

TTEC Holdings, Inc.  
Form 10-Q  
August 07, 2018  
Table of Contents

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 June 30, 2018

OR

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 001-11919

---

TTEC Holdings, Inc.

Edgar Filing: TTEC Holdings, Inc. - Form 10-Q

(Exact name of registrant as specified in its charter)

Delaware 84-1291044  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

9197 South Peoria Street

Englewood, Colorado 80112

(Address of principal executive offices)

Registrant's telephone number, including area code: (303) 397-8100

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 (§232.405 of this chapter) 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company  
(Do not check if Emerging growth company)  
a smaller reporting company

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

As of July 31, 2018, there were 46,172,246 shares of the registrant's common stock outstanding.

---

Table of Contents

TTEC HOLDINGS, INC. AND SUBSIDIARIES

JUNE 30, 2018 FORM 10-Q

TABLE OF CONTENTS

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017 (unaudited)</u>	1
<u>Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2018 and 2017 (unaudited)</u>	2
<u>Consolidated Statement of Equity as of and for the six months ended June 30, 2018 (unaudited)</u>	3
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and 2017 (unaudited)</u>	4
<u>Notes to the Unaudited Consolidated Financial Statements</u>	5
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	35
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	45
<u>Item 4. Controls and Procedures</u>	47
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	48
<u>Item 1A. Risk Factors</u>	48
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
<u>Item 5. Other Information</u>	48
<u>Item 6. Exhibits</u>	49
<u>SIGNATURES</u>	50



Table of Contents

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## TTEC HOLDINGS, INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

(Amounts in thousands, except share amounts)

(Unaudited)

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 71,260	\$ 74,437
Accounts receivable, net	315,756	385,751
Prepays and other current assets	70,956	63,668
Income tax receivable	13,380	11,099
Assets held for sale	9,163	7,835
Total current assets	480,515	542,790
Long-term assets		
Property, plant and equipment, net	156,210	163,297
Goodwill	203,518	206,694
Deferred tax assets, net	17,477	12,012
Other intangible assets, net	87,321	92,086
Other long-term assets	43,489	61,857
Total long-term assets	508,015	535,946
Total assets	\$ 988,530	\$ 1,078,736
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 45,121	\$ 46,029
Accrued employee compensation and benefits	75,773	83,997
Other accrued expenses	17,828	18,993
Income tax payable	10,444	7,497
Deferred revenue	25,132	21,628
Other current liabilities	24,162	22,312
Liabilities held for sale	3,788	1,322
Total current liabilities	202,248	201,778
Long-term liabilities		

Edgar Filing: TTEC Holdings, Inc. - Form 10-Q

Line of credit	289,000	344,000
Deferred tax liabilities, net	11,466	11,285
Non-current income tax payable	37,820	47,871
Deferred rent	15,124	15,714
Other long-term liabilities	101,208	95,243
Total long-term liabilities	454,618	514,113
Total liabilities	656,866	715,891
Commitments and contingencies (Note 10)		
Stockholders' equity		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; zero shares outstanding as of June 30, 2018 and December 31, 2017	—	—
Common stock; \$0.01 par value; 150,000,000 shares authorized; 46,033,516 and 45,861,959 shares outstanding as of June 30, 2018 and December 31, 2017, respectively	460	459
Additional paid-in capital	352,784	351,725
Treasury stock at cost; 36,018,737 and 36,190,294 shares as of June 30, 2018 and December 31, 2017, respectively	(612,841)	(615,677)
Accumulated other comprehensive income (loss)	(129,325)	(102,304)
Retained earnings	712,775	721,664
Noncontrolling interest	7,811	6,978
Total stockholders' equity	331,664	362,845
Total liabilities and stockholders' equity	\$ 988,530	\$ 1,078,736

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

Table of Contents

## TTEC HOLDINGS, INC. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income (Loss)

(Amounts in thousands, except per share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 349,853	\$ 353,429	\$ 725,102	\$ 691,706
Operating expenses				
Cost of services (exclusive of depreciation and amortization presented separately below)	274,260	268,004	557,630	521,902
Selling, general and administrative	44,245	43,985	91,290	87,205
Depreciation and amortization	16,811	16,258	34,735	30,758
Restructuring and integration charges, net	1,034	3,593	1,883	3,762
Impairment losses	—	—	1,120	—
Total operating expenses	336,350	331,840	686,658	643,627
Income from operations	13,503	21,589	38,444	48,079
Other income (expense)				
Interest income	1,471	695	2,539	1,121
Interest expense	(7,765)	(2,912)	(14,224)	(5,230)
Other income (expense), net	1,741	1,197	(9,775)	2,157
Loss on assets held for sale	(2,000)	(3,178)	(2,000)	(3,178)
Total other income (expense)	(6,553)	(4,198)	(23,460)	(5,130)
Income before income taxes	6,950	17,391	14,984	42,949
Provision for income taxes	(653)	(1,597)	(2,755)	(6,988)
Net income	6,297	15,794	12,229	35,961
Net income attributable to noncontrolling interest	(779)	(1,100)	(2,120)	(2,022)
Net income attributable to TTEC stockholders	\$ 5,518	\$ 14,694	\$ 10,109	\$ 33,939
Other comprehensive income (loss)				
Net income	\$ 6,297	\$ 15,794	\$ 12,229	\$ 35,961
Foreign currency translation adjustments	(20,285)	3,339	(25,884)	9,567
Derivative valuation, gross	(2,019)	7,517	(784)	21,492
Derivative valuation, tax effect	513	(3,038)	(729)	(8,829)
Other, net of tax	106	130	214	259



Edgar Filing: TTEC Holdings, Inc. - Form 10-Q

Total other comprehensive income (loss)	(21,685)	7,948	(27,183)	22,489
Total comprehensive income (loss)	(15,388)	23,742	(14,954)	58,450
Less: Comprehensive income attributable to noncontrolling interest	(516)	(1,240)	(1,958)	(2,254)
Comprehensive income (loss) attributable to TTEC stockholders	\$ (15,904)	\$ 22,502	\$ (16,912)	\$ 56,196
Weighted average shares outstanding				
Basic	46,016	45,662	45,944	45,805
Diluted	46,401	46,150	46,424	46,224
Net income per share attributable to TTEC stockholders				
Basic	\$ 0.12	\$ 0.32	\$ 0.22	\$ 0.74
Diluted	\$ 0.12	\$ 0.32	\$ 0.22	\$ 0.73
Dividends declared per share outstanding	\$ —	\$ —	\$ 0.27	\$ 0.22

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

Table of Contents

TTEC HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity

(Amounts in thousands)

(Unaudited)

Stockholders' Equity of the Company

Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest	Total
—	\$ —	45,862	\$ 459	\$ (615,677)	\$ 351,725	\$ (102,304)	\$ 721,664	\$ 6,978	\$
—	—	—	—	—	—	—	(6,584)	—	—
—	—	—	—	—	—	—	10,109	2,120	—
—	—	—	—	—	—	—	(12,414)	—	—
—	—	—	—	—	—	—	—	(1,125)	—
—	—	—	—	—	—	(25,722)	—	(162)	—
—	—	—	—	—	—	(1,513)	—	—	—
—	—	172	1	2,836	(5,124)	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	6,183	—	—	—	—

f  
ck

— — — — —