

Western Union CO
Form 10-Q
May 06, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2013

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: 001-32903

THE WESTERN UNION COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE

(State or Other Jurisdiction of
Incorporation or Organization)

20-4531180

(I.R.S. Employer
Identification No.)

12500 EAST BELFORD AVENUE

ENGLEWOOD, CO

(Address of Principal Executive Offices)

80112

(Zip Code)

Registrant's telephone number, including area code (866) 405-5012

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.

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

As of April 30, 2013, 557,111,446 shares of our common stock were outstanding.

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FINANCIAL INFORMATION

Item 1. Financial Statements

THE WESTERN UNION COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(in millions, except per share amounts)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2013 | 2012 |
| Revenues: | | |
| Transaction fees | \$978.0 | \$1,040.9 |
| Foreign exchange revenues | 312.4 | 322.6 |
| Other revenues | 35.0 | 29.9 |
| Total revenues | 1,325.4 | 1,393.4 |
| Expenses: | | |
| Cost of services | 759.4 | 783.0 |
| Selling, general and administrative | 269.1 | 277.9 |
| Total expenses | 1,028.5 | 1,060.9 |
| Operating income | 296.9 | 332.5 |
| Other income/(expense): | | |
| Interest income | 0.4 | 1.5 |
| Interest expense | (48.9 |) (44.4 |
| Derivative gains, net | 0.5 | 1.6 |
| Other income/(expense), net | 1.3 | (1.1 |
| Total other expense, net | (46.7 |) (42.4 |
| Income before income taxes | 250.2 | 290.1 |
| Provision for income taxes | 38.2 | 42.8 |
| Net income | \$212.0 | \$247.3 |
| Earnings per share: | | |
| Basic | \$0.37 | \$0.40 |
| Diluted | \$0.37 | \$0.40 |
| Weighted-average shares outstanding: | | |
| Basic | 567.6 | 619.1 |
| Diluted | 569.7 | 621.9 |
| Cash dividends declared per common share | \$0.125 | \$0.10 |

See Notes to Condensed Consolidated Financial Statements.

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THE WESTERN UNION COMPANY
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)
 (in millions)

| | Three Months Ended March 31, | | |
|---|---------------------------------|---------|---|
| | 2013 | 2012 | |
| Net income | \$212.0 | \$247.3 | |
| Other comprehensive income/(loss), net of tax (Note 8): | | | |
| Unrealized gains/(losses) on investment securities | (0.9 |) 2.8 | |
| Unrealized gains/(losses) on hedging activities | 20.4 | (21.2 |) |
| Foreign currency translation adjustments | (3.1 |) 2.8 | |
| Defined benefit pension plan adjustments | 2.5 | 1.6 | |
| Total other comprehensive income/(loss) | 18.9 | (14.0 |) |
| Comprehensive income | \$230.9 | \$233.3 | |

See Notes to Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in millions, except per share amounts)

| | March 31, 2013 | December 31, 2012 |
|---|-------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$1,417.1 | \$1,776.5 |
| Settlement assets | 3,319.2 | 3,114.6 |
| Property and equipment, net of accumulated depreciation of \$402.2 and \$384.5, respectively | 198.7 | 196.1 |
| Goodwill | 3,178.5 | 3,179.7 |
| Other intangible assets, net of accumulated amortization of \$562.3 and \$519.7, respectively | 863.3 | 878.9 |