

UNISYS CORP
Form 10-Q
October 27, 2011

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 September 30, 2011

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 1-8729

UNISYS CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

38-0387840
(I.R.S. Employer
Identification No.)

801 Lakeview Drive, Suite 100

Blue Bell, Pennsylvania
(Address of principal executive offices)

19422
(Zip Code)

Registrant's telephone number, including area code: (215) 986-4011

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 (sec. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

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

Number of shares of Common Stock outstanding as of September 30, 2011: 43,337,841.

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

UNISYS CORPORATION

CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	September 30, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 667.3	\$ 828.3
Accounts and notes receivable, net	696.0	789.7
Inventories:		
Parts and finished equipment	35.8	44.8
Work in process and materials	30.7	44.1
Deferred income taxes	31.6	40.7
Prepaid expenses and other current assets	101.2	127.8
Total	1,562.6	1,875.4
Properties	1,293.2	1,339.0
Less-Accumulated depreciation and amortization	1,093.4	1,119.3
Properties, net	199.8	219.7
Outsourcing assets, net	143.2	162.3
Marketable software, net	129.7	143.8
Prepaid postretirement assets	35.4	31.2
Deferred income taxes	151.0	179.6
Goodwill	193.9	197.9
Other long-term assets	151.3	211.0
Total	\$ 2,566.9	\$ 3,020.9
Liabilities and stockholders' deficit		
Current liabilities		
Current maturities of long-term debt	\$.9	\$.8
Accounts payable	236.1	260.7
Deferred revenue	431.2	556.3
Other accrued liabilities	429.7	518.9
Total	1,097.9	1,336.7
Long-term debt	444.4	823.2
Long-term postretirement liabilities	1,388.8	1,509.2
Long-term deferred revenue	129.0	149.4
Other long-term liabilities	101.3	136.2
Commitments and contingencies		
Stockholders' deficit		
6.25% mandatory convertible preferred stock, net of issuance costs, shares issued: 2011; 2.6, 2010; 0	249.7	

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Common stock, shares issued: 2011; 43.7, 2010; 42.9	.4	.4
Accumulated deficit	(2,134.9)	(2,170.6)
Treasury stock, shares at cost: 2011; .3, 2010; .3	(48.0)	(46.0)
Paid-in capital	4,222.1	4,207.2
Accumulated other comprehensive loss	(2,894.8)	(2,928.3)
Total Unisys stockholders' deficit	(605.5)	(937.3)
Noncontrolling interests	11.0	3.5
Total stockholders' deficit	(594.5)	(933.8)
Total	\$ 2,566.9	\$ 3,020.9

See notes to consolidated financial statements.

UNISYS CORPORATION

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Millions, except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
Revenue				
Services	\$ 876.3	\$ 855.2	\$ 2,519.3	\$ 2,597.7
Technology	143.8	105.4	349.2	377.3
	1,020.1	960.6	2,868.5	2,975.0
Costs and expenses				
Cost of revenue:				
Services	680.0	675.9	2,010.6	2,070.5
Technology	55.3	47.3	151.2	143.9
	735.3	723.2	2,161.8	2,214.4
Selling, general and administrative	153.3	142.4	446.5	458.7
Research and development	18.5	18.9	57.2	60.8
	907.1	884.5	2,665.5	2,733.9
Operating profit	113.0	76.1	203.0	241.1
Interest expense	12.5	25.0	51.7	76.8
Other income (expense), net	16.6	(.2)	(56.6)	(44.6)
Income from continuing operations before income taxes	117.1	50.9	94.7	119.7
Provision for income taxes	33.4	28.2	52.4	52.7
Consolidated income before discontinued operations	83.7	22.7	42.3	67.0
Income from discontinued operations, net of tax		6.5		73.2
Net income	83.7	29.2	42.3	140.2
Less: Net income attributable to noncontrolling interests	1.0	.9	6.6	3.3
Less: Preferred stock dividends	4.1		9.5	
Net income attributable to Unisys Corporation common shareholders	\$ 78.6	\$ 28.3	\$ 26.2	\$ 136.9
Amounts attributable to Unisys Corporation common shareholders				
Income from continuing operations, net of tax	\$ 78.6	\$ 21.8	\$ 26.2	\$ 63.7
Income from discontinued operations, net of tax		6.5		73.2
Net income attributable to Unisys Corporation common shareholders	\$ 78.6	\$ 28.3	\$ 26.2	\$ 136.9
Earnings per common share attributable to Unisys Corporation				
Basic				
Continuing operations	\$ 1.82	\$.51	\$.61	\$ 1.50

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Discontinued operations			.15		1.72
Total	\$	1.82	\$.66	\$.61 \$ 3.22
Diluted					
Continuing operations	\$	1.63	\$.50	\$.60 \$ 1.47
Discontinued operations			.15		1.69
Total	\$	1.63	\$.65	\$.60 \$ 3.16

See notes to consolidated financial statements.

UNISYS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Millions)

	Nine Months Ended September 30	
	2011	2010
Cash flows from operating activities		
Consolidated net income before discontinued operations	\$ 42.3	\$ 67.0
Income from discontinued operations, net of tax		73.2
Add (deduct) items to reconcile consolidated net income to net cash provided by operating activities:		
Foreign currency transaction losses		19.9
Loss on debt extinguishment	77.6	1.4
Employee stock compensation		