

INTL FCSTONE INC.
Form 10-Q
February 07, 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 December 31, 2017

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 000-23554

INTL FCStone Inc.

(Exact name of registrant as specified in its charter)

Delaware 59-2921318

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

708 Third Avenue, Suite 1500

New York, NY 10017

(Address of principal executive offices) (Zip Code)

(212) 485-3500

(Registrant's telephone number, including area code)

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 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

Emerging growth company

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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.

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 February 5, 2018, there were 18,844,502 shares of the registrant's common stock outstanding.

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INTL FCStone Inc.

Quarterly Report on Form 10-Q for the Quarterly Period Ended December 31, 2017

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INTL FCStone Inc.

Condensed Consolidated Balance Sheets
(Unaudited)

(in millions, except par value and share amounts)	December 31, 2017	September 30, 2017
ASSETS		
Cash and cash equivalents	\$ 321.8	\$ 314.9
Cash, securities and other assets segregated under federal and other regulations (including \$16.5 and \$54.5 at fair value at December 31, 2017 and September 30, 2017, respectively)	464.4	518.8
Collateralized transactions:		
Securities purchased under agreements to resell	559.5	406.6
Securities borrowed	95.7	86.6
Deposits with and receivables from broker-dealers, clearing organizations and counterparties (including \$53.7 and \$204.7 at fair value at December 31, 2017 and September 30, 2017, respectively)	2,628.2	2,625.1
Receivables from customers, net	254.4	232.7
Notes receivable	10.6	10.6
Income taxes receivable	0.5	0.4
Financial instruments owned, at fair value (includes securities pledged as collateral that can be sold or repledged of \$3.4 and \$19.4 at December 31, 2017 and September 30, 2017, respectively)	2,055.9	1,731.8
Physical commodities inventory, net (including \$142.7 and \$73.2 at fair value at December 31, 2017 and September 30, 2017, respectively)	244.7	124.8
Deferred income taxes, net	22.9	42.6
Property and equipment, net	40.3	38.7
Goodwill and intangible assets, net	57.6	59.4
Other assets	52.4	50.4
Total assets	\$ 6,808.9	\$ 6,243.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities (including \$1.0 at fair value at September 30, 2017)	\$ 111.5	\$ 135.6
Payables to:		
Customers	3,063.8	3,072.9
Broker-dealers, clearing organizations and counterparties (including \$1.1 and \$4.8 at fair value at December 31, 2017 and September 30, 2017, respectively)	197.1	125.7
Lenders under loans	422.9	230.2
Income taxes payable	7.9	7.3
Collateralized transactions:		
Securities sold under agreements to repurchase	1,650.4	1,393.1
Securities loaned	108.8	111.1
Financial instruments sold, not yet purchased, at fair value	803.3	717.6
Total liabilities	6,365.7	5,793.5
Commitments and contingencies (Note 11)		
Stockholders' Equity:	—	—

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Preferred stock, \$0.01 par value. Authorized 1,000,000 shares; no shares issued or outstanding		
Common stock, \$0.01 par value. Authorized 30,000,000 shares; 20,931,720 issued and 18,809,763 outstanding at December 31, 2017 and 20,855,243 issued and 18,733,286 outstanding at September 30, 2017	0.2	0.2
Common stock in treasury, at cost - 2,121,957 shares at December 31, 2017 and September 30, 2017	(46.3) (46.3)
Additional paid-in capital	261.4	259.0
Retained earnings	254.6	261.5
Accumulated other comprehensive loss, net	(26.7) (24.5)
Total stockholders' equity	443.2	449.9
Total liabilities and stockholders' equity	\$ 6,808.9	\$ 6,243.4
See accompanying notes to condensed consolidated financial statements.		

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INTL FCStone Inc.
 Condensed Consolidated Income Statements
 (Unaudited)

	Three Months Ended December 31,	
(in millions, except share and per share amounts)	2017	2016
Revenues:		
Sales of physical commodities	\$7,714.4	\$5,896.0
Trading gains, net	85.8	83.0
Commission and clearing fees	77.8	69.2
Consulting, management, and account fees	16.6	15.7
Interest income	24.0	10.4
Other income	—	0.1
Total revenues	7,918.6	6,074.4
Cost of sales of physical commodities	7,706.0	5,888.9
Operating revenues	212.6	185.5
Transaction-based clearing expenses	36.9	33.6
Introducing broker commissions	31.1	28.7
Interest expense	14.3	8.9
Net operating revenues	130.3	114.3
Compensation and other expenses:		
Compensation and benefits	77.2	70.6