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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 October 19, 2018, there were 42,660,038 shares of the Company's common stock, no par value, outstanding.

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MORNINGSTAR, INC. AND SUBSIDIARIES
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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

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and Subsidiaries

Unaudited Condensed Consolidated Statements of Income

(in millions, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Revenue	\$261.3	\$229.9	\$757.2	\$668.6
Operating expense:				
Cost of revenue	100.0	90.9	302.2	283.2
Sales and marketing	35.8	31.1	113.7	100.2
General and administrative	35.4	33.3	103.6	93.2
Depreciation and amortization	24.7	21.8	71.2	64.8
Total operating expense	195.9	177.1	590.7	541.4
Operating income	65.4	52.8	166.5	127.2
Non-operating income (expense), net:				
Interest expense, net	(0.2)	(0.9)	(1.2)	(2.6)
Gain on sale of investments, reclassified from other comprehensive income	0.3	0.3	0.9	1.1
Gain on sale of business	—	—	—	17.5
Gain on sale of product line	—	—	10.5	—
Gain on sale of equity investments	5.6	—	5.6	—
Other income (expense), net	1.6	(1.4)	2.2	(4.0)
Non-operating income (expense), net	7.3	(2.0)	18.0	12.0
Income before income taxes and equity in net income (loss) of unconsolidated entities	72.7	50.8	184.5	139.2
Equity in net income (loss) of unconsolidated entities	0.3	—	(1.6)	(1.0)
Income tax expense	16.1	16.9	42.3	40.2
Consolidated net income	\$56.9	\$33.9	\$140.6	\$98.0
Net income per share:				
Basic	\$1.33	\$0.80	\$3.30	\$2.29
Diluted	\$1.32	\$0.79	\$3.27	\$2.28
Dividends per common share:				
Dividends declared per common share	\$—	\$—	\$0.50	\$0.46
Dividends paid per common share	\$0.25	\$0.23	\$0.75	\$0.69
Weighted average shares outstanding:				
Basic	42.6	42.5	42.6	42.8
Diluted	43.1	42.8	43.0	43.1

See notes to unaudited condensed consolidated financial statements.

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Morningstar, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Consolidated net income	\$56.9	\$33.9	\$140.6	\$98.0
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(6.1)	10.0	(20.2)	29.9
Unrealized gains (losses) on securities, net of tax:				
Unrealized holding gains arising during period	0.5	0.9	0.8	3.5
Reclassification gains included in net income	(0.2)	(0.3)	(0.7)	(0.8)
Other comprehensive (loss) income	(5.8)	10.6	(20.1)	32.6
Comprehensive income	\$51.1	\$44.5	\$120.5	\$130.6

See notes to unaudited condensed consolidated financial statements.

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Condensed Consolidated Balance Sheets

(in millions, except share amounts)	As of September 30, 2018 (unaudited)	As of December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 323.0	\$ 308.2
Investments	43.7	45.1
Accounts receivable, less allowance of \$4.5 and \$3.2, respectively	172.4	148.2
Income tax receivable	7.8	—
Deferred commissions	14.2	—
Other current assets	22.8	28.3
Total current assets	583.9	529.8
Property, equipment, and capitalized software, less accumulated depreciation and amortization of \$333.1 and \$284.7, respectively	144.5	147.4
Investments in unconsolidated entities	58.4	62.0
Goodwill	559.2	564.9
Intangible assets, net	79.3	95.4
Deferred commissions, non-current	9.8	—
Other assets	4.4	6.2
Total assets	\$ 1,439.5	\$ 1,405.7
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 42.5	\$ 49.2
Accrued compensation	85.6	92.0
Deferred revenue	189.0	171.3
Other current liabilities	4.2	10.7
Total current liabilities	321.3	323.2
Accrued compensation	11.9	11.7
Deferred tax liability, net	30.2	23.6
Long-term debt	90.0	180.0
Deferred rent	25.3	26.9
Deferred revenue, non-current	14.6	14.2
Other long-term liabilities	18.6	21.2
Total liabilities	511.9	600.8
Equity:		
Morningstar, Inc. shareholders' equity:		
Common stock, no par value, 200,000,000 shares authorized, of which 42,670,728 and 42,547,707 shares were outstanding as of September 30, 2018 and December 31, 2017, respectively	—	—
Treasury stock at cost, 10,728,410 and 10,633,637 shares as of September 30, 2018 and December 31, 2017, respectively	(717.0) (708.2)
Additional paid-in capital	616.3	601.0

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Retained earnings	1,095.0	958.7
Accumulated other comprehensive loss:		
Currency translation adjustment	(68.1)	(47.9)
Unrealized gain on available-for-sale investments	1.4	1.3
Total accumulated other comprehensive loss	(66.7)	(46.6)
Total equity	927.6	804.9
Total liabilities and equity	\$ 1,439.5	\$ 1,405.7

See notes to unaudited condensed consolidated financial statements.

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Morningstar, Inc. and Subsidiaries
 Unaudited Condensed Consolidated Statement of Equity
 For the nine months ended September 30, 2018

(in millions, except share amounts)	Morningstar, Inc. Shareholders' Equity					Accumulated	Total
	Common Stock Shares Outstanding	Par Value	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	
Balance as of December 31, 2017	42,547,707	\$ —	\$(708.2)	\$ 601.0	\$ 958.7	\$ (46.6)	\$ 804.9
Cumulative effect of accounting change related to the adoption of ASU No. 2014-09					17.0		17.0
Net income		—	—	—	140.6	—	140.6
Other comprehensive income (loss):							
Unrealized gain on available-for-sale investments, net of income tax of \$0.1		—	—	—	—	0.8	0.8
Reclassification of adjustments for gain included in net income, net of income tax of \$0.2		—	—	—	—	(0.7)	(0.7)
Foreign currency translation adjustment, net		—	—	—	—	(20.2)	(20.2)
Other comprehensive income (loss)		—	—	—	—	(20.1)	(20.1)
Issuance of common stock related to option exercises and vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	232,310	—	1.7	(13.1)	—	—	(11.4)
Reclassification of awards previously liability-classified that were converted to equity		—	—	4.5	—	—	4.5
Stock-based compensation		—	—	23.9	—	—	23.9
Common shares repurchased	(109,289)	—	(10.5)	—	—	—	(10.5)
Dividends declared		—	—	—	(21.3)	—	(21.3)
Balance as of September 30, 2018	42,670,728	\$ —	\$(717.0)	\$ 616.3	\$ 1,095.0	\$ (66.7)	\$ 927.6

See notes to unaudited condensed consolidated financial statements.

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Morningstar, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows

(in millions)	Nine months ended September 30,	
	2018	2017

Operating activities

Consolidated net income	\$ 140.6	\$
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