

FAIR ISAAC CORP  
Form 10-Q  
July 26, 2018  
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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, 2018

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 1-11689

Fair Isaac Corporation  
(Exact name of registrant as specified in its charter)

Delaware 94-1499887  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

181 Metro Drive, Suite 700 95110-1346  
San Jose, California  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: 408-535-1500

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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):  
Large Accelerated Filer  Accelerated Filer

Non-Accelerated Filer  Smaller Reporting Company

Emerging Growth Company

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The number of shares of common stock outstanding on July 13, 2018 was 29,144,337 (excluding 59,712,446 shares held by us as treasury stock).

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## FAIR ISAAC CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2018	September 30, 2017
	(In thousands, except par value data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 119,929	\$ 105,618
Accounts receivable, net	182,419	168,586
Prepaid expenses and other current assets	32,944	36,727
Total current assets	335,292	310,931
Marketable securities	16,930	13,791
Other investments	11,711	11,724
Property and equipment, net	51,517	40,703
Goodwill	802,041	804,414
Intangible assets, net	16,079	21,185
Deferred income taxes	40,536	47,204
Other assets	12,964	5,668
Total assets	\$ 1,287,070	\$ 1,255,620
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 25,509	\$ 19,510
Accrued compensation and employee benefits	75,218	77,610
Other accrued liabilities	33,899	32,104
Deferred revenue	60,587	55,431
Current maturities on debt	202,000	142,000
Total current liabilities	397,213	326,655
Long-term debt	556,713	462,801
Other liabilities	38,500	39,627
Total liabilities	992,426	829,083
Commitments and contingencies		
Stockholders' equity:		
Preferred stock (\$0.01 par value; 1,000 shares authorized; none issued and outstanding)	—	—
Common stock (\$0.01 par value; 200,000 shares authorized, 88,857 shares issued and 29,317 and 30,243 shares outstanding at June 30, 2018 and September 30, 2017, respectively)	293	302
Paid-in-capital	1,192,322	1,195,431
Treasury stock, at cost (59,540 and 58,614 shares at June 30, 2018 and September 30, 2017, respectively)	(2,515,207	) (2,301,097
Retained earnings	1,690,330	1,598,395
Accumulated other comprehensive loss	(73,094	) (66,494
Total stockholders' equity	294,644	426,537
Total liabilities and stockholders' equity	\$ 1,287,070	\$ 1,255,620

See accompanying notes.



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FAIR ISAAC CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
 (Unaudited)

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands, except per share data)			
Revenues:				
Transactional and maintenance	\$195,491	\$166,695	\$565,348	\$481,604
Professional services	43,209	43,871	131,913	128,698
License	20,805	20,420	55,423	68,662
Total revenues	259,505	230,986	752,684	678,964
Operating expenses:				
Cost of revenues *	78,390	69,793	231,268	211,921
Research and development	32,483	27,839	93,976	80,644
Selling, general and administrative *	98,685	84,089	286,038	255,534
Amortization of intangible assets *	1,571	3,365	5,043	9,997
Restructuring and acquisition-related	—	4,471	—	4,471
Total operating expenses	211,129	189,557	616,325	562,567
Operating income	48,376	41,429	136,359	116,397
Interest expense, net	(8,223	)		