

COGNIZANT TECHNOLOGY SOLUTIONS CORP
Form 10-Q
August 05, 2016
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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
June 30,
2016
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 0-24429

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	13-3728359 (I.R.S. Employer Identification No.)
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Glenpointe Centre West 500 Frank W. Burr Blvd.	07666
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Teaneck, New Jersey

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (201) 801-0233

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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 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 (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

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of July 29, 2016:

Class	Number of Shares
Class A Common Stock, par value \$.01 per share	606,942,840

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited).

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(in millions, except par values)

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$1,684.5	\$2,125.2
Short-term investments	2,796.7	2,824.3
Trade accounts receivable, net of allowances of \$48.8 and \$39.0, respectively	2,427.4	2,252.6
Unbilled accounts receivable	451.1	369.0
Other current assets	399.2	337.5
Total current assets	7,758.9	7,908.6
Property and equipment, net of accumulated depreciation of \$1,191.2 and \$1,079.1, respectively	1,287.4	1,271.4
Goodwill	2,457.9	2,404.7
Intangible assets, net	961.4	864.3
Deferred income tax assets, net	328.7	347.8
Equity method investment	59.6	—
Other noncurrent assets	286.2	264.2
Total assets	\$13,140.1	\$13,061.0
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$164.5	\$165.3
Deferred revenue	321.7	323.7
Short-term debt	68.8	406.3
Accrued expenses and other current liabilities	1,565.0	1,818.4
Total current liabilities	2,120.0	2,713.7
Deferred revenue, noncurrent	175.6	49.3
Deferred income tax liabilities, net	3.0	3.3
Long-term debt	840.0	876.8
Other noncurrent liabilities	138.6	139.8
Total liabilities	3,277.2	3,782.9
Commitments and contingencies (See Note 10)		
Stockholders' Equity:		
Preferred stock, \$0.10 par value, 15.0 shares authorized, none issued	—	—
Class A common stock, \$0.01 par value, 1,000.0 shares authorized, 607.3 and 609.0 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	6.1	6.1
Additional paid-in capital	333.7	453.0
Retained earnings	9,618.8	8,925.2
Accumulated other comprehensive income (loss)	(95.7) (106.2)
Total stockholders' equity	9,862.9	9,278.1

Total liabilities and stockholders' equity \$13,140.1 \$13,061.0

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$3,369.9	\$3,085.1	\$6,571.9	\$5,996.5
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization expense shown separately below)	2,037.7	1,844.8	3,953.1	3,572.0
Selling, general and administrative expenses	653.9	612.0	1,300.1	1,222.8
Depreciation and amortization expense	87.4	82.8	173.8	155.9
Income from operations	590.9	545.5	1,144.9	1,045.8
Other income (expense), net:				
Interest income				