

SS&C Technologies Holdings Inc  
Form 10-Q  
July 29, 2015  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2015**

.. **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 001-34675**

**SS&C TECHNOLOGIES HOLDINGS, INC.**

**(Exact name of Registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**71-0987913**  
**(I.R.S. Employer**  
**Identification No.)**

**80 Lamberton Road**  
**Windsor, CT 06095**

**(Address of principal executive offices, including zip code)**

**860-298-4500**

**(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 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

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

There were 96,702,774 shares of the registrant's common stock outstanding as of July 27, 2015.

**Table of Contents****SS&C TECHNOLOGIES HOLDINGS, INC.****INDEX**

|  | Page<br>Number |
|--|----------------|
| <b><u>PART 1. FINANCIAL INFORMATION</u></b>  |                |
| <b><u>Item 1. Financial Statements (unaudited)</u></b>   |                |
| <u>Condensed Consolidated Balance Sheets at June 30, 2015 and December 31, 2014</u>  | 3              |
| <u>Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014</u> | 4              |
| <u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014</u>                     | 5              |
| <u>Notes to Condensed Consolidated Financial Statements</u>  | 6              |
| <b><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>                | 11             |
| <b><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>   | 18             |
| <b><u>Item 4. Controls and Procedures</u></b>  | 18             |
| <b><u>PART II. OTHER INFORMATION</u></b>   |                |
| <b><u>Item 1. Legal Proceedings</u></b>  | 19             |
| <b><u>Item 1A. Risk Factors</u></b>  | 19             |
| <b><u>Item 6. Exhibits</u></b>   | 20             |
| <b><u>SIGNATURE</u></b>  | 21             |
| <b><u>EXHIBIT INDEX</u></b>  | 22             |

This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects", "estimates", "projects", "forecasts", "may" and "should" and similar expressions are intended to identify forward-looking statements. The important factors discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on February 26, 2015, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. The Company does not undertake an obligation to update its forward-looking statements to reflect future events or circumstances.

**Table of Contents****PART I****Item 1. Financial Statements****SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except per share data) (Unaudited)**

|   | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|---|--------------------------|------------------------------|
| <b>ASSETS</b>   |                          |                              |
| Current assets:   |                          |                              |
| Cash and cash equivalents   | \$ 729,808               | \$ 109,577                   |
| Accounts receivable, net of allowance for doubtful accounts of \$2,390 and \$2,241, respectively      | 94,733                   | 94,359                       |
| Prepaid expenses and other current assets   | 13,789                   | 14,927                       |
| Prepaid income taxes  | 5,090                    | 11,857                       |
| Deferred income taxes   | 2,857                    | 2,975                        |
| Restricted cash   | 1,478                    | 1,477                        |
| <b>Total current assets</b>   | <b>847,755</b>           | <b>235,172</b>               |
| Property, plant and equipment:  |                          |                              |
| Land  | 2,655                    | 2,655                        |
| Building and improvements   | 28,953                   | 28,521                       |
| Equipment, furniture, and fixtures  | 82,715                   | 79,564                       |
|   | 114,323                  | 110,740                      |
| Less: accumulated depreciation  | (62,999)                 | (56,463)                     |
| Net property, plant and equipment   | 51,324                   | 54,277                       |
| Deferred income taxes   | 1,892                    | 1,135                        |
| Goodwill  | 1,558,785                | 1,573,227                    |
| Intangible and other assets, net of accumulated amortization of \$458,011 and \$416,708, respectively | 376,615                  | 421,511                      |
| <b>Total assets</b>   | <b>\$ 2,836,371</b>      | <b>\$ 2,285,322</b>          |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>  |                          |                              |
| Current liabilities:  |                          |                              |
| Current portion of long-term debt (Note 4)  | \$ 17,224                | \$ 20,470                    |
| Accounts payable  | 8,659                    | 12,004                       |
| Income taxes payable  |                          | 1,116                        |
| Accrued employee compensation and benefits  | 28,030                   | 53,975                       |

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|  |              |              |
|--|--------------|--------------|
| Deferred taxes   |              | 110          |
| Other accrued expenses   | 29,504       | 30,666       |
| Deferred maintenance and other revenue   | 67,280       | 73,254       |
| Total current liabilities  | 150,697      | 191,595      |
| Long-term debt, net of current portion (Note 4)  | 448,382      | 618,435      |
| Other long-term liabilities  | 25,086       | 26,446       |
| Deferred income taxes  | 94,692       | 102,176      |
| Total liabilities  | 718,857      | 938,652      |
| Commitments and contingencies (Note 5)   |              |              |
| Stockholders' equity (Note 2):   |              |              |
| Common stock:  |              |              |
| Class A non-voting common stock, \$0.01 par value per share, 5,000 shares authorized; 2,704 shares issued and outstanding  | 27           | 27           |
| Common stock, \$0.01 par value per share, 200,000 shares and 100,000 shares authorized, respectively; 94,783 shares and 82,268 shares issued, respectively, and 93,997 shares and 81,482 shares outstanding, respectively, of which 16 and 17 are unvested, respectively | 948          | 822          |
| Additional paid-in capital   | 1,704,701    | 964,845      |
| Accumulated other comprehensive loss   | (28,532)     | (15,121)     |
| Retained earnings  | 458,355      | 414,082      |
|  | 2,135,499    | 1,364,655    |
| Less: cost of common stock in treasury, 786 shares   | (17,985)     | (17,985)     |
| Total stockholders' equity   | 2,117,514    | 1,346,670    |
| Total liabilities and stockholders' equity   | \$ 2,836,371 | \$ 2,285,322 |

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

**Table of Contents****SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(In thousands, except per share data) (Unaudited)**

|   | <b>Three Months Ended<br/>June 30,</b> |                  | <b>Six Months Ended<br/>June 30,</b> |                  |
|---|--|------------------|--------------------------------------|------------------|
|   | <b>2015</b>                            | <b>2014</b>      | <b>2015</b>                          | <b>2014</b>      |
| <b>Revenues:</b>  |  |                  |                                      |                  |
| Software-enabled services   | \$ 150,123                             | \$ 145,547       | \$ 303,690                           | \$ 290,930       |
| Software licenses   | 16,090                                 | 9,866            | 23,416                               | 17,365           |
| Maintenance   | 35,836                                 | 25,691           | 71,554                               | 51,217           |
| Professional services   | 10,719                                 | 7,618            | 19,843                               | 15,020           |
| <b>Total revenues</b>   | <b>212,768</b>                         | <b>188,722</b>   | <b>418,503</b>                       | <b>374,532</b>   |
| <b>Cost of revenues:</b>  |  |                  |                                      |                  |
| Software-enabled services   | 88,548                                 | 86,040           | 177,150                              | 171,731          |
| Software licenses   | 1,390                                  | 806              | 2,780                                | 1,657            |
| Maintenance   | 11,969                                 | 10,077           | 25,770                               | 20,008           |
| Professional services   | 7,596                                  | 5,310            | 16,110                               | 10,336           |
| <b>Total cost of revenues</b>                                     | <b>109,503</b>                         | <b>102,233</b>   | <b>221,810</b>                       | <b>203,732</b>   |
| <b>Gross profit</b>   | <b>103,265</b>                         | <b>86,489</b>    | <b>196,693</b>                       | <b>170,800</b>   |
| <b>Operating expenses:</b>  |  |                  |                                      |                  |
| Selling and marketing   | 13,931                                 | 12,203           | 27,318                               | 24,101           |
| Research and development  | 17,520                                 | 13,939           | 37,128                               | 27,526           |
| General and administrative  | 13,463                                 | 14,958           | 30,763                               | 26,759           |
| <b>Total operating expenses</b>                                   | <b>44,914</b>                          | <b>41,100</b>    | <b>95,209</b>                        | <b>78,386</b>    |
| <b>Operating income</b>   | <b>58,351</b>                          | <b>45,389</b>    | <b>101,484</b>                       | <b>92,414</b>    |
| Interest expense, net   | (5,419)                                | (6,569)          | (11,019)                             | (13,667)         |
| Other expense, net  | (164)                                  | (59)             | (1,671)                              | (745)            |
| <b>Income before income taxes</b>                                 | <b>52,768</b>                          | <b>38,761</b>    | <b>88,794</b>                        | <b>78,002</b>    |
| Provision for income taxes  | 13,640                                 | 11,516           | 23,420                               | 24,309           |
| <b>Net income</b>   | <b>\$ 39,128</b>                       | <b>\$ 27,245</b> | <b>\$ 65,374</b>                     | <b>\$ 53,693</b> |
| <b>Basic earnings per share</b>                                   | <b>\$ 0.46</b>                         | <b>\$ 0.33</b>   | <b>\$ 0.77</b>                       | <b>\$ 0.65</b>   |
| <b>Basic weighted average number of common shares outstanding</b> | <b>85,405</b>                          | <b>83,118</b>    | <b>84,837</b>                        | <b>82,921</b>    |
| <b>Diluted earnings per share</b>                                 | <b>\$ 0.44</b>                         | <b>\$ 0.31</b>   | <b>\$ 0.73</b>                       | <b>\$ 0.62</b>   |

