

GREENHILL & CO INC  
Form 10-Q  
May 01, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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 March 31, 2014

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 001-32147

GREENHILL & CO., INC.  
(Exact Name of Registrant as Specified in its Charter)

Delaware 51-0500737  
(State or Other Jurisdiction (I.R.S. Employer  
of Incorporation or Organization) Identification No.)

300 Park Avenue 10022  
New York, New York (ZIP Code)

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (212) 389-1500

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. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

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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 April 25, 2014, there were 28,269,549 shares of the registrant's common stock outstanding.

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#### AVAILABLE INFORMATION

Greenhill & Co., Inc. files current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the United States Securities and Exchange Commission (the "SEC"). You may read and copy any document the company files at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The company's SEC filings are also available to the public from the SEC's internet site at <http://www.sec.gov>. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, U.S.A. Our public internet site is <http://www.greenhill.com>. We make available free of charge through our internet site, via a link to the SEC's internet site at <http://www.sec.gov>, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also posted on our website in the "Corporate Governance" section, and available in print upon request of any stockholder to our Investor Relations Department, are charters for our Audit Committee, Compensation Committee and Nominating & Corporate Governance Committee, our Corporate Governance Guidelines, Related Party Transaction Policy and Code of Business Conduct & Ethics governing our directors, officers and employees. You may need to have Adobe Acrobat Reader software installed on your computer to view these documents, which are in PDF format.

## Part I. Financial Information

## Item 1. Financial Statements

## Greenhill &amp; Co., Inc. and Subsidiaries

## Condensed Consolidated Statements of Financial Condition

(in thousands except share and per share data)

	As of March 31, 2014 (unaudited)	December 31, 2013
Assets		
Cash and cash equivalents (\$4.7 million and \$5.1 million restricted from use at March 31, 2014 and December 31, 2013, respectively)	\$36,524	\$42,679
Advisory fees receivable, net of allowance for doubtful accounts of \$0.0 million at March 31, 2014 and December 31, 2013	57,294	85,236
Other receivables	11,661	2,877
Property and equipment, net of accumulated depreciation of \$58.0 million and \$57.0 million at March 31, 2014 and December 31, 2013, respectively	11,178	11,500
Investments in merchant banking funds	6,259	11,745
Goodwill	147,084	142,972
Deferred tax asset, net	41,305	54,202
Other assets	3,231	2,235
Total assets	\$314,536	\$353,446
Liabilities and Equity		
Compensation payable	\$5,159	\$13,851
Accounts payable and accrued expenses	8,859	13,346
Current income taxes payable	10,295	15,345
Bank loan payable	36,250	30,849
Deferred tax liability	2,158	2,345
Total liabilities	62,721	75,736
Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 38,696,395 and 37,872,756 shares issued as of March 31, 2014 and December 31, 2013, respectively; 28,268,151 and 27,767,702 shares outstanding as of March 31, 2014 and December 31, 2013, respectively	387	379
Contingent convertible preferred stock, par value \$0.01 per share; 10,000,000 shares authorized and 1,099,877 shares issued as of March 31, 2014 and December 31, 2013 and 439,951 shares outstanding as of March 31, 2014 and December 31, 2013	14,446	14,446
Restricted stock units	70,326	117,258
Additional paid-in capital	583,311	534,533
Exchangeable shares of subsidiary; 257,156 shares issued as of March 31, 2014 and December 31, 2013; 32,804 shares outstanding as of March 31, 2014 and December 31, 2013	1,958	1,958
Retained earnings	138,777	152,412
Accumulated other comprehensive income (loss)	(6,650)	(9,361)
Treasury stock, at cost, par value \$0.01 per share; 10,428,244 and 10,105,054 shares as of March 31, 2014 and December 31, 2013, respectively	(551,782)	(534,957)
Stockholders' equity	250,773	276,668
Noncontrolling interests	1,042	1,042
Total equity	251,815	277,710

Total liabilities and equity	\$314,536	\$353,446
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See accompanying notes to condensed consolidated financial statements (unaudited).

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Greenhill & Co., Inc. and Subsidiaries  
Condensed Consolidated Statements of Income (unaudited)  
(in thousands except share and per share data)

	For the Three Months Ended, March 31,	
	2014	2013
Revenues		
Advisory revenues	\$48,455	\$81,447
Investment revenues (losses)	(4,886	) (1,856
Total revenues	43,569	79,591
Expenses		
Employee compensation and benefits	28,843	42,183
Occupancy and equipment rental	4,314	4,320
Depreciation and amortization	813	1,727
Information services	2,029	2,065
Professional fees	1,178	1,114
Travel related expenses	3,016	3,244
Interest expense	265	281
Other operating expenses	2,747	2,984
Total expenses	43,205	57,918
Income before taxes	364	21,673
Provision for taxes	126	8,055
Consolidated net income	238	13,618
Less: Net income allocated to noncontrolling interests	—	—
Net income allocated to common stockholders	\$238	\$13,618
Average shares outstanding:		
Basic	30,061,596	30,171,840