

TOTAL SYSTEM SERVICES INC

Form 10-Q

May 01, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

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: 1-10254

Total System Services, Inc.

www.tsys.com

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of incorporation or organization)

58-1493818

(I.R.S. Employer Identification No.)

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One TSYS Way, Post Office Box 1755, Columbus, Georgia 31902

(Address of principal executive offices) (Zip Code)

(706) 644-4388

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 every Interactive Data File required to be submitted 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 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 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 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AS OF: March 31, 2019
Common Stock, \$0.10 par value	176,943,121 shares

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

TOTAL SYSTEM SERVICES, INC.

Consolidated Balance Sheets

(Unaudited)

(in thousands, except per share data)	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 494,646	471,156
Accounts receivable, net of allowances for doubtful accounts and billing adjustments of \$6.0 million as of 2019 and 2018	490,045	450,322
Contract assets (Note 3)	44,473	30,950
Prepaid expenses and other current assets (Note 2)	200,229	188,355
Total current assets	1,229,393	1,140,783
Contract assets (Note 3)	53,865	47,839
Goodwill	4,115,380	4,114,838
Other intangible assets, net of accumulated amortization of \$846.2 million and \$802.0 million as of 2019 and 2018, respectively	748,490	796,702
Intangible assets - computer software, net of accumulated amortization of \$930.3 million and \$893.4 million as of 2019 and 2018, respectively	539,964	534,536
Property and equipment, net of accumulated depreciation and amortization of \$523.0 million and \$522.7 million as of 2019 and 2018, respectively (Note 4)	385,400	383,074
Operating lease right-of-use assets, net (Note 4)	206,239	-
Contract cost assets, net of accumulated amortization	147,342	145,598
Equity investments, net	197,831	180,661
Deferred income tax assets	7,750	7,773
Other assets	142,478	116,905
Total assets	\$ 7,774,132	7,468,709
Liabilities		
Current liabilities:		
Accounts payable	\$ 73,061	97,956
Contract liabilities (Note 3)	54,581	47,227
Current portion of operating lease liabilities (Note 4)	49,469	-
Accrued salaries and employee benefits	33,778	73,143
Current portion of long-term borrowings (Note 5)	21,000	20,807
Current portion of obligations under finance leases and license agreements (Note 4)	17,710	8,318
Other current liabilities (Note 2)	315,778	268,150
Total current liabilities	565,377	515,601
Long-term borrowings, excluding current portion (Note 5)	4,139,148	3,843,394
Deferred income tax liabilities	409,706	380,278
Operating lease liabilities, excluding current portion (Note 4)	168,505	-

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Obligations under finance leases and license agreements, excluding current portion (Note 4)	41,585	46,147
Contract liabilities (Note 3)	23,805	21,489
Other long-term liabilities	73,246	75,894
Total liabilities		