

EURONET WORLDWIDE INC
Form 10-Q
November 02, 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

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

For
the
to
transition
period

Commission File Number: 001-31648

EURONET WORLDWIDE, INC.

(Exact name of registrant as specified in its charter)

Delaware	74-2806888
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3500 College Boulevard
Leawood, Kansas 66211
(Address of principal executive offices) (Zip Code)
(913) 327-4200
(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, 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 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
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

On October 31, 2018, Euronet Worldwide, Inc. had 51,560,331 shares of Common Stock outstanding.

EURONET WORLDWIDE, INC. AND SUBSIDIARIES

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

EURONET WORLDWIDE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	As of September 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,129,272	\$ 819,144
Restricted cash	73,453	81,374
Trade accounts receivable, net of allowances for doubtful accounts of \$23,426 at September 30, 2018 and \$20,958 at December 31, 2017	813,759	744,879
Prepaid expenses and other current assets	200,004	244,789
Total current assets	2,216,488	1,890,186
Property and equipment, net of accumulated depreciation of \$365,708 at September 30, 2018 and \$340,128 at December 31, 2017	283,167	268,303
Goodwill	715,745	717,386
Acquired intangible assets, net of accumulated amortization of \$191,256 at September 30, 2018 and \$179,142 at December 31, 2017	128,586	150,543
Other assets, net of accumulated amortization of \$49,010 at September 30, 2018 and \$44,469 at December 31, 2017	116,800	113,611
Total assets	\$3,460,786	\$ 3,140,029
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	\$405,683	\$ 494,841
Accrued expenses and other current liabilities	752,295	759,789
Current portion of capital lease obligations	5,396	5,369
Short-term debt obligations and current maturities of long-term debt obligations	233,074	41,288
Income taxes payable	64,200	54,437
Deferred revenue	53,059	51,996
Total current liabilities	1,513,707	1,407,720
Debt obligations, net of current portion	641,388	404,012
Capital lease obligations, net of current portion	8,750	9,753
Deferred income taxes	52,707	54,969
Other long-term liabilities	65,113	64,097
Total liabilities	2,281,665	1,940,551
Equity:		
Euronet Worldwide, Inc. stockholders' equity:		
Preferred Stock, \$0.02 par value. 10,000,000 shares authorized; none issued	—	—
Common Stock, \$0.02 par value. 90,000,000 shares authorized; 59,554,968 issued at September 30, 2018 and 58,892,744 issued at December 31, 2017	1,191	1,178
Additional paid-in-capital	1,094,531	1,072,005
Treasury stock, at cost, 8,096,314 shares at September 30, 2018 and 6,084,586 shares at December 31, 2017	(392,095)	(217,161)

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Retained earnings	609,813	436,954
Accumulated other comprehensive loss	(134,605)	(94,458)
Total Euronet Worldwide, Inc. stockholders' equity	1,178,835	1,198,518
Noncontrolling interests	286	960
Total equity	1,179,121	1,199,478
Total liabilities and equity	\$3,460,786	\$3,140,029

See accompanying notes to the unaudited consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME

(Unaudited, in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenues	\$714,505	\$637,834	\$1,887,244	\$1,647,777
Operating expenses:				
Direct operating costs	388,236	364,815	1,093,072	978,768
Salaries and benefits	93,108	82,134	270,537	232,617
Selling, general and administrative	55,787	49,279	158,156	139,708
Acquired intangible assets impairment	—	—	—	2,286
Depreciation and amortization	26,461	24,705	78,726	69,520
Total operating expenses	563,592	520,933	1,600,491	1,422,899
Operating income	150,913	116,901	286,753	224,878
Other income (expense):				
Interest income	288	380	1,000	2,009
Interest expense	(11,269)	(9,534)	(28,936)	(25,058)
Loss from unconsolidated affiliates	—	—		