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Lazard Ltd
Form 10-Q
July 31, 2018

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

OR

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

For the transition period from _____ to _____

001-32492

(Commission File Number)

LAZARD LTD

(Exact name of registrant as specified in its charter)

Bermuda
(State or Other Jurisdiction of Incorporation (I.R.S. Employer Identification No.)
or Organization)

98-0437848

Clarendon House

2 Church Street

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Hamilton HM11, Bermuda

(Address of principal executive offices)

Registrant's telephone number: (441) 295-1422

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 Website, 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, a smaller reporting company, or an emerging growth company. See the 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

If the Registrant is 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.

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 July 20, 2018, there were 129,766,091 shares of the Registrant's Class A common stock outstanding (including 10,044,295 shares held by subsidiaries).

TABLE OF CONTENTS

When we use the terms “Lazard”, “we”, “us”, “our” and “the Company”, we mean Lazard Ltd, a company incorporated under the laws of Bermuda, and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company (“Lazard Group”), that is the current holding company for our businesses. Lazard Ltd’s primary operating asset is its indirect ownership as of June 30, 2018 of all of the common membership interests in Lazard Group and its controlling interest in Lazard Group.

	Page
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	1
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	39
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	67
<u>Item 4. Controls and Procedures</u>	67
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	68
<u>Item 1A. Risk Factors</u>	68
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	68
<u>Item 3. Defaults Upon Senior Securities</u>	69
<u>Item 4. Mine Safety Disclosures</u>	69
<u>Item 5. Other Information</u>	69
<u>Item 6. Exhibits</u>	70
<u>Signatures</u>	73

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

	Page
<u>Condensed Consolidated Statements of Financial Condition as of June 30, 2018 and December 31, 2017</u>	2
<u>Condensed Consolidated Statements of Operations for the three month and six month periods ended June 30, 2018 and 2017</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income for the three month and six month periods ended June 30, 2018 and 2017</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the six month periods ended June 30, 2018 and 2017</u>	6
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity for the six month periods ended June 30, 2018 and 2017</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	9

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

JUNE 30, 2018 AND DECEMBER 31, 2017

(UNAUDITED)

(dollars in thousands, except for per share data)

	June 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$845,167	\$ 1,483,836
Deposits with banks and short-term investments	1,000,662	935,431
Cash deposited with clearing organizations and other segregated cash	37,089	35,539
Receivables (net of allowance for doubtful accounts of \$34,956 and \$23,746 at June 30, 2018 and December 31, 2017, respectively):		
Fees	610,488	487,800
Customers and other	103,909	83,816
Investments	714,397	571,616
Property (net of accumulated amortization and depreciation of \$325,012 and \$317,827 at June 30, 2018 and December 31, 2017, respectively)	505,194	427,186
Goodwill and other intangible assets (net of accumulated amortization of \$64,681 and \$63,099 at June 30, 2018 and December 31, 2017, respectively)	216,183	205,301
Deferred tax assets	382,360	391,364
Other assets	618,455	650,260
Total Assets	308,485	228,144
	\$4,627,992	\$ 4,928,677

See notes to condensed consolidated financial statements.

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

JUNE 30, 2018 AND DECEMBER 31, 2017

(UNAUDITED)

(dollars in thousands, except for per share data)

	June 30, 2018	December 31, 2017
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits and other customer payables	\$1,055,244	\$ 992,338
Accrued compensation and benefits	403,495	593,781
Senior debt	1,191,277	1,190,383
Tax receivable agreement obligation	277,163	310,275
Deferred tax liabilities	7,184	9,407
Other liabilities	580,525	573,588
Total Liabilities	3,514,888	3,669,772
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$.01 per share; 15,000,000 shares authorized:		
Series A - no shares issued and outstanding	-	-
Series B - no shares issued and outstanding	-	-
Common stock:		
Class A, par value \$.01 per share (500,000,000 shares authorized;		
129,766,091 shares issued at June 30, 2018 and December 31, 2017,		
including shares held by subsidiaries as indicated below)	1,298	1,298
Additional paid-in-capital	652,013	788,140
Retained earnings	1,092,381	1,080,413
Accumulated other comprehensive loss, net of tax	(253,499)	(232,518)
	1,492,193	1,637,333
Class A common stock held by subsidiaries, at cost (9,719,895 and 10,747,142		
shares at June 30, 2018 and December 31, 2017, respectively)	(437,031)	(437,530)
Total Lazard Ltd Stockholders' Equity	1,055,162	1,199,803
Noncontrolling interests	57,942	59,102
Total Stockholders' Equity	1,113,104	1,258,905
Total Liabilities and Stockholders' Equity	\$4,627,992	\$ 4,928,677

See notes to condensed consolidated financial statements.

3

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

(UNAUDITED)

(dollars in thousands, except for per share data)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2018	2017	2018	2017
REVENUE				
Investment banking and other advisory fees	\$421,444	\$410,275	\$830,170	\$745,191
Asset management fees	335,891	293,879	673,987	566,803
Interest income	2,138	1,609	4,848	3,263
Other	12,055	24,183	30,728	52,109
Total revenue	771,528	729,946	1,539,733	