

GLOBAL PAYMENTS INC
Form 10-Q
April 02, 2012
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 February 29, 2012

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: 001-16111

GLOBAL PAYMENTS INC.

(Exact name of registrant as specified in charter)

Georgia

(State or other jurisdiction of incorporation or organization)

10 Glenlake Parkway, North Tower, Atlanta, Georgia

(Address of principal executive offices)

58-2567903

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

30328

(Zip Code)

Registrant's telephone number, including area code: (770) 829-8000

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.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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 issuer's common stock, no par value outstanding as of March 29, 2012 was 78,559,294.

Table of Contents

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended February 29, 2012

TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
ITEM 1. FINANCIAL STATEMENTS	
<u>Unaudited Consolidated Statements of Income for the three months ended February 29, 2012 and February 28, 2011</u>	<u>3</u>
<u>Unaudited Consolidated Statements of Income for the nine months ended February 29, 2012 and February 28, 2011</u>	<u>4</u>
<u>Consolidated Balance Sheets at February 29, 2012 (unaudited) and May 31, 2011</u>	<u>5</u>
<u>Unaudited Consolidated Statements of Cash Flows for the nine months ended February 29, 2012 and February 28, 2011</u>	<u>6</u>
<u>Unaudited Consolidated Statements of Changes in Equity for the nine months ended February 29, 2012 and February 28, 2011</u>	<u>7</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>9</u>
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>27</u>
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>39</u>
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	<u>39</u>
PART II - OTHER INFORMATION	
ITEM 1A. <u>RISK FACTORS</u>	<u>39</u>
ITEM 2. <u>UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS</u>	<u>40</u>
ITEM 6. <u>EXHIBITS</u>	<u>42</u>
<u>SIGNATURES</u>	<u>43</u>

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBAL PAYMENTS INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
 (in thousands, except per share data)

	Three Months Ended	
	February 29, 2012	February 28, 2011
Revenues	\$533,539	\$456,382
Operating expenses:		
Cost of service	194,218	168,332
Sales, general and administrative	246,973	209,851
	441,191	378,183
Operating income	92,348	78,199
Other income (expense):		
Interest and other income	2,368	1,631
Interest and other expense	(3,698)	(4,315)
	(1,330)	(2,684)
Income from continuing operations before income taxes	91,018	75,515
Provision for income taxes	(25,328)	(20,962)
Income from continuing operations	65,690	54,553
Loss from discontinued operations, net of tax	—	(430)
Net income including noncontrolling interests	65,690	54,123
Less: Net income attributable to noncontrolling interests, net of income tax provision of \$771 and \$644, respectively	(7,770)	(6,334)
Net income attributable to Global Payments	\$57,920	\$47,789
Amounts attributable to Global Payments:		
Income from continuing operations	\$57,920	\$48,219
Loss from discontinued operations, net of tax	—	(430)
Net income attributable to Global Payments	\$57,920	\$47,789
Basic earnings per share attributable to Global Payments:		
Income from continuing operations	\$0.74	\$0.60
Loss from discontinued operations	—	—
Net income attributable to Global Payments	\$0.74	\$0.60
Diluted earnings per share attributable to Global Payments:		
Income from continuing operations	\$0.73	\$0.60
Loss from discontinued operations	—	(0.01)
Net income attributable to Global Payments	\$0.73	\$0.59
Dividends per share	\$0.02	\$0.02
See Notes to Unaudited Consolidated Financial Statements.		

Table of Contents

GLOBAL PAYMENTS INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
 (in thousands, except per share data)

	Nine Months Ended	
	February 29, 2012	February 28, 2011
Revenues	\$1,606,815	\$1,340,047
Operating expenses:		
Cost of service	571,685	473,578
Sales, general and administrative	737,593	623,019
	1,309,278	1,096,597
Operating income	297,537	243,450
Other income (expense):		
Interest and other income	7,128	7,239
Interest and other expense	(12,663)	(13,455)
	(5,535)	(6,216)
Income from continuing operations before income taxes	292,002	237,234
Provision for income taxes	(86,082)	(70,489)
Income from continuing operations	205,920	166,745
Loss from discontinued operations, net of tax	—	(946)
Net income including noncontrolling interests	205,920	165,799
Less: Net income attributable to noncontrolling interests, net of income tax provision of \$3,709 and \$1,949, respectively	(22,845)	(15,138)
Net income attributable to Global Payments	\$183,075	\$150,661
Amounts attributable to Global Payments:		
Income from continuing operations	\$183,075	\$151,607
Loss from discontinued operations, net of tax	—	(946)
Net income attributable to Global Payments	\$183,075	\$150,661
Basic earnings per share attributable to Global Payments:		
Income from continuing operations	\$2.32	\$1.90
Loss from discontinued operations	—	(0.01)
Net income attributable to Global Payments	\$2.32	\$1.89
Diluted earnings per share attributable to Global Payments:		
Income from continuing operations	\$2.30	\$1.89
Loss from discontinued operations	—	(0.02)
Net income attributable to Global Payments	\$2.30	