriptions	44,840	36,869	125,889	104,926
Software services	47,479	44,738	139,869	133,208
Maintenance	92,285	83,000	268,556	237,775
Appraisal services	6,290	6,541	19,268	20,083
Hardware and other	3,410	3,419	14,057	12,439
Total revenues	214,146	194,497	622,811	562,762
Cost of revenues:				
Software licenses and royalties	826	623	2,204	1,927
Acquired software	5,473	5,598	16,243	16,737
Software services, maintenance and subscriptions	98,036	88,623	287,748	260,610
Appraisal services	4,089	4,053	12,568	12,473
Hardware and other	2,293	2,120	10,408	8,481
Total cost of revenues	110,717	101,017	329,171	300,228
Gross profit	103,429	93,480	293,640	262,534
Selling, general and administrative expenses	44,656	42,007	131,249	124,998
Research and development expense	11,834	11,070	35,307	31,362
Amortization of customer and trade name intangibles	3,492	3,458	10,413	10,273
Operating income	43,447	36,945	116,671	95,901
Other income (expense), net	75	(526)	(216)	(1,713)
Income before income taxes	43,522	36,419	116,455	94,188
Income tax provision	5,259	989	14,308	15,527
Net income	\$38,263	\$35,430	\$102,147	\$78,661
Earnings per common share:				
Basic	\$1.02	\$0.97	\$2.74	\$2.16
Diluted	\$0.97	\$0.91	\$2.60	\$2.02
See accompanying notes.				

TYLER TECHNOLOGIES, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands, except par value and share amounts)

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 124,603	\$ 36,151
Accounts receivable (less allowance for losses of \$4,491 in 2017 and \$3,396 in 2016)	206,444	