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Diluted weighted average number of common and common equivalent shares outstanding | 89,552    | 87,091    | 88,987    | 86,999    |
| Net income   | \$ 39,128 | \$ 27,245 | \$ 65,374 | \$ 53,693 |
| Other comprehensive income (loss):   |           |           |           |           |
| Foreign currency exchange translation adjustment                                   | 22,808    | 15,922    | (13,411)  | 9,616     |
| Total comprehensive income (loss)  | 22,808    | 15,922    | (13,411)  | 9,616     |
| Comprehensive income   | \$ 61,936 | \$ 43,167 | \$ 51,963 | \$ 63,309 |

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

**Table of Contents**

**SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands) (Unaudited)

|  | <b>Six Months Ended June 30,</b> |                 |
|--|----------------------------------|-----------------|
|  | <b>2015</b>                      | <b>2014</b>     |
| <b>Cash flow from operating activities:</b>  |                                  |                 |
| Net income   | \$ 65,374                        | \$ 53,693       |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                  |                 |
| Depreciation and amortization  | 52,103                           | 49,832          |
| Amortization of loan origination costs   | 2,874                            | 2,956           |
| Income tax benefit related to exercise of stock options                                  | (5,065)                          | (8,235)         |
| Deferred income taxes  | (7,395)                          | (5,550)         |
| Stock-based compensation expense   | 8,314                            | 5,770           |
| Provision for doubtful accounts  | 299                              | 473             |
| Loss on sale or disposition of property and equipment                                    | 209                              | 698             |
| <b>Changes in operating assets and liabilities, excluding effects from acquisitions:</b> |                                  |                 |
| Accounts receivable  | (1,804)                          | 1,532           |
| Prepaid expenses and other assets  | 2,488                            | (1,403)         |
| Income taxes prepaid and payable   | 11,064                           | 13,250          |
| Accounts payable   | (2,405)                          | 789             |
| Accrued expenses   | (20,186)                         | (15,507)        |
| Deferred maintenance and other revenue   | (5,148)                          | (5,478)         |
| <b>Net cash provided by operating activities</b>   | <b>100,722</b>                   | <b>92,820</b>   |
| <b>Cash flow from investing activities:</b>  |                                  |                 |
| Additions to property and equipment  | (5,750)                          | (9,460)         |
| Proceeds from sale of property and equipment   |                                  | 1               |
| Cash paid for business acquisitions, net of cash acquired                                | (7,863)                          |                 |
| Additions to capitalized software  | (1,792)                          | (1,704)         |
| Net changes in restricted cash   |                                  | 983             |
| <b>Net cash used in investing activities</b>   | <b>(15,405)</b>                  | <b>(10,180)</b> |
| <b>Cash flow from financing activities:</b>  |                                  |                 |
| Repayments of debt   | (174,000)                        | (107,000)       |
| Income tax benefit related to exercise of stock options                                  | 5,065                            | 8,235           |
| Proceeds from exercise of stock options  | 8,735                            | 12,337          |
| Proceeds from common stock issuance, net   | 717,866                          |                 |
| Dividends paid on common stock   | (21,101)                         |                 |
| Purchase of common stock for treasury  |                                  | (7,386)         |
| Payment of fees related to refinancing activities  |                                  | (512)           |



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|   |            |           |
|---|------------|-----------|
| Net cash provided by (used in) financing activities | 536,565    | (94,326)  |
| Effect of exchange rate changes on cash             | (1,651)    | 736       |
| Net increase (decrease) in cash                     | 620,231    | (10,950)  |
| Cash, beginning of period                           | 109,577    | 84,470    |
| Cash, end of period                                 | \$ 729,808 | \$ 73,520 |

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

**Table of Contents**

**SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**1. Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ). These accounting principles were applied on a basis consistent with those of the audited consolidated financial statements contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission (the SEC ) on February 26, 2015 (the 2014 Form 10-K ). In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, except as noted elsewhere in the notes to the condensed consolidated financial statements) necessary for a fair statement of its financial position as of June 30, 2015, the results of its operations for the three and six months ended June 30, 2015 and 2014 and its cash flows for the six months ended June 30, 2015 and 2014. These statements do not include all of the information and footnotes required by GAAP for annual financial statements. The financial statements contained herein should be read in conjunction with the audited consolidated financial statements and footnotes as of and for the year ended December 31, 2014, which were included in the 2014 Form 10-K. The December 31, 2014 consolidated balance sheet data were derived from audited financial statements but do not include all disclosures required by GAAP for annual financial statements. The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of the expected results for any subsequent quarters or the full year.

***Recent Accounting Pronouncements***

In April 2015, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) No. 2015-03, Simplifying the Presentation of Debt Issuance Costs . This ASU more closely aligns the treatment of debt issuance costs with debt discounts and premiums and requires debt issuance costs be presented as a direct deduction from the carrying amount of the related debt. The amendments in this ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. The Company is currently evaluating the potential impact of this ASU on its financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern ( ASU 2014-15 ). This ASU establishes specific guidance to an organization s management on their responsibility to evaluate whether there is substantial doubt about the organization s ability to continue as a going concern. The provisions of ASU 2014-15 are effective for interim and annual periods beginning after December 15, 2016. This ASU is not expected to have an impact on the Company s financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) ( ASU 2014-09 ). The objective of ASU 2014-09 is to clarify the principles for recognizing revenue by removing inconsistencies and weaknesses in revenue requirements; providing a more robust framework for addressing revenue issues; improving comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets; and providing more useful information to users of financial statements through improved revenue disclosure requirements. The guidance was initially effective January 1, 2017 and early adoption was not permitted. In July 2015, the FASB approved a one-year deferral of the effective date to January 1, 2018, with an option of applying the

standard on the original effective date. As a result, the provisions of this ASU are now effective for interim and annual periods beginning after December 15, 2017. The Company is currently evaluating the impact of this standard on its financial position, results of operations and cash flows.

## **2. Equity and Stock-based Compensation**

In June 2015, the Company completed a public offering of its common stock. The offering included 12,075,000 newly issued shares of common stock sold by the Company at an offering price of \$61.50 per share for which the Company received total net proceeds of approximately \$717.9 million.

In March 2015, the Company's stockholders approved an increase in the number of authorized shares of the Company's common stock from 100,000,000 shares to 200,000,000 shares.

