

TERADATA CORP /DE/  
Form 10-Q  
May 08, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended March 31, 2015  
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 001-33458

TERADATA CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware 75-3236470  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

10000 Innovation Drive  
Dayton, Ohio 45342  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (866) 548-8348

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 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.

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

At April 30, 2015, the registrant had approximately 142.0 million shares of common stock outstanding.

TABLE OF CONTENTS  
PART I—FINANCIAL INFORMATION

Description	Page
Item 1. Financial Statements.	
<u>Condensed Consolidated Statements of Income (Unaudited) Three Months Ended March 31, 2015 and 2014.</u>	<u>3</u>
<u>Condensed Consolidated Statements of Comprehensive (Loss) Income (Unaudited) Three Months Ended March 31, 2015 and 2014.</u>	<u>4</u>
<u>Condensed Consolidated Balance Sheets (Unaudited) March 31, 2015 and December 31, 2014.</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) Three Months Ended March 31, 2015 and 2014.</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited).</u>	<u>7</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>14</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>21</u>
Item 4. <u>Controls and Procedures.</u>	<u>22</u>

PART II—OTHER INFORMATION

Description	Page
Item 1. <u>Legal Proceedings.</u>	<u>22</u>
Item 1A. <u>Risk Factors.</u>	<u>22</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	<u>22</u>
Item 3. <u>Defaults Upon Senior Securities.</u>	<u>23</u>
Item 4. <u>Mine Safety Disclosures.</u>	<u>23</u>
Item 5. <u>Other Information.</u>	<u>23</u>
Item 6. <u>Exhibits.</u>	<u>24</u>
<u>Signatures.</u>	<u>25</u>



## Part 1—FINANCIAL INFORMATION

## Item 1. Financial Statements.

## Teradata Corporation

## Condensed Consolidated Statements of Income (Unaudited)

In millions, except per share amounts	Three Months Ended	
	March 31,	
	2015	2014
Revenue		
Product revenue	\$241	\$273
Service revenue	341	355
Total revenue	582	628
Costs and operating expenses		
Cost of products	109	92
Cost of services	196	203
Selling, general and administrative expenses	184	188
Research and development expenses	63	56
Total costs and operating expenses	552	539
Income from operations	30	89
Other expense, net	—	(7
Income before income taxes	30	82
Income tax expense	8	23
Net income	\$22	\$59
Net income per weighted average common share		
Basic	\$0.15	\$0.37
Diluted	\$0.15	\$0.37
Weighted average common shares outstanding		
Basic	145.2	158.4
Diluted	147.7	160.9

See Notes to Condensed Consolidated Financial Statements (Unaudited).

## Teradata Corporation

## Condensed Consolidated Statements of Comprehensive (Loss) Income (Unaudited)

In millions	Three Months Ended		
	March 31,		
	2015	2014	
Net income	\$22	\$59	
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(31	) (1	)
Securities:			
Unrealized loss on securities, before tax	(9	) —	
Unrealized loss on securities, tax portion	3	—	
Unrealized loss on securities, net of tax	(6	) —	
Defined benefit plans:			
Defined benefit plan adjustment, before tax	2	—	
Defined benefit plan adjustment, tax portion	—	—	
Defined benefit plan adjustment, net of tax	2	—	
Other comprehensive loss	(35	) (1	)
Comprehensive (loss) income	\$(13	) \$58	

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation  
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	March 31, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$881	\$834
Accounts receivable, net	583	619
Inventories	42	38
Other current assets	85	81
Total current assets	1,591	1,572
Property and equipment, net	162	159
Capitalized software, net	197	199
Goodwill	924	948
Acquired intangible assets, net	122	136
Deferred income taxes	19	20
Other assets	88	98
Total assets	\$3,103	\$3,132
Liabilities and stockholders' equity		
Current liabilities		
Current portion of long-term debt	\$7	\$53
Short-term borrowings	—	220
Accounts payable	148	126
Payroll and benefits liabilities	119	