

FTI CONSULTING INC
Form 10-Q
November 09, 2011

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 September 30, 2011

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 001-14875

FTI CONSULTING, INC.

(Exact Name of Registrant as Specified in its Charter)

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Maryland (State or Other Jurisdiction of Incorporation or Organization)	52-1261113 (I.R.S. Employer Identification No.)
777 South Flagler Drive, Suite 1500 West Tower, West Palm Beach, Florida (Address of Principal Executive Offices)	33401 (Zip Code)
(561) 515-1900 (Registrant's telephone number, including area code)	

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. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

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

Class	Outstanding at November 2, 2011
Common stock, par value \$0.01 per share	40,971,306

FTI CONSULTING, INC. AND SUBSIDIARIES

INDEX

	Page
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements	
<u>Condensed Consolidated Balance Sheets - September 30, 2011 and December 31, 2010</u>	3
<u>Condensed Consolidated Statements of Income - Three and Nine months ended September 30, 2011 and 2010</u>	4
<u>Condensed Consolidated Statement of Stockholders - Equity and Comprehensive Income - Nine months ended September 30, 2011</u>	5
<u>Condensed Consolidated Statements of Cash Flows - Nine months ended September 30, 2011 and 2010</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	47
Item 4. <u>Controls and Procedures</u>	47
PART II OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	48
Item 1A. <u>Risk Factors</u>	48
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
Item 3. <u>Defaults Upon Senior Securities</u>	49
Item 4. <u>(Removed and Reserved)</u>	49
Item 5. <u>Other Information</u>	49
Item 6. <u>Exhibits</u>	50
<u>SIGNATURES</u>	51

PART I FINANCIAL INFORMATION**FTI Consulting, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets**

(in thousands, except per share amounts)

Unaudited

Item 1. Financial Statements

	September 30, 2011	December 31, 2010 As Revised
		(Note 2)
Assets		
Current assets		
Cash and cash equivalents	\$ 128,230	\$ 384,570
Restricted cash	10,231	10,518
Accounts receivable:		
Billed receivables	348,480	268,386
Unbilled receivables	200,999	120,896
Allowance for doubtful accounts and unbilled services	(80,443)	(63,205)
Accounts receivable, net	469,036	326,077
Current portion of notes receivable	26,558	28,397
Prepaid expenses and other current assets	30,784	28,174
Income taxes receivable	11,997	13,246
Deferred income taxes	667	
Total current assets	677,503	790,982
Property and equipment, net of accumulated depreciation	75,027	73,238
Goodwill	1,295,679	1,269,447
Other intangible assets, net of amortization	124,623	134,970
Notes receivable, net of current portion	83,370	76,539
Other assets	70,317	60,312
Total assets	\$ 2,326,519	\$ 2,405,488
Liabilities and Stockholders Equity		
Current liabilities		
Accounts payable, accrued expenses and other	\$ 108,050	\$ 105,864
Accrued compensation	158,263	143,971
Current portion of long-term debt and capital lease obligations	152,047	7,559
Billings in excess of services provided	27,726	27,836
Deferred income taxes		1,072
Total current liabilities	446,086	286,302
Long-term debt and capital lease obligations, net of current portion	645,488	785,563
Deferred income taxes	96,801	85,956
Other liabilities	86,375	80,061

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Total liabilities	1,274,750	1,237,882
Commitments and contingent liabilities (notes 9, 11 and 12)		
Stockholders equity		
Preferred stock, \$0.01 par value; shares authorized 5,000; none outstanding		
Common stock, \$0.01 par value; shares authorized 75,000; shares issued and outstanding 40,954 (2011) and 46,144 (2010)		
	410	461
Additional paid-in capital	365,746	546,336
Retained earnings	738,321	674,299
Accumulated other comprehensive loss	(52,708)	(53,490)
Total stockholders equity	1,051,769	1,167,606
Total liabilities and stockholders equity	\$ 2,326,519	\$ 2,405,488

See accompanying notes to the condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries

Condensed Consolidated Statements of Income

(in thousands, except per share data)

Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010 As Revised	2011	2010 As Revised
		(Note 2)		(Note 2)
Revenues	\$ 413,802	\$ 346,140	\$ 1,176,055	\$ 1,045,213
Operating expenses				
Direct cost of revenues	249,975	206,831	723,903	617,640
Selling, general and administrative expense	98,562	86,115	282,902	253,196
Special charges			15,212	29,356
Amortization of other intangible assets	5,843	6,286	16,795	18,229
	354,380	299,232	1,038,812	918,421
Operating income	59,422	46,908	137,243	126,792
Other income (expense)				
Interest income and other	486	2,527	5,409	4,740
Interest expense	(14,319)	(11,904)	(44,129)	(34,600)
Loss on early extinguishment of debt		(5,161)		(5,161)
	(13,833)	(14,538)	(38,720)	(35,021)
Income before income tax provision	45,589	32,370	98,523	91,771
Income tax provision	16,150	12,206	34,501	34,642
Net income	\$ 29,439	\$ 20,164	\$ 64,022	\$ 57,129
Earnings per common share basic	\$ 0.73	\$ 0.44	\$ 1.54	\$ 1.25
Earnings per common share diluted	\$ 0.70	\$ 0.43	\$ 1.47	\$ 1.19

See accompanying notes to the condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries

Condensed Consolidated Statement of Stockholders Equity and Comprehensive Income

(in thousands)

Unaudited

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance January 1, 2011 As Revised (Note 2)	46,144	\$ 461	\$ 546,336	\$ 674,299	\$ (53,490)	\$ 1,167,606
Comprehensive income:						
Cumulative translation adjustment, including income tax benefit of \$1,568					782	782
Net income				64,022		64,022
Total comprehensive income						64,804
Issuance of common stock in connection with:						
Exercise of options, including income tax benefit from share-based awards of \$75	174	2	4,411			4,413
Restricted share grants, less net settled shares of 97	369	4	(3,545)			(3,541)