

Huron Consulting Group Inc.
Form 10-Q
July 28, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

Commission file number: 000-50976

HURON CONSULTING GROUP INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
550 West Van Buren Street
Chicago, Illinois
60607

(Address of principal executive offices)

(Zip Code)

(312) 583-8700

(Registrant's telephone number, including area code)

01-0666114
(IRS Employer
Identification Number)

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.

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Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

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

As of July 21, 2015, 22,942,006 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTSHURON CONSULTING GROUP INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,828	\$ 256,872
Receivables from clients, net	118,013	98,640
Unbilled services, net	96,248	91,392
Income tax receivable	5,067	8,125
Deferred income taxes, net	13,481	14,772
Prepaid expenses and other current assets	20,598	16,358
Total current assets	270,235	486,159
Property and equipment, net	49,098	44,677
Long-term investment	22,050	12,250
Other non-current assets	25,589	20,998
Intangible assets, net	110,428	24,684
Goodwill	807,107	567,146
Total assets	\$ 1,284,507	\$ 1,155,914
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 8,773	\$ 11,085
Accrued expenses	21,606	17,315
Accrued payroll and related benefits	58,932	106,488
Current maturities of long-term debt	—	28,750
Deferred revenues	23,828	12,738
Total current liabilities	113,139	176,376
Non-current liabilities:		
Deferred compensation and other liabilities	16,526	10,838
Long-term debt, net of current portion	467,630	327,852
Deferred lease incentives	13,308	13,359
Deferred income taxes, net	47,893	26,855
Total non-current liabilities	545,357	378,904
Commitments and contingencies		
Stockholders' equity		
Common stock; \$0.01 par value; 500,000,000 shares authorized; 25,135,647 and 24,976,395 shares issued at June 30, 2015 and December 31, 2014, respectively	243	241
Treasury stock, at cost, 2,189,815 and 2,097,173 shares at June 30, 2015 and December 31, 2014, respectively	(100,205)	(94,074)
Additional paid-in capital	449,091	442,308
Retained earnings	275,149	254,814

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Accumulated other comprehensive income (loss)	1,733	(2,655)
Total stockholders' equity	626,011	600,634
Total liabilities and stockholders' equity	\$1,284,507	\$1,155,914

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

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HURON CONSULTING GROUP INC.
CONSOLIDATED STATEMENTS OF EARNINGS AND OTHER COMPREHENSIVE INCOME
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues and reimbursable expenses:				
Revenues	\$223,644	\$209,405	\$411,497	\$420,136
Reimbursable expenses	21,389	21,141	38,544	40,244
Total revenues and reimbursable expenses	245,033	230,546	450,041	460,380
Direct costs and reimbursable expenses (exclusive of depreciation and amortization shown in operating expenses):				
Direct costs	125,490	124,289	250,491	247,899
Amortization of intangible assets and software development costs	4,969	1,290	7,481	2,391
Reimbursable expenses	21,470	20,899	38,723	40,330
Total direct costs and reimbursable expenses	151,929	146,478	296,695	290,620
Operating expenses and other operating (gains) losses:				
Selling, general and administrative expenses	46,665	43,184	88,998	80,872
Restructuring charges	597	1,034	2,187	1,163
Litigation and other (gains) losses	750	(440)	524	(440)
Depreciation and amortization	9,000	6,267	16,777	12,323
Total operating expenses and other operating (gains) losses	57,012	50,045	108,486	93,918
Operating income	36,092	34,023	44,860	75,842
Other income (expense), net:				
Interest expense, net of interest income	(4,764)	(1,594)	(9,158)	(2,965)
Other income (expense), net	167	169	(560)	345
Total other expense, net	(4,597)	(1,425)	(9,718)	(2,620)
Income before income tax expense	31,495	32,598	35,142	73,222
Income tax expense	12,662	12,685	14,807	19,183
Net income	\$18,833	\$19,913	\$20,335	\$54,039
Earnings per share:				
Basic	\$0.85	\$0.88	\$0.92	\$2.39
Diluted	\$0.83	\$0.86	\$0.90	\$2.34
Weighted average shares used in calculating earnings per share:				
Basic	22,220	22,645	22,174	22,617
Diluted	22,654	23,098	22,628	23,092
Comprehensive income:				
Net income	\$18,833	\$19,913	\$20,335	\$54,039
Foreign currency translation gain, net of tax	850	498	414	392
Unrealized gain on investment, net of tax	4,185	—	4,135	—
Unrealized gain (loss) on cash flow hedging instruments, net of tax	48	(156)	(161)	(180)
Other comprehensive income	5,083	342	4,388	212
Comprehensive income	\$23,916	\$20,255	\$24,723	\$54,251

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

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HURON CONSULTING GROUP INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Other Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2014	24,115,593	\$241	(2,109,316)	\$(94,074)	\$442,308	\$254,814	\$(2,655)	\$600,634
Comprehensive income						20,335	4,388	24,723
Issuance of common stock in connection with: Restricted stock awards, net of cancellations	363,922	4	(24,568)	(1,481)	1,477			—
Business acquisition	28,486	—			2,204			2,204
Share-based compensation					13,796			13,796
Shares redeemed for employee tax withholdings			(69,221)	(4,650)				(4,650)
Income tax benefit on share-based compensation					2,802			2,802
Share repurchases	(217,279)	(2)			(13,496)			(13,498)
Balance at June 30, 2015	24,290,722	\$243	(2,203,105)	\$(100,205)				