

EQUIFAX INC
Form 10-Q
April 26, 2012

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, 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: 001-06605

EQUIFAX INC.

(Exact name of registrant as specified in its charter)

Georgia	58-0401110
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1550 Peachtree Street, N.W., Atlanta, Georgia 30309	30309
(Address of principal executive offices)	(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

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):

Non-accelerated filer

Large accelerated filer Accelerated filer (Do not check if a smaller reporting company)
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

On April 13, 2012, there were 120,383,336 shares of the registrant's common stock outstanding.

EQUIFAX INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED MARCH 31, 2012

INDEX

	Page
PART I. Financial Information	4
Item 1. Financial Statements (Unaudited)	4
Consolidated Statements of Income—Three Months Ended March 31, 2012 and 2011	4
Consolidated Statements of Comprehensive Income—Three Months Ended March 31, 2012 and 2011	5
Consolidated Balance Sheets—March 31, 2012 and December 31, 2011	6
Consolidated Statements of Cash Flows—Three Months Ended March 31, 2012 and 2011	7
Consolidated Statements of Equity and Other Comprehensive Income—Three Months Ended March 31, 2012 and 2011	8
Notes to Consolidated Financial Statements	9
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3. Quantitative and Qualitative Disclosures About Market Risk	34
Item 4. Controls and Procedures	34
PART II. Other Information	35
Item 1. Legal Proceedings	35
Item 1A. Risk Factors	35
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	35
Item 6. Exhibits	36
Signatures	37
Index to Exhibits	38

FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will,” “may” 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, 2011, 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.

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

(In millions, except per share amounts)	Three Months Ended	
	2012	2011
	March 31,	
	(Unaudited)	
Operating revenue	\$ 522.7	\$ 472.6
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	201.2	192.0
Selling, general and administrative expenses	151.1	128.8
Depreciation and amortization	41.4	42.7
Total operating expenses	393.7	363.5
Operating income	129.0	109.1
Interest expense	(13.8)	(13.8)
Other income, net	1.4	0.3
Consolidated income before income taxes	116.6	95.6
Provision for income taxes	(42.9)	(36.3)
Consolidated net income	73.7	59.3
Less: Net income attributable to noncontrolling interests	(2.2)	(2.0)
Net income attributable to Equifax	\$ 71.5	\$ 57.3
Basic earnings per common share:	\$ 0.60	\$ 0.47
Weighted-average shares used in computing basic earnings per share	120.0	122.8
Diluted earnings per common share:	\$ 0.58	\$ 0.46
Weighted-average shares used in computing diluted earnings per share	122.4	124.7
Dividends per common share	\$ 0.18	\$ 0.16

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended March 31,					
	2012			2011		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	\$71.5	\$ 2.2	\$73.7	\$57.3	\$ 2.0	\$59.3
Other comprehensive income:						
Foreign currency translation adjustment, net	14.9	0.2	15.1	10.9	0.2	11.1
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans, net	3.4	-	3.4	2.2	-	2.2
Change in cumulative loss from cash flow hedging transactions, net	-	-	-	0.1	-	0.1
Comprehensive income	\$89.8	\$ 2.4	\$92.2	\$70.5	\$ 2.2	\$72.7

See Notes to Consolidated Financial Statements.

