

TELETECH HOLDINGS INC
Form 10-Q
August 01, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2012

OR

o **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

TeleTech Holdings, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

84-1291044
(I.R.S. Employer
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, 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

As of July 26, 2012, there were 54,535,438 shares of the registrant's common stock outstanding.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

JUNE 30, 2012 FORM 10-Q

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	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 170,578	\$ 156,371
Accounts receivable, net	243,360	243,636
Prepays and other current assets	51,737	37,434
Deferred tax assets, net	23,692	22,994
Income tax receivable	12,328	17,847
Total current assets	501,695	478,282
Long-term assets		
Property, plant and equipment, net	105,055	100,321
Goodwill	72,057	70,844
Contract acquisition costs, net	2,358	2,866
Deferred tax assets, net	31,642	32,512
Other long-term assets	72,145	62,153
Total long-term assets	283,257	268,696
Total assets	\$ 784,952	\$ 746,978
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 29,960	\$ 27,555
Accrued employee compensation and benefits	71,000	71,500
Other accrued expenses	43,941	33,816
Income taxes payable	12,222	10,051
Deferred tax liabilities, net	1,745	912
Deferred revenue	16,603	15,895
Other current liabilities	8,530	10,282
Total current liabilities	184,001	170,011
Long-term liabilities		
Line of credit	78,000	64,000
Negative investment in deconsolidated subsidiary	76	76
Deferred tax liabilities, net	3,226	3,020
Deferred rent	7,528	6,729
Other long-term liabilities	43,459	32,895
Total long-term liabilities	132,289	106,720
Total liabilities	316,290	276,731
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, 2012 and December 31, 2011	-	-

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Common stock - \$0.01 par value; 150,000,000 shares authorized; 54,555,105 and 56,635,319 shares outstanding as of June 30, 2012 and December 31, 2011, respectively	546	566
Additional paid-in capital	346,018	350,386
Treasury stock at cost: 27,497,148 and 25,416,934 shares as of June 30, 2012 and December 31, 2011, respectively	(390,468)	(357,267)
Accumulated other comprehensive income (loss)	7,197	(5,474)
Retained earnings	491,980	470,776
Noncontrolling interest	13,389	11,260
Total stockholders' equity	468,662	470,247
Total liabilities and stockholders' equity	\$ 784,952	\$ 746,978

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

Table of Contents**TELETECH HOLDINGS, INC. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****(Amounts in thousands, except per share amounts)****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	\$ 288,798	\$ 293,636	\$ 581,452	\$ 574,615
Operating expenses				
Cost of services (exclusive of depreciation and amortization presented separately below)	209,121	210,358	421,016	409,479
Selling, general and administrative	45,709	47,283	93,844	95,084
Depreciation and amortization	10,229	11,423	20,345	23,021
Restructuring charges, net	16,296	(57)	18,254	682
Impairment losses	997	-	2,797	230
Total operating expenses	282,352	269,007	556,256	528,496
Income from operations	6,446	24,629	25,196	46,119
Other income (expense)				
Interest income	695	720	1,455	1,386
Interest expense	(1,583)	(1,291)	(2,681)	(2,671)
Other expense, net	(582)	(705)	(324)	(261)
Total other income (expense)	(1,470)	(1,276)	(1,550)	(1,546)
Income before income taxes	4,976	23,353	23,646	44,573
Benefit (Provision) for income taxes	1,272	(129)	(581)	(9,978)
Net income	6,248	23,224	23,065	34,595
Net income attributable to noncontrolling interest	(925)	(1,007)	(1,861)	(1,905)
Net income attributable to TeleTech stockholders	\$ 5,323	\$ 22,217	\$ 21,204	\$ 32,690
Other comprehensive income (loss)				
Net income	\$ 6,248	\$ 23,224	\$ 23,065	\$ 34,595
Foreign currency translation adjustment	(5,530)	1,835	3,252	6,881
Derivative valuation, gross	2,719	(8,193)	14,390	(10,480)
Derivative valuation, tax effect	(1,000)	3,070	(5,574)	3,900
Other	262	111	650	221
Total other comprehensive income	(3,549)	(3,177)	12,718	522
Total comprehensive income	2,699	20,047	35,783	35,117
Comprehensive income attributable to noncontrolling interest	(960)	(956)	(1,908)	(1,907)
Comprehensive income attributable to TeleTech stockholders	\$ 1,739	\$ 19,091	\$ 33,875	\$ 33,210
Weighted average shares outstanding				
Basic	55,125	56,713	55,809	56,949
Diluted				