

AMDOCS LTD
Form 6-K
May 11, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarter Ended March 31, 2015
Commission File Number 1-14840

AMDOCS LIMITED

Hirzel House, Smith Street,
St. Peter Port, Island of Guernsey, GY1 2NG
Amdocs, Inc.

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1390 Timberlake Manor Parkway,

Chesterfield, Missouri 63017

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

FORM 20-F FORM 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

YES NO

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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AMDOCS LIMITED

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

FOR THE QUARTER ENDED MARCH 31, 2015

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This report on Form 6-K shall be incorporated by reference into any Registration Statement filed by the Registrant that by its terms automatically incorporates the Registrant's filings and submissions with the SEC under Sections 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****AMDOCS LIMITED****CONSOLIDATED BALANCE SHEETS**

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

	March 31, 2015 (Unaudited)	As of September 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 972,634	\$ 1,103,269
Short-term interest-bearing investments	319,855	321,196
Accounts receivable, net	732,803	715,837
Deferred income taxes and taxes receivable	165,031	148,346
Prepaid expenses and other current assets	134,865	135,326
Total current assets	2,325,188	2,423,974
Equipment and leasehold improvements, net	285,402	288,956
Deferred income taxes	97,991	99,274
Goodwill	1,931,111	1,925,225
Intangible assets, net	154,677	181,227
Other noncurrent assets	249,526	266,621
Total assets	\$ 5,043,895	\$ 5,185,277
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 130,416	\$ 142,627
Accrued expenses and other current liabilities	493,204	422,291
Accrued personnel costs	177,228	220,630
Short-term financing arrangements		210,000
Deferred revenue	185,234	156,743
Deferred income taxes and taxes payable	63,633	48,456
Total current liabilities	1,049,715	1,200,747
Deferred income taxes and taxes payable	296,119	311,134
Other noncurrent liabilities	244,737	277,560
Total liabilities	1,590,571	1,789,441

Shareholders equity:

Preferred Shares	Authorized 25,000 shares; £0.01 par value; 0 shares issued and outstanding		
Ordinary Shares	Authorized 700,000 shares; £0.01 par value; 267,000 and 264,735 issued and 154,618 and 156,704 outstanding, respectively	4,319	4,284
Additional paid-in capital		3,140,177	3,054,780
Treasury stock, at cost	112,382 and 108,031 ordinary shares, respectively	(3,369,280)	(3,157,085)
Accumulated other comprehensive loss		(22,600)	(9,972)
Retained earnings		3,700,708	3,503,829
Total shareholders equity		3,453,324	3,395,836
Total liabilities and shareholders equity		\$ 5,043,895	\$ 5,185,277

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

Table of Contents**AMDOCS LIMITED****CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

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

	Three months ended March 31,		Six months ended March 31,	
	2015	2014	2015	2014
Revenue	\$ 902,578	\$ 896,854	\$ 1,808,865	\$ 1,760,899
Operating expenses:				
Cost of revenue	580,571	583,284	1,154,017	1,140,687
Research and development	62,805	63,104	126,446	125,429
Selling, general and administrative	107,186	110,438	220,766	222,397
Amortization of purchased intangible assets and other	14,016	16,180	28,115	27,848
	764,578	773,006	1,529,344	1,516,361
Operating income	138,000	123,848	279,521	244,538
Interest and other expense, net	1,669	1,908	125	3,312
Income before income taxes	136,331	121,940	279,396	241,226
Income taxes	20,070	11,583	32,145	29,434
Net income	\$ 116,261	\$ 110,357	\$ 247,251	\$ 211,792
Basic earnings per share	\$ 0.75	\$ 0.69	\$ 1.59	\$ 1.33
Diluted earnings per share	\$ 0.74	\$ 0.68	\$ 1.57	\$ 1.31
Basic weighted average number of shares outstanding	155,106	159,812	155,506	159,734
Diluted weighted average number of shares outstanding	157,357	162,251	157,738	162,048
Cash dividends declared per ordinary share	\$ 0.170	\$ 0.155	\$ 0.325	\$ 0.285

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

Table of Contents**AMDOCS LIMITED****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

(dollar amounts in thousands)

	Three months ended March 31,		Six months ended March 31,	
	2015	2014	2015	2014
Net income	\$ 116,261	\$ 110,357	\$ 247,251	\$ 211,792
Other comprehensive income (loss), net of tax:				
Net change in fair value of cash flow hedges(1)	1,826	3,062	(13,064)	12,113
Net change in fair value of available-for-sale securities(2)	633	(74)	436	(94)
Other comprehensive income (loss), net of tax	2,459	2,988	(12,628)	12,019
Comprehensive income	\$ 118,270	\$ 113,345	\$ 234,623	\$ 223,811

(1) Net of tax benefit (expense) of \$28 and \$(233) for the three months ended March 31, 2015 and 2014, respectively, and of \$3,288 and \$(481) for the six months ended March 31, 2015 and 2014, respectively.

(2) Net of tax (expense) benefit of \$(2) and \$(5) for the three months ended March 31, 2015 and 2014, respectively, and of \$6 and \$(5) for the six months ended March 31, 2015 and 2014, respectively.

