

Evercore Partners Inc.
Form 10-Q
May 09, 2012
[Table of Contents](#)

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, 2012

OR

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

For the transition period from to

001-32975

(Commission File Number)

EVERCORE PARTNERS INC.

(Exact name of registrant as specified in its charter)

Delaware

20-4748747

Edgar Filing: Evercore Partners Inc. - Form 10-Q

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

55 East 52nd Street

Identification No.)

38th floor

New York, New York 10055

(Address of principal executive offices)

Registrant's telephone number: (212) 857-3100

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, 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 ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's Class A common stock, par value \$0.01 per share, outstanding as of April 30, 2012 was 29,073,480. The number of shares of the registrant's Class B common stock, par value \$0.01 per share, outstanding as of April 30, 2012 was 47 (excluding 53 shares of Class B common stock held by a subsidiary of the registrant).

Table of Contents

Table of Contents

In this report, references to Evercore, the Company, we, us, our refer to Evercore Partners Inc., a Delaware corporation, and its consolidated subsidiaries. Unless the context otherwise requires, references to (1) Evercore Partners Inc. refer solely to Evercore Partners Inc., and not to any of its consolidated subsidiaries and (2) Evercore LP refer solely to Evercore LP, a Delaware limited partnership, and not to any of its consolidated subsidiaries. References to the IPO refer to our initial public offering on August 10, 2006 of 4,542,500 shares of our Class A common stock, including shares issued to the underwriters of the IPO pursuant to their election to exercise in full their overallotment option.

	Page
<u>Part I. Financial Information</u>	
Item 1. <u>Condensed Consolidated Financial Statements (Unaudited)</u>	3
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	39
Item 4. <u>Controls and Procedures</u>	39
<u>Part II. Other Information</u>	
Item 1. <u>Legal Proceedings</u>	40
Item 1A. <u>Risk Factors</u>	40
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	40
Item 3. <u>Defaults Upon Senior Securities</u>	40
Item 4. <u>Removed and Reserved</u>	40
Item 5. <u>Other Information</u>	40
Item 6. <u>Exhibits</u>	41
<u>Signatures</u>	42

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)
Condensed Consolidated Financial Statements (Unaudited)

	Page
<u>Condensed Consolidated Statements of Financial Condition as of March 31, 2012 and December 31, 2011</u>	4
<u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2012 and 2011</u>	5
<u>Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2012 and 2011</u>	6
<u>Condensed Consolidated Statements of Changes in Equity for the three months ended March 31, 2012 and 2011</u>	7
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2012 and 2011</u>	8
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	9

Table of Contents**EVERCORE PARTNERS INC.****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION****(UNAUDITED)**

(dollars in thousands, except share data)

	March 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 101,202	\$ 182,905
Marketable Securities	47,221	81,288
Financial Instruments Owned and Pledged as Collateral at Fair Value	121,479	127,178
Securities Purchased Under Agreements to Resell	2,257	2,146
Accounts Receivable (net of allowances of \$2,035 and \$1,964 at March 31, 2012 and December 31, 2011, respectively)	56,332	52,060
Receivable from Employees and Related Parties	7,196	7,793
Deferred Tax Assets - Current	8,802	8,621
Other Current Assets	32,297	23,869
Total Current Assets	376,786	485,860
Investments	111,839	108,930
Deferred Tax Assets - Non-Current	185,805	186,689
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of \$15,504 and \$13,490 at March 31, 2012 and December 31, 2011, respectively)	27,223	21,437
Goodwill	181,753	177,849
Intangible Assets (net of accumulated amortization of \$29,825 and \$25,701 at March 31, 2012 and December 31, 2011, respectively)	36,976	40,909
Assets Segregated for Bank Regulatory Requirements	10,200	10,200
Other Assets	11,535	11,718
Total Assets	\$ 942,117	\$ 1,043,592
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	\$ 20,734	\$ 125,869
Accounts Payable and Accrued Expenses	18,521	17,849
Securities Sold Under Agreements to Repurchase	123,974	129,577
Payable to Employees and Related Parties	11,795	12,647
Taxes Payable	4,675	5,159
Other Current Liabilities	9,352	11,796
Total Current Liabilities	189,051	302,897
Notes Payable	100,078	99,664
Amounts Due Pursuant to Tax Receivable Agreements	141,380	137,448
Other Long-term Liabilities	17,806	15,490
Total Liabilities	448,315	555,499
Commitments and Contingencies (Note 15)		
Redeemable Noncontrolling Interest	21,865	22,267
Equity		
Evercore Partners Inc. Stockholders' Equity		
Common Stock	326	310