**Table of Contents****SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** Continued

(Unaudited)

For stock options and restricted stock, the total amount of stock-based compensation expense recognized in the Company's Condensed Consolidated Statements of Comprehensive Income was as follows (in thousands):

|  | Three Months Ended |                 | Six Months Ended |                 |
|--|--------------------|-----------------|------------------|-----------------|
|  | June 30,           |                 | June 30,         |                 |
|  | 2015               | 2014            | 2015             | 2014            |
| <b>Statements of Comprehensive Income Classification</b> |                    |                 |                  |                 |
| Cost of software-enabled services                        | \$ 1,525           | \$ 924          | \$ 3,129         | \$ 2,008        |
| Cost of maintenance                                      | 101                | 66              | 202              | 157             |
| Cost of professional services                            | 159                | 99              | 325              | 216             |
| <b>Total cost of revenues</b>                            | <b>1,785</b>       | <b>1,089</b>    | <b>3,656</b>     | <b>2,381</b>    |
| Selling and marketing                                    | 745                | 498             | 1,488            | 1,135           |
| Research and development                                 | 444                | 273             | 894              | 583             |
| General and administrative                               | 1,234              | 935             | 2,276            | 1,671           |
| <b>Total operating expenses</b>                          | <b>2,423</b>       | <b>1,706</b>    | <b>4,658</b>     | <b>3,389</b>    |
| <b>Total stock-based compensation expense</b>            | <b>\$ 4,208</b>    | <b>\$ 2,795</b> | <b>\$ 8,314</b>  | <b>\$ 5,770</b> |

A summary of stock option activity as of and for the six months ended June 30, 2015 is as follows:

|                                     | Shares of Common<br>Stock Underlying<br>Options |
|-------------------------------------|---|
| Outstanding at January 1, 2015      | 11,720,648                                      |
| Granted                             | 80,950  |
| Cancelled/forfeited                 | (158,364)                                       |
| Exercised                           | (438,046)                                       |
| <b>Outstanding at June 30, 2015</b> | <b>11,205,188</b>                               |

The Company recorded \$5.1 million and \$8.2 million of income tax benefits related to the exercise of stock options during the six months ended June 30, 2015 and 2014, respectively. These amounts were recorded entirely to Additional paid-in capital on the Company's Condensed Consolidated Balance Sheets.

### 3. Earnings per Share

Earnings per share ( EPS ) is calculated in accordance with the relevant accounting standards. Basic EPS includes no dilution and is computed by dividing income available to the Company's common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income by the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of stock options and restricted stock using the treasury stock method. Common equivalent shares are excluded from the computation of diluted earnings per share if the effect of including such common equivalent shares is anti-dilutive because their exercise prices together with other assumed proceeds exceed the average fair value of common stock for the period. The Company has two classes of common stock, each with identical participation rights to earnings and liquidation preferences, and therefore the calculation of EPS as described above is identical to the calculation under the two-class method.

The following table sets forth the weighted average common shares used in the computation of basic and diluted earnings per share (in thousands):

|   | <b>Three Months Ended</b> |             | <b>Six Months</b> |             |
|---|---------------------------|-------------|-------------------|-------------|
|   | <b>June 30,</b>           |             | <b>Ended</b>      |             |
|   | <b>2015</b>               | <b>2014</b> | <b>2015</b>       | <b>2014</b> |
| Weighted average common shares outstanding                                | 85,405                    | 83,118      | 84,837            | 82,921      |
| Weighted average common stock equivalents – options and restricted shares | 4,147                     | 3,973       | 4,150             | 4,078       |
| Weighted average common and common equivalent shares outstanding          | 89,552                    | 87,091      | 88,987            | 86,999      |

**Table of Contents****SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** Continued

(Unaudited)

Options to purchase 2,061,369 and 1,881,474 shares were outstanding for the three months ended June 30, 2015 and 2014, respectively, and options to purchase 2,059,509 and 1,883,870 shares were outstanding for the six months ended June 30, 2015 and 2014, respectively, but were not included in the computation of diluted earnings per share because the effect of including the options would be anti-dilutive.

In 2015, the Company paid quarterly cash dividends of \$0.125 per share of common stock on March 16, 2015 and June 15, 2015 to stockholders of record as of the close of business on March 2, 2015 and June 1, 2015, respectively, totaling \$21.1 million.

**4. Debt**

At June 30, 2015 and December 31, 2014, debt consisted of the following (in thousands):

|  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|--------------------------|------------------------------|
| Credit facility, weighted-average interest rate of 2.97% and 2.93%, respectively | \$ 471,000               | \$ 645,000                   |
| Unamortized original issue discount  | (5,394)                  | (6,095)                      |
|  | 465,606                  | 638,905                      |
| Short-term borrowings and current portion of long-term debt                      | (17,224)                 | (20,470)                     |
| Long-term debt   | \$ 448,382               | \$ 618,435                   |

Capitalized financing costs of \$1.1 million were amortized to interest expense in each of the three months ended June 30, 2015 and 2014. Capitalized financing costs of \$2.2 million and \$2.3 million were amortized to interest expense in the six months ended June 30, 2015 and 2014, respectively. Additionally, the Company amortized to interest expense \$0.3 million of the original issue discount in each of the three months ended June 30, 2015 and 2014 and \$0.7 million of the original issue discount in each of the six months ended June 30, 2015 and 2014. The unamortized balance of capitalized financing costs is included in intangible and other assets in the Company's Condensed Consolidated Balance Sheet.

In June 2015, the Company repaid the \$75.0 million in principal amount outstanding under the revolving credit facility.

The estimated fair value of the Company's credit facility, which is a Level 2 liability, was \$470.8 million and \$641.1 million at June 30, 2015 and December 31, 2014, respectively. These fair values were computed based on comparable quoted market prices.

## 5. Commitments and Contingencies

### *Millennium Actions*

Several actions (the Millennium Actions ) have been filed in various jurisdictions against the Company's subsidiary, GlobeOp Financial Services S.A. ( GlobeOp ), alleging claims and damages with respect to a valuation agent services agreement performed by GlobeOp for the Millennium Global Emerging Credit Fund, L.P. and Millennium Global Emerging Credit Fund Ltd. (the Millennium Funds ). These actions include (i) a putative class action in the U.S. District Court for the Southern District of New York (the U.S. Class Action ) on behalf of a putative class of investors in the Millennium Funds filed in May 2012 asserting claims of \$844 million (the alleged aggregate value of assets under management by the Millennium Funds at the funds' peak valuation); (ii) an arbitration proceeding in the United Kingdom (the UK Arbitration ) on behalf of Millennium Global Investments Ltd. and Millennium Asset Management Ltd., the Millennium Funds' investment manager and administrative manager, respectively (together, the Millennium Managers ), which commenced with a request for arbitration in July 2011, seeking an indemnity of \$26.5 million for sums paid by way of settlement to the Millennium Funds in a separate arbitration to which GlobeOp was not a party, as well as an indemnity for any losses that may be incurred by the Millennium Managers in the U.S. Class Action; and (iii) a claim in the same UK Arbitration proceeding by the liquidators on behalf of the Millennium Global Emerging Credit Master Fund Ltd. (the Master Fund ) against GlobeOp for damages alleged to be in excess of \$160 million. These actions allege that GlobeOp breached its contractual obligations and/or negligently breached a duty of care in the performance of services for the Millennium Fund and that, *inter alia*, GlobeOp should have discovered and reported a fraudulent scheme perpetrated by the portfolio manager

**Table of Contents****SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**    **Continued****(Unaudited)**

employed by the investment manager. The U.S. Class Action also asserts claims against SS&C identical to the claims against GlobeOp in that action. In the UK Arbitration, GlobeOp has asserted counterclaims against both the Millennium Managers and the Master Fund for indemnity, including in respect of the U.S. Class Action.

GlobeOp has secured insurance coverage that provides reimbursement of various litigation costs up to pre-determined limits. Since 2012, GlobeOp has been reimbursed for litigation costs under the applicable insurance policy.

