

MONEYGRAM INTERNATIONAL INC

Form 10-Q

August 07, 2017

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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 June 30, 2017

☐ 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: 001-31950

MONEYGRAM INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	16-1690064
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2828 N. Harwood St., 15 th Floor	75201
Dallas, Texas	

(Address of principal executive offices) (Zip Code)

(214) 999-7552

(Registrant's telephone number, including area code)

Not applicable

(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 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," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

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 ☒

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

As of August 3, 2017, 54,212,336 shares of common stock, \$0.01 par value, were outstanding.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(Amounts in millions, except share data)	June 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	\$145.1	\$157.2
Settlement assets	3,388.7	3,634.3
Property and equipment, net	212.1	201.0
Goodwill	442.2	442.2
Other assets	222.3	162.7
Total assets	\$4,410.4	\$4,597.4
LIABILITIES		
Payment service obligations	\$3,388.7	\$3,634.3
Debt, net	911.7	915.2
Pension and other postretirement benefits	77.3	87.6
Accounts payable and other liabilities	224.9	168.7
Total liabilities	4,602.6	4,805.8
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
STOCKHOLDERS' DEFICIT		
Participating convertible preferred stock - series D, \$0.01 par value, 200,000 shares authorized, 71,282 issued at June 30, 2017 and December 31, 2016	183.9	183.9
Common stock, \$0.01 par value, 162,500,000 shares authorized, 58,823,567 shares issued at June 30, 2017 and December 31, 2016	0.6	0.6
Additional paid-in capital	1,027.8	1,020.3
Retained loss	(1,282.6)	(1,247.6)
Accumulated other comprehensive loss	(53.5)	(53.9)
Treasury stock: 4,680,217 and 6,058,856 shares at June 30, 2017 and December 31, 2016, respectively	(68.4)	(111.7)
Total stockholders' deficit	(192.2)	(208.4)
Total liabilities and stockholders' deficit	\$4,410.4	\$4,597.4
See Notes to the Condensed Consolidated Financial Statements		

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MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
(Amounts in millions, except per share data)	2017	2016	2017	2016
REVENUE				
Fee and other revenue	\$391.1	\$409.9	\$771.4	\$793.3
Investment revenue	18.9	4.4	24.7	8.1
Total revenue	410.0	414.3	796.1	801.4
EXPENSES				
Fee and other commissions expense	194.2	203.5	380.2	394.5
Investment commissions expense	2.0	0.6	3.3	1.1
Total commissions expense	196.2	204.1	383.5	395.6
Compensation and benefits	66.9	74.4	138.4	146.1
Transaction and operations support	90.3	83.1	161.9	147.6
Occupancy, equipment and supplies	18.2	16.0	33.5	31.2
Depreciation and amortization	18.6	20.5	36.9	41.6
Total operating expenses	390.2	398.1	754.2	762.1
OPERATING INCOME	19.8	16.2	41.9	39.3
Other expense				
Interest expense	11.2	11.2	22.0	22.5
Total other expense	11.2	11.2	22.0	22.5
Income before income taxes	8.6	5.0	19.9	16.8
Income tax expense	2.4	1.9	4.9	17.9
NET INCOME (LOSS)	\$6.2			