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

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AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(dollar amounts in thousands)

	Six months ended March 31,	
	2015	2014
Cash Flow from Operating Activities:		
Net income	\$ 247,251	\$ 211,792
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	83,303	76,739
Equity-based compensation expense	23,723	23,500
Deferred income taxes	(27,260)	9,690
Excess tax benefit from equity-based compensation	(3,628)	(438)
Loss from short-term interest-bearing investments	283	679
Net changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable, net	(14,623)	(30,503)
Prepaid expenses and other current assets	3,522	(6,424)
Other noncurrent assets	14,898	(14,867)
Accounts payable, accrued expenses and accrued personnel	8,428	36,041
Deferred revenue	18,762	17,529
Income taxes payable, net	18,363	(16,273)
Other noncurrent liabilities	(29,388)	10,088
Net cash provided by operating activities	343,634	317,553
Cash Flow from Investing Activities:		
Payments for purchase of equipment and leasehold improvements, net	(59,334)	(51,971)
Proceeds from sale of short-term interest-bearing investments	123,073	178,462
Purchase of short-term interest-bearing investments	(121,585)	(189,691)
Net cash paid for acquisitions	(8,099)	(173,643)
Other	509	3,151
Net cash used in investing activities	(65,436)	(233,692)
Cash Flow from Financing Activities:		
Payments under financing arrangements	(210,000)	(200,000)
Repurchase of shares	(212,195)	(168,933)
Proceeds from employee stock option exercises	58,116	98,327
Payments of dividends	(48,377)	(41,564)
Excess tax benefit from equity-based compensation	3,628	438
Other	(5)	(281)
Net cash used in financing activities	(408,833)	(312,013)

Net decrease in cash and cash equivalents	(130,635)	(228,152)
Cash and cash equivalents at beginning of period	1,103,269	1,014,192
Cash and cash equivalents at end of period	\$ 972,634	\$ 786,040

Supplementary Cash Flow Information

Cash paid for:

Income taxes, net of refunds	\$ 38,208	\$ 31,873
Interest	406	419

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

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AMDOCS LIMITED

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

1. Nature of Entity and Basis of Presentation

Amdocs Limited (the Company) is a leading provider of software and services for communications, entertainment and media industry service providers. The Company and its subsidiaries operate in one segment, providing integrated products and services. The Company designs, develops, markets, supports, implements and operates customer experience solutions primarily for leading wireless, wireline, cable and satellite service providers throughout the world. Amdocs also offers a full range of advertising and media solutions for local marketing service providers and search and directory publishers.

The Company is a Guernsey corporation, which directly or indirectly holds numerous wholly-owned subsidiaries around the world. The majority of the Company's customers are in North America, Europe, Latin America and the Asia-Pacific region. The Company's main development facilities are located in Brazil, Canada, Cyprus, India, Ireland, Israel, the United Kingdom and the United States.

The unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of the unaudited interim consolidated financial statements have been included herein and are of a normal recurring nature.

The preparation of financial statements during interim periods requires management to make numerous estimates and assumptions that impact the reported amounts of assets, liabilities, revenue and expenses. Estimates and assumptions are reviewed periodically and the effect of revisions is reflected in the results of operations for the interim periods in which changes are determined to be necessary.

The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the full fiscal year. These statements do not include all information and footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. These statements should be read in conjunction with the Company's consolidated financial statements for the fiscal year ended September 30, 2014, set forth in the Company's Annual Report on Form 20-F filed on December 8, 2014 with the U.S. Securities and Exchange Commission, or the SEC.

Reclassification

From time to time, certain immaterial amounts in prior year financial statements may be reclassified to conform to the current year presentation. Effective October 1, 2014, the Company combined the presentation of license and service revenue, as well as the related costs, since license revenue comprises an insignificant portion of total revenue.

2. Recent Accounting Standard

In May 2014, the Financial Accounting Standards Board, or FASB, issued an Accounting Standard Update, or ASU, on revenue from contracts with customers, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition

guidance. This ASU, which will be effective for the Company beginning October 1, 2017, allows for either full or modified retrospective methods of adoption and early adoption is not permitted. The Company is currently evaluating the methods of adoption, as well as the effect that adoption of this ASU will have on its consolidated financial statements. In April 2015, the FASB issued a proposed ASU to defer for one year the effective date of the ASU on revenue from contracts with customers. Comments on this proposed ASU are due by May 29, 2015.

3. Adoption of New Accounting Standard

In 2013, the FASB issued an ASU that requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, in the absence of certain conditions. This ASU became effective for the Company in the first quarter of fiscal 2015 and its adoption resulted in a reclassification of \$15,000 from noncurrent taxes payable to assets under noncurrent deferred income taxes as of December 31, 2014.

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The Company accounts for certain assets and liabilities at fair value. Fair value is the price that would be received from selling an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. The Company categorizes each of its fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets), or other inputs that are observable (model-derived valuations in which significant inputs are observable) or can be derived principally from, or corroborated by, observable market data; and

Level 3: Unobservable inputs that are supported by little or no market activity that is significant to the fair value of the assets or liabilities.

The following tables present the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2015 and September 30, 2014:

	As of March 31, 2015			Total
	Level 1	Level 2	Level 3	
Available-for-sale securities:				
Money market funds	\$ 570,233	\$	\$	\$ 570,233
U.S. government treasuries	117,134			117,134
Corporate bonds		106,635		106,635
U.S. agency securities		41,109		41,109
Asset backed obligations		31,030		31,030
Commercial paper and certificates of deposit	2,011	20,240		22,251
Supranational and sovereign debt		10,597		10,597
Total available-for-sale securities	689,378	209,611		898,989
Derivative financial instruments, net		(12,214)		(12,214)
Other liabilities			(3,266)	(7,116)
Total	\$ 689,378	\$ 197,397	\$ (3,266)	\$ 879,659

	As of September 30, 2014			
	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Money market funds	\$ 649,745			