In January 2014, GlobeOp, SS&C, the Millennium Managers and the plaintiff in the U.S. Class Action entered into a settlement agreement resolving all disputes and claims between and among the parties (including a separate mutual release between and among GlobeOp and SS&C, on the one hand, and the Millennium Managers on the other that covers claims asserted in the UK Arbitration). The settlement agreement was approved by the United States District Court for the Southern District of New York on July 7, 2014 and consummated in August 2014. Accordingly, the U.S. Class Action matter has been dismissed with prejudice and is now concluded. GlobeOp's insurers funded the entirety of the settlement amount contemplated to be contributed by GlobeOp. The resolution of the U.S. Class Action does not affect the claims, counterclaims and/or defenses as between GlobeOp and the Master Fund that have been asserted in the UK Arbitration.

Hearings in the UK Arbitration were conducted in London in July and August 2013, September 2014 and December 2014, and the matter is currently pending before the arbitrator for decision. The Company cannot predict the outcome of the UK Arbitration. The Company believes that it has strong defenses and has vigorously contested the UK Arbitration (as described above, the U.S. Class Action has been concluded). The amount of any potential loss, if any at all, cannot be reasonably estimated at this time.

In addition to the foregoing legal proceedings, from time to time, the Company is subject to other legal proceedings and claims. In the opinion of the Company's management, the Company is not involved in any other such litigation or proceedings with third parties that management believes would have a material adverse effect on the Company or its business.

**6. Goodwill**

The change in carrying value of goodwill as of and for the six months ended June 30, 2015 is as follows (in thousands):

|  |              |
|--|--------------|
| Balance at December 31, 2014           | \$ 1,573,227 |
| Adjustments to previous acquisitions   | 137          |
| Effect of foreign currency translation | (14,579)     |
| Balance at June 30, 2015               | \$ 1,558,785 |



## **7. Income Taxes**

The effective tax rate was 26% and 30% for the three months ended June 30, 2015 and 2014, respectively, and the effective tax rate was 26% and 31% for the six months ended June 30, 2015 and 2014, respectively. The change for the three months ended June 30, 2015 was primarily due to the recognition of previously unrecognized tax benefits and a greater percentage of earnings being generated in foreign jurisdictions taxed at a lower rate than the U.S. statutory rate as compared to the prior year, partially offset by an unfavorable impact related to an enacted law change in New York City. The change for the six months ended June 30, 2015 was primarily due to the recognition of the aforementioned previously unrecognized tax benefits.

**Table of Contents****SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**    **Continued****(Unaudited)****8. Acquisitions**

The following unaudited pro forma condensed consolidated results of operations are provided for illustrative purposes only and assume that the acquisition of DST Global Solutions ( DSTGS ) occurred on January 1, 2013. There were no acquisitions completed during the six months ended June 30, 2015. This unaudited pro forma information (in thousands, except per share data) should not be relied upon as being indicative of the historical results that would have been obtained if the acquisition had actually occurred on that date, nor of the results that may be obtained in the future. The net assets and results of operations for this acquisition are included in the Company's condensed consolidated financial statements as of and for the three and six months ended June 30, 2015.

|  | <b>Three<br/>Months<br/>Ended<br/>June 30,<br/>2014</b> | <b>Six<br/>Months<br/>Ended<br/>June 30,<br/>2014</b> |
|--|---|---|
| Revenues   | \$ 204,490  | \$ 405,451  |
| Net income   | \$ 24,803   | \$ 48,669   |
| Basic earnings per share   | \$ 0.30   | \$ 0.59   |
| Basic weighted average number of common shares outstanding                         | 83,118  | 82,921  |
| Diluted earnings per share   | \$ 0.28   | \$ 0.56   |
| Diluted weighted average number of common and common equivalent shares outstanding | 87,091  | 86,999  |

The consideration paid, net of cash acquired for DSTGS as disclosed in the footnotes of the Company's 2014 Form 10-K included an estimated working capital adjustment of \$7.9 million, which was paid in the second quarter of 2015.

**9. Subsequent Event**

*Advent acquisition.* On July 8, 2015, the Company purchased all of the outstanding stock of Advent Software, Inc. ( Advent ) for approximately \$2.6 billion in cash, equating to \$44.25 per share plus the costs, fees and expenses associated with the transaction. In connection with this acquisition, the Company entered into \$2.63 billion in aggregate principal amount of new senior secured credit facilities, which includes an undrawn revolver of \$150.0 million, and \$600.0 million in aggregate principal amount of 5.875% senior notes due 2023. A portion of these proceeds was used to repay the Company's existing credit facility outstanding at June 30, 2015. Advent provides software and services for the global investment management industry. The net assets and results of operations of Advent will be included in the Company's consolidated financial statements from July 8, 2015. The relevant business combination disclosures will be included in the Company's consolidated financial statements once the preliminary accounting has been completed.



**Table of Contents****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

This Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, is intended to provide readers of our condensed consolidated financial statements with the perspectives of management. It presents, in narrative form, information regarding our financial condition, results of operations, liquidity and certain other factors that may affect our future results. It should be read in conjunction with our 2014 Annual Report on Form 10-K and the condensed consolidated financial statements included in this Form 10-Q.

**Results of Operations***Revenues*

Our revenues consist primarily of software-enabled services and maintenance revenues, and, to a lesser degree, software license and professional services revenues. As a general matter, fluctuations in our software-enabled services revenues are attributable to the number of new software-enabled services clients as well as total assets under management in our clients' portfolios and the number of outsourced transactions provided to our existing clients, while our software license and professional services revenues tend to fluctuate based on the number of new licensing clients. Maintenance revenues vary based on the rate by which we add or lose maintenance clients over time and, to a lesser extent, on the annual increases in maintenance fees, which are generally tied to the consumer price index.

The following table sets forth the percentage of our total revenues represented by each of the following sources of revenues for the periods indicated:

|                           | Three Months Ended |      | Six Months Ended |      |
|---------------------------|--------------------|------|------------------|------|
|                           | June 30,           |      | June 30,         |      |
|                           | 2015               | 2014 | 2015             | 2014 |
| Revenues:                 |                    |      |                  |      |
| Software-enabled services | 71%                | 77%  | 73%              | 78%  |
| Software licenses         | 7                  | 5    | 5                | 4    |
| Maintenance               | 17                 | 14   | 17               | 14   |
| Professional services     | 5                  | 4    | 5                | 4    |
| Total revenues            | 100%               | 100% | 100%             | 100% |

The following table sets forth revenues (dollars in thousands) and percent change in revenues for the periods indicated:

|                           | Three Months Ended |            |        | Six Months Ended |            |        |
|---------------------------|--------------------|------------|--------|------------------|------------|--------|
|                           | June 30,           |            | %      | June 30,         |            | %      |
|                           | 2015               | 2014       | Change | 2015             | 2014       | Change |
| Revenues:                 |                    |            |        |                  |            |        |
| Software-enabled services | \$ 150,123         | \$ 145,547 | 3%     | \$ 303,690       | \$ 290,930 | 4%     |
| Software licenses         | 16,090             | 9,866      | 63     | 23,416           | 17,365     | 35     |
| Maintenance               | 35,836             | 25,691     | 39     | 71,554           | 51,217     | 40     |
| Professional services     | 10,719             | 7,618      | 41     | 19,843           | 15,020     | 32     |

|                |            |            |    |            |            |    |
|----------------|------------|------------|----|------------|------------|----|
| Total revenues | \$ 212,768 | \$ 188,722 | 13 | \$ 418,503 | \$ 374,532 | 12 |
|----------------|------------|------------|----|------------|------------|----|

*Three Months Ended June 30, 2015 versus 2014.* Our revenues increased primarily due to revenues of \$18.0 million related to DSTGS, which we acquired in the fourth quarter of 2014, as well as a continued increase in demand for our fund administration services from alternative investment managers. These increases were partially offset by the unfavorable impact from foreign currency translation of \$3.4 million, which resulted from the strength of the U.S. dollar relative to currencies such as the Canadian dollar, the Euro and the British pound. Software license, maintenance and professional services revenues experienced increases due to revenues related to DSTGS, which contributed \$3.8 million, \$10.8 million and \$3.2 million, respectively, in 2015. Software license and maintenance revenues reflect a reduction of \$0.3 million related to the fair value adjustment of acquired deferred revenue related to DSTGS. Additionally, software license revenues included increased installment payments of an IP license signed in a prior period.