EQUIFAX INC.**CONSOLIDATED BALANCE SHEETS**

	March 31, 2012	December 31, 2011
	(Unaudited)	
(In millions, except par values)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 132.7	\$ 127.7
Trade accounts receivable, net of allowance for doubtful accounts of \$6.3 and \$5.9 at March 31, 2012 and December 31, 2011, respectively	297.8	284.4
Prepaid expenses	29.6	24.6
Other current assets	15.0	15.6
Total current assets	475.1	452.3
Property and equipment:		
Capitalized internal-use software and system costs	342.8	332.2
Data processing equipment and furniture	190.6	183.1
Land, buildings and improvements	175.4	178.4
Total property and equipment	708.8	693.7
Less accumulated depreciation and amortization	(417.4)	(400.8)
Total property and equipment, net	291.4	292.9
Goodwill	1,969.0	1,961.2
Indefinite-lived intangible assets	95.7	95.6
Purchased intangible assets, net	528.9	550.2
Other assets, net	158.3	156.4
Total assets	\$ 3,518.4	\$ 3,508.6
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities	\$ 17.0	\$ 47.2
Accounts payable	23.1	27.5
Accrued expenses	63.9	56.3
Accrued salaries and bonuses	33.1	79.2
Deferred revenue	56.8	55.8
Other current liabilities	79.0	96.8
Total current liabilities	272.9	362.8
Long-term debt	965.3	966.0
Deferred income tax liabilities, net	230.0	227.8
Long-term pension and other postretirement benefit liabilities	172.8	176.4
Other long-term liabilities	52.8	53.5
Total liabilities	1,693.8	1,786.5
Commitments and Contingencies (see Note 5)		
Equifax shareholders' equity:		

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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 - 189.3 at March 31, 2012 and December 31, 2011; Outstanding shares - 120.4 and 119.6 at March 31, 2012 and December 31, 2011, respectively	236.6	236.6
Paid-in capital	1,127.0	1,118.0
Retained earnings	2,929.1	2,879.2
Accumulated other comprehensive loss	(373.5)	(391.8)
Treasury stock, at cost, 68.3 shares and 69.1 shares at March 31, 2012 and December 31, 2011, respectively	(2,110.8)	(2,133.7)
Stock held by employee benefits trusts, at cost, 0.6 shares at both March 31, 2012 and December 31, 2011	(5.9)	(5.9)
Total Equifax shareholders' equity	1,802.5	1,702.4
Noncontrolling interests	22.1	19.7
Total equity	1,824.6	1,722.1
Total liabilities and equity	\$ 3,518.4	\$ 3,508.6

See Notes to Consolidated Financial Statements.

EQUIFAX INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)	Three Months Ended March 31,	
	2012	2011
	(Unaudited)	
Operating activities:		
Consolidated net income	\$ 73.7	\$ 59.3
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	41.3	42.7
Stock-based compensation expense	9.3	4.7
Excess tax benefits from stock-based compensation plans	(0.5)	(0.5)
Deferred income taxes	0.4	(0.1)
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	(11.0)	(17.0)
Prepaid expenses and other current assets	(3.6)	(9.4)
Other assets	(1.2)	0.1
Current liabilities, excluding debt	(60.2)	(48.0)
Other long-term liabilities, excluding debt	0.1	(8.7)
Cash provided by operating activities	48.3	23.1
Investing activities:		
Capital expenditures	(20.2)	(26.2)
Acquisitions, net of cash acquired	-	(30.7)
Investment in unconsolidated affiliates, net	-	(2.7)
Cash used in investing activities	(20.2)	(59.6)
Financing activities:		
Net short-term borrowings (repayments)	(30.2)	19.8
Payments on long-term debt	-	(1.7)
Dividends paid to Equifax shareholders	(21.2)	(19.6)
Proceeds from exercise of stock options	20.6	5.1
Excess tax benefits from stock-based compensation plans	0.5	0.5
Other	(0.4)	(2.5)
Cash provided by (used in) financing activities	(30.7)	1.6
Effect of foreign currency exchange rates on cash and cash equivalents	7.6	2.4
Increase (decrease) in cash and cash equivalents	5.0	(32.5)
Cash and cash equivalents, beginning of period	127.7	119.4
Cash and cash equivalents, end of period	\$ 132.7	\$ 86.9

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND OTHER COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2012

(Unaudited)

	Equifax Shareholders					Stock			
	Common Stock			Accumulated		Held By			
	Shares	Paid-In	Retained	Other	Treasury	Employee	Noncontrolling	Total	
	Outstanding	Amount	Earnings	Loss	Stock	Trusts	Interests	Equity	
	(In millions, except per share amounts)								
Balance, December 31, 2011	119.6	\$ 236.6	\$ 1,118.0	\$					