Edgar Filing: Evercore Partners Inc. - Form 10-Q

Class A, par value \$0.01 per share (1,000,000,000 shares authorized, 32,602,241 and 31,014,265 issued at March 31, 2012 and December 31, 2011, respectively, and 29,045,837 and 27,941,307 outstanding at March 31, 2012 and December 31, 2011, respectively)

Class B, par value \$0.01 per share (1,000,000 shares authorized, 47 issued and outstanding at March 31, 2012 and December 31, 2011)

Additional Paid-In-Capital	600,051	575,122
Accumulated Other Comprehensive Income (Loss)	(8,307)	(12,058)
Retained Earnings (Deficit)	(87,152)	(76,703)
Treasury Stock at Cost (3,556,404 and 3,072,958 shares at March 31, 2012 and December 31, 2011, respectively)	(92,838)	(79,007)
Total Evercore Partners Inc. Stockholders' Equity	412,080	407,664
Noncontrolling Interest	59,857	58,162
Total Equity	471,937	465,826
Total Liabilities and Equity	\$ 942,117	\$ 1,043,592

See Notes to Unaudited Condensed Consolidated Financial Statements.

Table of Contents

EVERCORE PARTNERS INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(dollars and share amounts in thousands, except per share data)

	For the Three Months Ended March 31,	
	2012	2011
Revenues		
Investment Banking Revenue	\$ 84,495	\$ 83,052
Investment Management Revenue	19,764	25,444
Other Revenue, Including Interest	2,296	3,696
Total Revenues	106,555	112,192
Interest Expense	3,757	5,094
Net Revenues	102,798	107,098
Expenses		
Employee Compensation and Benefits	80,727	69,097
Occupancy and Equipment Rental	8,245	5,118
Professional Fees	7,056	7,981
Travel and Related Expenses	6,733	4,513
Communications and Information Services	2,788	2,044
Depreciation and Amortization	5,362	2,957
Acquisition and Transition Costs	73	533
Other Operating Expenses	3,957	3,091
Total Expenses	114,941	95,334
Income (Loss) Before Income from Equity Method Investments and Income Taxes	(12,143)	11,764
Income from Equity Method Investments	2,385	400
Income (Loss) Before Income Taxes	(9,758)	12,164
Provision (Benefit) for Income Taxes	(4,638)	4,436
Net Income (Loss) from Continuing Operations	(5,120)	7,728
Discontinued Operations		
Income (Loss) from Discontinued Operations		(589)
Provision (Benefit) for Income Taxes		(178)
Net Income (Loss) Attributable to Noncontrolling Interest		(381)
Net Income (Loss) from Discontinued Operations		(30)
Net Income (Loss)	(5,120)	7,698
Net Income (Loss) Attributable to Noncontrolling Interest	(1,752)	4,110

Edgar Filing: Evercore Partners Inc. - Form 10-Q

Net Income (Loss) Attributable to Evercore Partners Inc.	\$ (3,368)	\$ 3,588
---	------------	----------

Net Income (Loss) Attributable to Evercore Partners Inc. Common Shareholders:

From Continuing Operations	\$ (3,389)	\$ 3,597
From Discontinued Operations		(30)

Net Income (Loss) Attributable to Evercore Partners Inc.	\$ (3,389)	\$ 3,567
--	------------	----------

Weighted Average Shares of Class A Common Stock Outstanding

Basic	29,101	22,677
Diluted	29,101	26,398

Basic Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:

From Continuing Operations	\$ (0.12)	\$ 0.16
From Discontinued Operations		

Net Income (Loss) Attributable to Evercore Partners Inc.	\$ (0.12)	\$ 0.16
--	-----------	---------

Diluted Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:

From Continuing Operations	\$ (0.12)	\$ 0.14
From Discontinued Operations		

Net Income (Loss) Attributable to Evercore Partners Inc.	\$ (0.12)	\$ 0.14
--	-----------	---------

Dividends Declared per Share of Class A Common Stock	\$ 0.20	\$ 0.18
--	---------	---------

See Notes to Unaudited Condensed Consolidated Financial Statements.

Table of Contents

EVERCORE PARTNERS INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

(dollars in thousands)

	For the Three Months Ended March 31,	
	2012	2011
Net Income (Loss)	\$ (5,120)	\$ 7,317
Other Comprehensive Income, net of tax:		