*Six Months Ended June 30, 2015 versus 2014.* Our revenues increased primarily due to revenues related to DSTGS, which contributed \$31.7 million in revenue for the period, as well as a continued increase in demand for our fund administration services from alternative investment managers. These increases were partially offset by the unfavorable impact from foreign currency translation of \$6.6 million, which resulted from the strength of the U.S. dollar relative to currencies such as the Canadian dollar, the Euro and the British pound. Software license, maintenance and professional services revenues

**Table of Contents**

experienced increases due to revenues related to DSTGS, which contributed \$5.2 million, \$21.3 million and \$4.8 million, respectively, in 2015. Software license and maintenance revenues reflect a reduction of \$0.7 million related to the fair value adjustment of acquired deferred revenue related to DSTGS. Additionally, software license revenues included increased installment payments of an IP license signed in a prior period.

*Cost of Revenues*

Cost of software-enabled services revenues consists primarily of the cost related to personnel utilized in servicing our software-enabled services clients and amortization of intangible assets. Cost of software license revenues consists primarily of amortization of completed technology, royalties, third-party software, and the costs of product media, packaging and documentation. Cost of maintenance revenues consists primarily of technical client support, costs associated with the distribution of products and regulatory updates and amortization of intangible assets. Cost of professional services revenues consists primarily of the cost related to personnel utilized to provide implementation, conversion and training services to our software licensees, as well as system integration and custom programming consulting services.

The following table sets forth each of the following cost of revenues as a percentage of their respective revenue source for the periods indicated:

|                                   | Three Months Ended<br>June 30, |      | Six Months Ended<br>June 30, |      |
|-----------------------------------|--------------------------------|------|------------------------------|------|
|                                   | 2015                           | 2014 | 2015                         | 2014 |
| Cost of revenues:                 |                                |      |                              |      |
| Cost of software-enabled services | 59%                            | 59%  | 58%                          | 59%  |
| Cost of software licenses         | 9                              | 8    | 12                           | 10   |
| Cost of maintenance               | 33                             | 39   | 36                           | 39   |
| Cost of professional services     | 71                             | 70   | 81                           | 69   |
| Total cost of revenues            | 51                             | 54   | 53                           | 54   |
| Gross margin percentage           | 49                             | 46   | 47                           | 46   |

The following table sets forth cost of revenues (dollars in thousands) and percent change in cost of revenues for the periods indicated:

|                                   | Three Months Ended<br>June 30, |            |             | Six Months Ended<br>June 30, |            |             |
|-----------------------------------|--------------------------------|------------|-------------|------------------------------|------------|-------------|
|                                   | 2015                           | 2014       | %<br>Change | 2015                         | 2014       | %<br>Change |
| Cost of revenues:                 |                                |            |             |                              |            |             |
| Cost of software-enabled services | \$ 88,548                      | \$ 86,040  | 3%          | \$ 177,150                   | \$ 171,731 | 3%          |
| Cost of software licenses         | 1,390                          | 806        | 72          | 2,780                        | 1,657      | 68          |
| Cost of maintenance               | 11,969                         | 10,077     | 19          | 25,770                       | 20,008     | 29          |
| Cost of professional services     | 7,596                          | 5,310      | 43          | 16,110                       | 10,336     | 56          |
| Total cost of revenues            | \$ 109,503                     | \$ 102,233 | 7           | \$ 221,810                   | \$ 203,732 | 9           |

*Three and Six Months Ended June 30, 2015 versus 2014.* Our gross margins increased in 2015 primarily due to the increase in license revenues in both periods. Our total cost of revenues increased primarily due to our acquisition of DSTGS, which added \$4.9 million and \$12.9 million, respectively, including \$0.1 million and \$2.1 million in costs related to the elimination of redundant positions, respectively, for the three and six months ended June 30, 2015, as well as an increase in cost of software-enabled services revenues to support the increased demand for our fund administration services from alternative investment managers. These increases were partially offset by the favorable impact from foreign currency translation of \$3.0 million and \$5.5 million, respectively, for the three- and six-month periods, which resulted from the strength of the U.S. dollar relative to currencies such as the Canadian dollar, the Euro and the British pound.

#### *Operating Expenses*

Selling and marketing expenses consist primarily of the personnel costs associated with the selling and marketing of our products, including salaries, commissions and travel and entertainment. Such expenses also include amortization of intangible assets, the cost of branch sales offices, trade shows and marketing and promotional materials. Research and

**Table of Contents**

development expenses consist primarily of personnel costs attributable to the enhancement of existing products and the development of new software products. General and administrative expenses consist primarily of personnel costs related to management, accounting and finance, information management, human resources and administration and associated overhead costs, as well as fees for professional services.

The following table sets forth each of the following operating expenses as a percentage of our total revenues for the periods indicated:

|                            | Three Months Ended<br>June 30, |      | Six Months Ended<br>June 30, |      |
|----------------------------|--------------------------------|------|------------------------------|------|
|                            | 2015                           | 2014 | 2015                         | 2014 |
| Operating expenses:        |                                |      |                              |      |
| Selling and marketing      | 7%                             | 7%   | 7%                           | 7%   |
| Research and development   | 8                              | 7    | 9                            | 7    |
| General and administrative | 6                              | 8    | 7                            | 7    |
| Total operating expenses   | 21                             | 22   | 23                           | 21   |

The following table sets forth operating expenses (dollars in thousands) and percent change in operating expenses for the periods indicated:

|                            | Three Months<br>Ended<br>June 30, |           |             | Six Months Ended<br>June 30, |           |             |
|----------------------------|-----------------------------------|-----------|-------------|------------------------------|-----------|-------------|
|                            | 2015                              | 2014      | %<br>Change | 2015                         | 2014      | %<br>Change |
| Operating expenses:        |                                   |           |             |                              |           |             |
| Selling and marketing      | \$ 13,931                         | \$ 12,203 | 14%         | \$ 27,318                    | \$ 24,101 | 13%         |
| Research and development   | 17,520                            | 13,939    | 26          | 37,128                       | 27,526    | 35          |
| General and administrative | 13,463                            | 14,958    | (10)        | 30,763                       | 26,759    | 15          |
| Total operating expenses   | \$ 44,914                         | \$ 41,100 | 9           | \$ 95,209                    | \$ 78,386 | 21          |

*Three and Six Months Ended June 30, 2015 versus 2014.* The increase in total operating expenses in 2015 was primarily due to our acquisition of DSTGS, which added \$6.8 million and \$16.9 million, respectively, including \$0.1 million and \$2.7 million in costs related to the elimination of redundant positions for the three and six months ended June 30, 2015, respectively. Additionally, general and administrative expenses for 2015 included professional fees associated with our acquisition of Advent Software, Inc., or Advent, while 2014 included legal expenses for an IP contract signed in the period and expenses related to office consolidations. These increases were partially offset by the favorable impact from foreign currency translation of \$1.3 million and \$2.1 million, respectively, for the three- and six-month periods, which resulted from the strength of the U.S. dollar relative to currencies such as the Canadian dollar, the Euro and the British pound.

*Comparison of the Three and Six Months Ended June 30, 2015 and 2014 for Interest, Taxes and Other*

*Interest expense, net.* We had net interest expense of \$5.4 million and \$11.0 million for the three and six months ended June 30, 2015, respectively, compared to \$6.6 million and \$13.7 million for the three and six months ended



June 30, 2014, respectively. The decrease in interest expense in 2015 reflects the lower average debt balance resulting from repayments of the credit facility and a decrease in average interest rates resulting from the 2014 repricing. These facilities are discussed further in Liquidity and Capital Resources .

