

EQUIFAX INC
Form 10-Q
April 28, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 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, 2009

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: 001-06605

EQUIFAX INC.

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

58-0401110
(I.R.S. Employer
Identification No.)

**1550 Peachtree Street, N.W., Atlanta,
Georgia**
(Address of principal executive offices)

30309
(Zip Code)

404-885-8000
(Registrant's telephone number, including area code)

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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 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)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On April 17, 2009, there were 126,235,165 shares of the registrant's common stock outstanding.

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EQUIFAX INC.
QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED MARCH 31, 2009

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to future operating results, are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part II, "Item 1A. Risk Factors," and elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2008, and those described from time to time in our future reports filed with the Securities and Exchange Commission. As a result of such risks and uncertainties, we urge you not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)****EQUIFAX INC.****CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended March 31,	
	2009	2008
(In millions, except per share amounts)	(Unaudited)	
Operating revenue	\$ 452.9	\$ 503.1
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	189.0	206.2
Selling, general and administrative expenses	123.0	132.8
Depreciation and amortization	38.2	37.9
Total operating expenses	350.2	376.9
Operating income	102.7	126.2
Interest expense	(14.3)	(19.7)
Other income, net	2.4	0.3
Consolidated income before income taxes	90.8	106.8
Provision for income taxes	(34.7)	(39.4)
Consolidated net income	56.1	67.4
Less: Net income attributable to noncontrolling interests	(1.7)	(1.7)
Net income attributable to Equifax	\$ 54.4	\$ 65.7
Basic earnings per common share	\$ 0.43	\$ 0.51
Weighted-average shares used in computing basic earnings per share	126.2	129.6
Diluted earnings per common share	\$ 0.43	\$ 0.50
Weighted-average shares used in computing diluted earnings per share	127.4	132.1
Dividends per common share	\$ 0.04	\$ 0.04

See Notes to Consolidated Financial Statements.

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EQUIFAX INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except par values)	March 31, 2009	December 31, 2008
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60.0	\$ 58.2
Trade accounts receivable, net of allowance for doubtful accounts of \$14.5 at March 31, 2009 and December 31, 2008	263.8	253.4
Prepaid expenses	27.2	22.9
Other current assets	18.4	19.3
Total current assets	369.4	353.8
Property and equipment:		
Capitalized internal-use software and system costs	319.7	313.9
Data processing equipment and furniture	168.3	176.6
Land, buildings and improvements	155.7	124.0
Total property and equipment	643.7	614.5
Less accumulated depreciation and amortization	(332.5)	(328.2)
Total property and equipment, net	311.2	286.3
Goodwill	1,765.8	1,760.0
Indefinite-lived intangible assets	95.0	95.1
Purchased intangible assets, net	660.8	682.2
Other assets, net	79.7	82.9
Total assets	\$ 3,281.9	\$ 3,260.3
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities	\$ 294.7	\$ 31.9
Capitalized lease obligation	29.0	
Accounts payable	32.3	29.9
Accrued expenses	56.4	57.6
Accrued salaries and bonuses	28.9	54.2
Deferred revenue	64.2	65.7
Other current liabilities	78.6	78.7
Total current liabilities	584.1	318.0
Long-term debt	906.3	1,187.4
Deferred income tax liabilities, net	220.4	215.3
Long-term pension and other postretirement benefit liabilities	145.6	166.0
Other long-term liabilities	50.1	50.1
Total liabilities	1,906.5	1,936.8
Commitments and Contingencies (see Note 4)		
Equifax shareholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares 10.0; Issued shares none		
Common stock, \$1.25 par value: Authorized shares 300.0; Issued shares 189.2 at March 31, 2009 and December 31, 2008; Outstanding shares 126.2 and 126.3 at March 31, 2009 and December 31, 2008, respectively	236.5	236.5
Paid-in capital	1,077.6	1,075.2
Retained earnings	2,330.3	2,281.0
Accumulated other comprehensive loss	(383.6)	(390.6)

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Treasury stock, at cost, 60.1 shares and 59.7 shares at March 31, 2009 and December 31, 2008, respectively	(1,848.1)	(1,837.9)
Stock held by employee benefits trusts, at cost, 2.9 shares and 3.2 shares at March 31, 2009 and December 31, 2008, respectively	(49.1)	(51.8)
Total Equifax shareholders' equity	1,363.6	1,312.4
Noncontrolling interests	11.8	11.1
Total equity	1,375.4	1,323.5
Total liabilities and equity	\$ 3,281.9	\$ 3,260.3

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Three Months Ended March 31,	
	2009	2008
	(Unaudited)	
Operating activities:		
Consolidated net income	\$ 56.1	\$ 67.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38.2	37.9
Stock-based compensation expense	3.7	6.1
Tax effects of stock-based compensation plans	(0.1)	1.5
Excess tax benefits from stock-based compensation plans	(0.2)	(0.8)
Deferred income taxes	3.2	(5.8)
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	(10.3)	(6.8)
Prepaid expenses and other current assets	(3.3)	(4.1)
Other assets	(0.3)	(1.4)
Current liabilities, excluding debt	(28.7)	(20.6)
Other long-term liabilities, excluding debt	(13.8)	3.1
Cash provided by operating activities	44.5	76.5
Investing activities:		
Capital expenditures	(15.0)	(30.0)
Investment in unconsolidated affiliates	1.0	
Acquisitions, net of cash acquired		(6.0)
Cash used in investing activities	(14.0)	(36.0)
Financing activities:		
Net short-term borrowings (repayments)	260.1	(199.5)
Net (repayments) borrowings under long-term revolving credit facilities	(270.0)	200.0
Proceeds from issuance of long-term debt		2.1
Payments on long-term debt	(6.4)	(2.9)
Treasury stock purchases	(9.1)	(37.0)
Dividends paid to Equifax shareholders	(5.0)	(5.2)
Dividends paid to noncontrolling interests	(0.4)	(1.4)
Proceeds from exercise of stock options	3.4	5.6
Excess tax benefits from stock-based compensation plans	0.2	0.8
Other	(0.5)	(0.2)
Cash used in financing activities	(27.7)	(37.7)
Effect of foreign currency exchange rates on cash and cash equivalents	(1.0)	0.6
Increase in cash and cash equivalents	1.8	3.4
Cash and cash equivalents, beginning of period	58.2	81.6
Cash and cash equivalents, end of period	\$ 60.0	\$ 85.0

See Notes to Consolidated Financial Statements.

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EQUIFAX INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2009

(Unaudited)