

GREENHILL & CO INC
Form 10-Q
November 01, 2012
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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 September 30, 2012

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)

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Delaware (State or Other Jurisdiction of Incorporation or Organization)	51-0500737 (I.R.S. Employer Identification No.)
300 Park Avenue New York, New York (Address of Principal Executive Offices)	10022 (ZIP Code)
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 (Do not check if a smaller reporting company) 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

As of October 24, 2012, there were 28,344,436 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 firm'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.

Table of Contents**Part I. Financial Information****Item 1. Financial Statements****Greenhill & Co., Inc. and Subsidiaries****Condensed Consolidated Statements of Financial Condition***(in thousands, except share and per share data)*

	September 30, 2012 (unaudited)	As of December 31, 2011
Assets		
Cash and cash equivalents (\$7.0 million and \$7.3 million restricted from use at September 30, 2012 and December 31, 2011, respectively)	\$ 38,107	\$ 62,050
Advisory fees receivable, net of allowance for doubtful accounts of \$0.0 million at September 30, 2012 and \$0.1 million at December 31, 2011	58,823	53,274
Other receivables	1,562	1,130
Property and equipment, net of accumulated depreciation of \$53.7 million and \$50.2 million at September 30, 2012 and December 31, 2011, respectively	14,849	15,995
Other investments	45,586	73,326
Investments in merchant banking funds	46,891	39,535
Goodwill	164,854	161,664
Deferred tax asset	46,459	48,307
Other assets	3,996	5,462
Total assets	\$ 421,127	\$ 460,743
Liabilities and Equity		
Compensation payable	\$ 5,514	\$ 34,913
Accounts payable and accrued expenses	19,050	15,506
Financing liability	15,637	14,302
Bank loan payable	35,425	28,100
Deferred tax liability	12,480	20,368
Total liabilities	88,106	113,189
Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 36,477,557 and 35,775,557 shares issued as of September 30, 2012 and December 31, 2011, respectively; 28,313,525 and 28,647,312 shares outstanding as of September 30, 2012 and December 31, 2011, respectively	365	358
Contingent convertible preferred stock, par value \$0.01 per share; 10,000,000 shares authorized, and 1,099,877 shares issued and outstanding as of September 30, 2012 and December 31, 2011	46,950	46,950
Restricted stock units	96,473	99,916
Additional paid-in capital	456,526	412,283
Exchangeable shares of subsidiary; 257,156 shares issued as of September 30, 2012 and December 31, 2011; 45,691 and 110,191 shares outstanding as of September 30, 2012 and December 31, 2011, respectively	2,728	6,578
Retained earnings	158,639	173,374
Accumulated other comprehensive income	6,870	3,128
Treasury stock, at cost, par value \$0.01 per share; 8,164,032 and 7,128,245 shares as of September 30, 2012 and December 31, 2011, respectively	(436,883)	(396,386)
Stockholders' equity	331,668	346,201

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Noncontrolling interests	1,353	1,353
Total equity	333,021	347,554
Total liabilities and equity	\$ 421,127	\$ 460,743

See accompanying notes to condensed consolidated financial statements (unaudited).

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues				
Advisory revenues	\$ 72,757	\$ 83,198	\$ 191,160	\$ 217,286
Investment revenues	(10,010)	(22,843)	1,594	(17,796)
Total revenues	62,747	60,355	192,754	199,490
Expenses				
Employee compensation and benefits	33,290	30,445	102,932	108,426
Occupancy and equipment rental	4,627	4,444	13,370	13,077
Depreciation and amortization	1,775	2,093	5,463	5,960
Information services	2,103	2,001	6,192	5,569
Professional fees	1,304	1,581	4,038	4,391
Travel related expenses	2,270	2,917	8,359	8,371
Interest expense	242	375	750	1,618
Other operating expenses	3,158	3,521	9,337	8,470
Total expenses	48,769	47,377	150,441	155,882
Income before taxes	13,978	12,978	42,313	43,608
Provision for taxes	5,389	4,414	15,348	15,136
Consolidated net income	8,589	8,564	26,965	28,472
Less: Net income allocated to noncontrolling interests				6
Net income allocated to common stockholders	\$ 8,589	\$ 8,564	\$ 26,965	\$ 28,466
Average shares outstanding:				
Basic	30,252,342	30,693,194	30,611,270	31,064,054
Diluted	30,260,808	30,693,194	30,618,837	31,065,257
Earnings per share:				
Basic	\$ 0.28	\$ 0.28	\$ 0.88	\$ 0.92
Diluted	\$ 0.28	\$ 0.28	\$ 0.88	\$ 0.92
Dividends declared and paid per share				
	\$ 0.45	\$ 0.45	\$ 1.35	\$ 1.35

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**Greenhill & Co., Inc. and Subsidiaries****Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)***(in thousands)*

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Consolidated net income	\$ 8,589	\$ 8,564	\$ 26,965	\$ 28,472
Currency translation adjustment, net of tax	3,276	(18,644)	3,742	(8,586)
Comprehensive income (loss)	11,865	(10,080)	30,707	19,886
Less: Net income allocated to noncontrolling interests				6
Comprehensive income (loss) allocated to common stockholders	\$ 11,865	\$ (10,080)	\$ 30,707	\$ 19,880

See accompanying notes to condensed consolidated financial statements (unaudited).

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Greenhill & Co., Inc. and Subsidiaries

Condensed Consolidated Statements of Changes in Equity

(in thousands, except for per share data)

	Nine Months Ended September 30, 2012 (unaudited)	Year Ended December 31, 2011
Common stock, par value \$0.01 per share		
Common stock, beginning of the year	\$ 358	\$ 351
Common stock issued	7	7
Common stock, end of the period	365	358