*Other expense, net.* Other expense, net for 2015 consists primarily of foreign currency transaction losses. Other expense, net for the three months ended June 30, 2014 consists primarily of an increase to the contingent consideration liability related to our Prime acquisition and losses on the disposal of fixed assets, partially offset by foreign currency transaction gains. Other expense, net for the six months ended June 30, 2014 consists primarily of an increase to the contingent consideration liability related to our Prime acquisition, losses on the disposal of fixed assets and net foreign currency transaction losses.

*Provision for Income Taxes.* The following table sets forth the provision for income taxes (dollars in thousands) and effective tax rates for the periods indicated:

|                            | <b>Three Months Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             |
|----------------------------|--|-------------|--------------------------------------|-------------|
|                            | <b>2015</b>                            | <b>2014</b> | <b>2015</b>                          | <b>2014</b> |
| Provision for income taxes | \$ 13,640                              | \$ 11,516   | \$ 23,420                            | \$ 24,309   |
| Effective tax rate         | 26%                                    | 30%         | 26%                                  | 31%         |

## **Table of Contents**

Our June 30, 2015 and 2014 effective rates differ from the statutory rate primarily due to the effect of our foreign operations. The decrease in effective rate from 2014 to 2015 was primarily due to the recognition of previously unrecognized tax benefits. Our effective tax rate includes the effect of operations outside the United States, which historically have been taxed at rates lower than the U.S. statutory rate. While we have income from multiple foreign sources, the majority of the Company's non-U.S. operations are in Canada, India and the United Kingdom, where we anticipate the statutory rates to be approximately 26.5%, 34.6% and 20.3%, respectively, in 2015. The consolidated expected effective tax rate for the year ended December 31, 2015 is forecasted to be between 26% and 28%. A future proportionate change in the composition of income before income taxes from foreign and domestic tax jurisdictions could impact our periodic effective tax rate.

## **Liquidity and Capital Resources**

Our principal cash requirements are to finance the costs of our operations pending the billing and collection of client receivables, to fund payments with respect to our indebtedness, to invest in research and development and to acquire complementary businesses or assets. We expect our cash on hand and cash flows from operations to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for at least the next twelve months.

In July 2015, we purchased all of the outstanding stock of Advent for approximately \$2.6 billion in cash, equating to \$44.25 per share plus the costs, fees and expenses associated with the transaction. We funded the acquisition and refinancing of existing debt with \$3.1 billion of debt financing, cash on hand and approximately \$400.0 million of proceeds from the issuance and sale of our common stock.

In the first half of 2015, we paid quarterly cash dividends of \$0.125 per share of common stock on March 16, 2015 and June 15, 2015, to stockholders of record as of the close of business on March 2, 2015 and June 1, 2015, respectively, totaling \$21.1 million.

Our cash and cash equivalents at June 30, 2015 were \$729.8 million, an increase of \$620.2 million from \$109.6 million at December 31, 2014. The increase in cash is primarily due to proceeds from our common stock offering as well as cash provided by operations, proceeds from stock option exercises and the related income tax benefits. These increases were partially offset by cash used for repayments of debt, payment of dividends and capital expenditures.

Net cash provided by operating activities was \$100.7 million for the six months ended June 30, 2015. Cash provided by operating activities primarily resulted from net income of \$65.4 million adjusted for non-cash items of \$51.3 million, partially offset by changes in our working capital accounts (excluding the effect of acquisitions) totaling \$16.0 million. The changes in our working capital accounts were driven by decreases in accrued expenses, deferred revenues and accounts payable and an increase in accounts receivable, partially offset by a change in income taxes prepaid and payable and a decrease in prepaid expenses and other assets. The decrease in accrued expenses was primarily due to the payment of annual employee bonuses in the first quarter of 2015. The decrease in deferred revenues was primarily due to the recognition of annual maintenance fees. The increase in accounts receivable was primarily due to revenue growth partially offset by an improvement in days sales outstanding from 42 days at December 31, 2014 to 40 days at June 30, 2015.

Investing activities used net cash of \$15.4 million for the six months ended June 30, 2015, primarily due to \$7.9 million in cash paid related to the working capital purchase price adjustment associated with the acquisition of DSTGS, \$5.7 million in cash paid for capital expenditures and \$1.8 million in cash paid for capitalized software.

Financing activities provided net cash of \$536.6 million for the six months ended June 30, 2015, representing net proceeds of \$717.9 million from common stock issuance, \$8.7 million from stock option exercises and related income tax windfall benefits of \$5.1 million. These proceeds were partially offset by repayments of debt totaling \$174.0 million and the payment of \$21.1 million in quarterly dividends.

We have made a permanent reinvestment determination in certain non-U.S. operations that have historically generated positive operating cash flows. At June 30, 2015, we held approximately \$69.8 million in cash and cash equivalents at non-U.S. subsidiaries where we had made such a determination and in turn no provision for U.S. income taxes had been made. At June 30, 2015, we held approximately \$37.7 million in cash by subsidiaries of SS&C Technologies Holdings Europe S.A.R.L., or SS&C Sarl, the foreign borrower under our credit facility that will be used to facilitate debt servicing of SS&C Sarl. At June 30, 2015, we held approximately \$25.7 million in cash at our Indian operations that if repatriated to our foreign debt holder would incur distribution taxes of approximately \$4.5 million.

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**Table of Contents**

***Off-Balance Sheet Arrangements***

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

***Credit Facility***

On March 14, 2012, in connection with our acquisition of GlobeOp, we entered into a credit agreement with SS&C and SS&C Sarl as the borrowers, which we refer to as the Credit Agreement. The Credit Agreement has four tranches of term loans: (i) a \$0 term A-1 facility with a five and one-half year term for borrowings by SS&C, (ii) a \$325.0 million term A-2 facility with a five and one-half year term for borrowings by SS&C Sarl, (iii) a \$725.0 million term B-1 facility with a seven year term for borrowings by SS&C and (iv) a \$75.0 million term B-2 facility with a seven year term for borrowings by SS&C Sarl. In addition, the Credit Agreement had a \$142.0 million bridge loan facility, of which \$31.6 million was immediately drawn, with a 364-day term available for borrowings by SS&C Sarl and has a revolving credit facility with a five and one-half year term available for borrowings by SS&C with \$100.0 million in commitments. The revolving credit facility contains a \$25.0 million letter of credit sub-facility and a \$20.0 million swingline loan sub-facility. The bridge loan was repaid in July 2012 and is no longer available for borrowing.

The term loans and the revolving credit facility bear interest, at the election of the borrowers, at the base rate (as defined in the Credit Agreement) or LIBOR, plus the applicable interest rate margin for the revolving credit facility. The term A loans and the revolving credit facility initially bore interest at either LIBOR plus 2.75% or at the base rate plus 1.75%, and then will be subject to a step-down at any time SS&C's consolidated net senior secured leverage ratio is less than 3.00 times, to 2.50% in the case of the LIBOR margin, and 1.50% in the case of the base rate margin. The term B loans initially bore interest at either LIBOR plus 4.00% or at base rate plus 3.00%, with LIBOR subject to a 1.00% floor. The initial proceeds of the borrowings under the Credit Agreement were used to satisfy a portion of the consideration required to fund our acquisition of GlobeOp and refinance amounts outstanding under SS&C's prior senior credit facility.

In June 2013, we completed a repricing of our term B-1 loans and term B-2 loans, which replaced these loans with new term B-1 loans and term B-2 loans at the same outstanding principal balance, but at a different interest rate. The applicable interest rates have been reduced to either LIBOR plus 2.75% or the base rate plus 1.75%, and the LIBOR floor has been reduced from 1.00% to 0.75%, subject to a step-down at any time that the consolidated net senior secured leverage ratio is less than 2.75 times, to 2.50% in the case of the LIBOR margin, and 1.50% in the case of the base rate margin. The maturity date of the new loans remains June 8, 2019, and no changes were made to the financial covenants or scheduled amortization.

In February 2014, we completed a repricing of our term A loans, which replaced these loans with new term A loans at the same outstanding principal balance, but at a different interest rate. The applicable interest rates have been reduced to either LIBOR plus 2.0% or the base rate plus 1.0%. The maturity date of the new loans remains December 8, 2017, and no changes were made to the financial accounts or scheduled amortization.

