

NCR CORP  
Form 10-Q  
August 02, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended June 30, 2013  
Commission File Number 001-00395

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

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Maryland 31-0387920  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
3097 Satellite Boulevard  
Duluth, GA 30096  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: (937) 445-5000

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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 x No o

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 x No o

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a 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 o No x

As of July 15, 2013, there were approximately 166.0 million shares of common stock issued and outstanding.

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## Part I. Financial Information

## Item 1. FINANCIAL STATEMENTS

## NCR Corporation

## Condensed Consolidated Statements of Operations (Unaudited)

In millions, except per share amounts	Three months ended June		Six months ended June	
	30	30	30	30
	2013	2012	2013	2012
Product revenue	\$743	\$706	\$1,410	\$1,276
Service revenue	792	703	1,535	1,377
Total revenue	1,535	1,409	2,945	2,653
Cost of products	550	532	1,053	977
Cost of services	559	503	1,097	987
Selling, general and administrative expenses	232	195	461	386
Research and development expenses	55	49	110	95
Total operating expenses	1,396	1,279	2,721	2,445
Income from operations	139	130	224	208
Interest expense	(26	) (8	) (47	) (17
Other (expense), net	(3	) (5	) (1	) (7
Income from continuing operations before income taxes	110	117	176	184
Income tax expense	23	28	25	35
Income from continuing operations	87	89	151	149
Income (loss) from discontinued operations, net of tax	—	13	(1	) 4
Net income	87	102	150	153
Net income attributable to noncontrolling interests	1	—	3	1
Net income attributable to NCR	\$86	\$102	\$147	\$152
Amounts attributable to NCR common stockholders:				
Income from continuing operations	\$86	\$89	\$148	\$148
Income (loss) from discontinued operations, net of tax	—	13	(1	) 4
Net income	\$86	\$102	\$147	\$152
Income per share attributable to NCR common stockholders:				
Income per common share from continuing operations				
Basic	\$0.52	\$0.56	\$0.90	\$0.93
Diluted	\$0.51	\$0.54	\$0.88	\$0.91
Net income per common share				
Basic	\$0.52	\$0.64	\$0.89	\$0.96
Diluted	\$0.51	\$0.62	\$0.87	\$0.93
Weighted average common shares outstanding				
Basic	165.2	159.0	164.5	158.6
Diluted	168.8	163.9	168.1	163.1

See Notes to Condensed Consolidated Financial Statements.

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NCR Corporation

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

In millions	Three months ended June		Six months ended June	
	30		30	
	2013	2012	2013	2012
Net income	\$87	\$102	\$150	\$153
Other comprehensive income (loss):				
Currency translation adjustments	(33	) (13	) (56	) (14
Unrealized gain (loss) on derivatives	4	—	6	(6
Losses (gains) on derivatives arising during the period	1	(1	) 3	—
Less income tax benefit (expense)	(2	) 2	(3	) 2
Unrealized (loss) gain on securities	—	(1	) 3	—
Employee benefit plans				
Amortization of prior service benefit	(4	) (5	) (22	) (10
Net gain arising during the year	—	—	48	—
Actuarial loss included in benefits expense	1	4	3	8
Less income tax benefit (expense)	2	1	(10	) 2
Total comprehensive income	56	89	122	135
Less comprehensive income attributable to noncontrolling interests:				
Net income	1	—	3	1
Currency translation adjustments	(2	) 1	(3	) (1
Amounts attributable to noncontrolling interests	(1	) 1	—	—
Comprehensive income attributable to NCR common stockholders	\$57	\$88	\$122	\$135

See Notes to Condensed Consolidated Financial Statements.

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## NCR Corporation

## Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	June 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$460	\$ 1,069
Accounts receivable, net	1,266	1,086
Inventories, net	825	797
Other current assets	525	454
Total current assets	3,076	3,406
Property, plant and equipment, net	327	308
Goodwill	1,455	1,003
Intangibles, net	490	304
Prepaid pension cost	394	368
Deferred income taxes	536	534
Other assets	428	448
Total assets	\$6,706	\$ 6,371
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	\$85	\$ 72
Accounts payable	582	611
Payroll and benefits liabilities	208	197
Deferred service revenue and customer deposits	543	455
Other current liabilities	420	407
Total current liabilities	1,838	1,742
Long-term debt	2,079	1,891
Pension and indemnity plan liabilities	738	812
Postretirement and postemployment benefits liabilities	191	246
Income tax accruals	139	138
Environmental liabilities	137	171
Other liabilities	100	79
Total liabilities	5,222	5,079
Commitments and Contingencies (Note 10)		
Redeemable noncontrolling interest	16	15
Stockholders' equity		
NCR stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of June 30, 2013 and December 31, 2012	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 165.9 and 162.8 shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively	2	2
Paid-in capital	419	358
Retained earnings	1,231	1,084
Accumulated other comprehensive loss	(222)	(197)
Total NCR stockholders' equity	1,430	1,247
Noncontrolling interests in subsidiaries	38	30
Total stockholders' equity	1,468	1,277

Total liabilities and stockholders' equity	\$6,706	\$ 6,371
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See Notes to Condensed Consolidated Financial Statements.

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NCR Corporation  
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Six months ended June 30	
	2013	2012
Operating activities		
Net income	\$150	\$153