In November 2014, we drew down on the revolving credit facility in the amount of \$75.0 million to fund part of the purchase price of the acquisition of DSTGS. The \$75.0 million in principal amount outstanding under the revolving credit facility was repaid in June 2015.

As of June 30, 2015, there was \$119.2 million in principal amount outstanding under the term A-2 facility, \$318.8 million in principal amount outstanding under the term B-1 facility, \$33.0 million in principal amount outstanding

under the term B-2 facility.

Holdings, SS&C and the material domestic subsidiaries of SS&C have pledged substantially all of their tangible and intangible assets to support the obligations of SS&C and SS&C Sarl under the Credit Agreement. In addition, SS&C Sarl has agreed, in certain circumstances, to cause subsidiaries in foreign jurisdictions to guarantee SS&C Sarl's obligations and pledge substantially all of their assets to support the obligations of SS&C Sarl under the Credit Agreement.

In connection with the acquisition of Advent in July 2015, we entered into \$2.63 billion in aggregate principal amount of new senior secured credit facilities and \$600.0 million in aggregate principal amount of 5.875% senior notes due 2023. A portion of these proceeds was used to repay the credit facility outstanding at June 30, 2015.

## **Table of Contents**

### ***Covenant Compliance***

The Credit Agreement contains customary covenants limiting our ability and the ability of our subsidiaries to, among other things, pay dividends, incur debt or liens, redeem or repurchase equity, enter into transactions with affiliates, make investments, merge or consolidate with others or dispose of assets. In addition, the Credit Agreement contains a financial covenant requiring SS&C to maintain a consolidated net senior secured leverage ratio. As of June 30, 2015, we were in compliance with the financial and non-financial covenants.

The Credit Agreement contains various events of default (including failure to comply with the covenants contained in the Credit Agreement and related agreements) and upon an event of default, the lenders may, subject to various customary cure rights, require the immediate repayment of all amounts outstanding under the term loans, the bridge loans and the revolving credit facility and foreclose on the collateral.

Under the Credit Agreement, we are required to satisfy and maintain a specified financial ratio and other financial condition tests. As of June 30, 2015, we were in compliance with the financial ratios and other financial condition tests. Our continued ability to meet this financial ratio and these tests can be affected by events beyond our control, and we cannot assure you that we will continue to meet this ratio and these tests. A breach of any of these covenants could result in a default under the Credit Agreement. Upon the occurrence of any event of default under the Credit Agreement, the lenders could elect to declare all amounts outstanding under the Credit Agreement to be immediately due and payable and terminate all commitments to extend further credit.

Consolidated EBITDA is a non-GAAP financial measure used in key financial covenants contained in the Credit Agreement. Consolidated EBITDA is defined as earnings before interest, taxes, depreciation and amortization (EBITDA), further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under the Credit Agreement. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA is appropriate to provide additional information to investors to demonstrate compliance with the specified financial ratio and other financial condition tests contained in the Credit Agreement.

Management uses Consolidated EBITDA to gauge the costs of our capital structure on a day-to-day basis when full financial statements are unavailable. Management further believes that providing this information allows our investors greater transparency and a better understanding of our ability to meet our debt service obligations and make capital expenditures.

Any breach of covenants in the Credit Agreement that are tied to ratios based on Consolidated EBITDA could result in a default under that agreement, in which case the lenders could elect to declare all amounts borrowed immediately due and payable and to terminate any commitments they have to provide further borrowings. Any default and subsequent acceleration of payments under the Credit Agreement would have a material adverse effect on our results of operations, financial position and cash flows. Additionally, under the Credit Agreement, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Consolidated EBITDA.

Consolidated EBITDA does not represent net income or cash flow from operations as those terms are defined by generally accepted accounting principles, or GAAP, and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Further, the Credit Agreement requires that Consolidated EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year.

Consolidated EBITDA is not a recognized measurement under GAAP and investors should not consider Consolidated EBITDA as a substitute for measures of our financial performance and liquidity as determined in accordance with GAAP, such as net income, operating income or net cash provided by operating activities. Because other companies may calculate Consolidated EBITDA differently than we do, Consolidated EBITDA may not be comparable to similarly titled measures reported by other companies. Consolidated EBITDA has other limitations as an analytical tool, when compared to the use of net income, which is the most directly comparable GAAP financial measure, including:

Consolidated EBITDA does not reflect the provision of income tax expense in our various jurisdictions;

Consolidated EBITDA does not reflect the significant interest expense we incur as a result of our debt leverage;

Consolidated EBITDA does not reflect any attribution of costs to our operations related to our investments and capital expenditures through depreciation and amortization charges;

Consolidated EBITDA does not reflect the cost of compensation we provide to our employees in the form of stock option awards; and

**Table of Contents**

Consolidated EBITDA excludes expenses that we believe are unusual or non-recurring, but which others may believe are normal expenses for the operation of a business.

The following is a reconciliation of net income to Consolidated EBITDA as defined in our senior credit facility.

|                                      | <b>Three Months Ended June 30,</b> |                  | <b>Six Months Ended June 30,</b> |                   | <b>Twelve Months Ended June 30,</b> |
|--------------------------------------|------------------------------------|------------------|----------------------------------|-------------------|-------------------------------------|
|                                      | <b>2015</b>                        | <b>2014</b>      | <b>2015</b>                      | <b>2014</b>       | <b>2015</b>                         |
| Net income                           | \$ 39,128                          | \$ 27,245        | \$ 65,374                        | \$ 53,693         | \$ 142,808                          |
| Interest expense, net                | 5,419                              | 6,569            | 11,019                           | 13,667            | 22,824                              |
| Income taxes                         | 13,640                             | 11,516           | 23,420                           | 24,309            | 45,638                              |
| Depreciation and amortization        | 26,107                             | 24,896           | 52,103                           | 49,832            | 102,102                             |
| <b>EBITDA</b>                        | <b>84,294</b>                      | <b>70,226</b>    | <b>151,916</b>                   | <b>141,501</b>    | <b>313,372</b>                      |
| Purchase accounting adjustments (1)  | 302                                |                  | 699                              | (27)              | 1,202                               |
| Unusual or non-recurring charges (2) | 1,158                              | 4,570            | 10,250                           | 6,584             | 8,542                               |
| Acquired EBITDA and cost savings (3) | 389                                |                  | 2,156                            |                   | 19,645                              |
| Stock-based compensation             | 4,208                              | 2,795            | 8,314                            | 5,770             | 14,027                              |
| Capital-based taxes                  | (636)                              |                  | (636)                            | 6                 | (636)                               |
| Other (4)                            | 47                                 | 132              | 142                              | 83                | 374                                 |
| <b>Consolidated EBITDA</b>           | <b>\$ 89,762</b>                   | <b>\$ 77,723</b> | <b>\$ 172,841</b>                | <b>\$ 153,917</b> | <b>\$ 356,526</b>                   |

- (1) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisitions and (b) an adjustment to increase rent expense by the amount that would have been recognized if lease obligations were not adjusted to fair value at the date of acquisitions.
- (2) Unusual or non-recurring charges include severance expenses, foreign currency gains and losses, proceeds from legal and other settlements and other one-time expenses, such as expenses associated with acquisitions, facilities and the sale of fixed assets.
- (3) Acquired EBITDA and cost savings reflects the EBITDA impact of significant businesses that were acquired during the period as if the acquisition occurred at the beginning of the period, as well as cost savings enacted in connection with acquisitions.
- (4) Other includes the non-cash portion of straight-line rent expense.

Our covenant requirement for net senior secured leverage ratio and the actual ratio for the six months ended June 30, 2015 are as follows:

|   | <b>Covenant Requirement</b> | <b>Actual Ratio</b> |
|---|-----------------------------|---------------------|
| Maximum consolidated net senior secured leverage to Consolidated EBITDA ratio |                             |                     |
| (1)   | 4.50x                       | 0x                  |



- (1) Calculated as the ratio of consolidated senior secured funded debt, net of cash and cash equivalents, to Consolidated EBITDA, as defined by the Credit Agreement, for the period of four consecutive fiscal quarters ended on the measurement date. Consolidated senior secured funded debt is comprised of indebtedness for borrowed money, notes, bonds or similar instruments, letters of credit, deferred purchase price obligations and capital lease obligations. This covenant is applied at the end of each quarter.

**Recent Accounting Pronouncements**

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. This ASU more closely aligns the treatment of debt issuance costs with debt discounts and premiums and requires debt issuance costs be presented as a direct deduction from the carrying amount of the related debt. The amendments in this ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. We are currently evaluating the potential impact of this ASU on our financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. This ASU establishes specific guidance to an organization's management on their responsibility to evaluate whether there is substantial doubt about the organization's ability to continue as a going concern. The provisions of ASU 2014-15 are effective for interim and annual periods beginning after December 15, 2016. This ASU is not expected to have an impact on our financial position, results of operations or cash flows.

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**Table of Contents**

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 2014-09. The objective of ASU 2014-09 is to clarify the principles for recognizing revenue by removing inconsistencies and weaknesses in revenue requirements; providing a more robust framework for addressing revenue issues; improving comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets; and providing more useful information to users of financial statements through improved revenue disclosure requirements. The guidance was initially effective January 1, 2017 and early adoption was not permitted. In July 2015, the FASB approved a one-year deferral of the effective date to January 1, 2018, with an option of applying the standard on the original effective date. As a result, the provisions of this ASU are now effective for interim and annual periods beginning after December 15, 2017. We are currently evaluating the impact of this standard on our financial position, results of operations and cash flows.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We do not use derivative financial instruments for trading or speculative purposes. We have invested our available cash in short-term, highly liquid financial instruments, having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

At June 30, 2015, we had total variable interest rate debt of \$471.0 million. As of June 30, 2015, a 1% increase in interest rates would result in an increase in interest expense of approximately \$2.6 million per year.

During the six months ended June 30, 2015, approximately 32% of our revenues were from clients located outside the United States. A portion of the revenues from clients located outside the United States is denominated in foreign currencies, the majority being the Canadian dollar. While revenues and expenses of our foreign operations are primarily denominated in their respective local currencies, some subsidiaries do enter into certain transactions in currencies that are different from their local currency. These transactions consist primarily of cross-currency intercompany balances and trade receivables and payables. As a result of these transactions, we have exposure to changes in foreign currency exchange rates that result in foreign currency transaction gains and losses, which we report in other income (expense). These outstanding amounts were not material for the six months ended June 30, 2015. The amount of these balances can fluctuate in the future as we bill customers and buy products or services in currencies other than our functional currency, which could increase our exposure to foreign currency exchange rates. We continue to monitor our exposure to foreign exchange rates as a result of our acquisitions and changes in our operations. We do not enter into any market risk sensitive instruments for trading purposes.

The foregoing risk management discussion and the effect thereof are forward-looking statements. Actual results in the future may differ materially from these projected results due to actual developments in global financial markets. The analytical methods used by us to assess and minimize risk discussed above should not be considered projections of future events or losses.

**Item 4. Controls and Procedures*****Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our chief executive officer and chief financial officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2015. The term disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act, means controls and other

procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2015, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

**Table of Contents**

***Changes in Internal Control Over Financial Reporting***

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended June 30, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

The information regarding certain legal proceedings in which we are involved as set forth in Note 5 Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report on Form 10-Q) is incorporated by reference into this Item 1.

**Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should consider the risks described under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014.

***We may not achieve the anticipated benefits from our acquisitions and may face difficulties in integrating our acquisitions.***

We have acquired and intend in the future to acquire companies, products or technologies that we believe could complement or expand our business, augment our market coverage, enhance our technical capabilities or otherwise offer growth opportunities. Any such acquisitions could be significant. However, acquisitions, including the Advent acquisition, could subject us to contingent or unknown liabilities, and we may have to incur debt or severance liabilities or write off investments, infrastructure costs or other assets. Our success is also dependent on our ability to complete the integration of the operations of acquired businesses in an efficient and effective manner, which may be difficult to accomplish in the rapidly changing financial services software and services industry. We may not realize the benefits we anticipate from acquisitions, such as lower costs, increased revenues, synergies and growth opportunities, or we may realize such benefits more slowly than anticipated, due to our inability to:

combine operations, facilities and differing firm cultures,

maintain employee morale or retain the clients or employees of acquired entities,

generate market demand for new products and services,

coordinate geographically dispersed operations and successfully adapt to the complexities of international operations, including compliance with laws, rules and regulations in multiple jurisdictions,

integrate the technical teams of acquired companies with our engineering organization, or

incorporate acquired technologies, products and services into our current and future product and service lines.

As a result, although we have identified approximately \$45 million in anticipated annual run-rate, pre-tax cost synergies in connection with the Advent acquisition that we expect to achieve by the end of three years from the closing of the Advent acquisition, but there is no guarantee that we will be able to achieve any or all of these cost savings. We expect the cost synergies to be created from operational efficiencies, integration of our business support functions, reduction in facility costs and elimination of public company expenses.

The process of integrating the operations of Advent and other acquired companies could disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and harm our business or financial results. The Advent acquisition and other acquisitions may also place a significant strain on our administrative, operational, financial and other resources. In addition, certain of our acquisitions have generated disputes with stockholders or management of acquired companies that have required the expenditure of our resources to address or have led to litigation; any such disputes may reduce the value we hope to realize from our acquisitions, either by increasing our costs of the acquisition, reducing our opportunities to realize revenues from the acquisition or imposing litigation costs or adverse judgments on us. Acquisitions may also expose us to litigation from our stockholders arising out of the acquisition, which, even if unsuccessful, could be costly to defend and serve as a distraction to management.

**Table of Contents**

**Item 6. Exhibits**

The exhibits listed in the Exhibit Index immediately preceding such exhibits are filed as part of this Report.

**Table of Contents**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SS&C TECHNOLOGIES HOLDINGS, INC.

By: /s/ Patrick J. Pedonti  
Patrick J. Pedonti  
Senior Vice President and Chief Financial Officer  
(Duly Authorized Officer, Principal Financial and  
Accounting Officer)

Date: July 29, 2015

**Table of Contents****EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description of Exhibit</b>   |
|---------------------------|---|
| 3.1                       | Amended and Restated Certificate of Incorporation, dated March 30, 2015 is incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q, filed on May 1, 2015 ( (File No. 001-34675)  |
| 3.2                       | Amended and Restated By-laws of the Registrant is incorporated by reference to Exhibit 3.4 to the Registrant's Registration Statement on Form S-1, as amended (File No. 333-164043)   |
| 10.1                      | First Amended and Restated Employment Agreement, dated March 31, 2015, between SS&C Technologies Holdings, Inc. and William C. Stone is incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed on April 1, 2015 ( (File No. 001-34675)                                     |
| 31.1                      | Certifications of the Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  |
| 31.2                      | Certifications of the Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  |
| 32                        | Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished and not filed for purposes of sections 11 or 12 of the Securities Act and section 18 of the Exchange Act) |
| 101.INS                   | XBRL Instance Document.*  |
| 101.SCH                   | XBRL Taxonomy Extension Schema Document.*   |
| 101.CAL                   | XBRL Taxonomy Calculation Linkbase Document.*   |
| 101.LAB                   | XBRL Taxonomy Label Linkbase Document.*   |
| 101.PRE                   | XBRL Taxonomy Presentation Linkbase Document.*  |
| 101.DEF                   | XBRL Taxonomy Extension Definition Linkbase Document.*  |

\* submitted electronically herewith

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2015 and December 31, 2014, (ii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014, (iii) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014 and (iv) Notes to Condensed Consolidated Financial Statements.