

April 23, 2014



# Equifax Reports First Quarter 2014 Results

ATLANTA, April 23, 2014 (GLOBE NEWSWIRE) -- Equifax Inc. (NYSE:EFX) today announced financial results for the quarter ended March 31, 2014. The company reported revenue from continuing operations of \$584.5 million in the first quarter of 2014, a 3 percent increase from the first quarter of 2013 and a 5 percent increase in local currency.

First quarter diluted EPS from continuing operations attributable to Equifax was \$0.67, an increase of 1 percent from the first quarter of 2013. On a non-GAAP basis, adjusted EPS attributable to Equifax, excluding the impact of acquisition-related amortization expense, net of associated tax impacts, was \$0.89, up 2 percent from the first quarter of 2013.

"Our performance this quarter was solid and very much in line with our expectations. We continue to make good progress on integrating the recent acquisitions and leveraging our strategic growth initiatives to drive core non-mortgage market organic growth," said Richard F. Smith, Chairman and Chief Executive Officer of Equifax. "So far, the mortgage market has performed just about how we expected and we are becoming even more confident about the growth environment for the second half of 2014 and 2015."

## First Quarter 2014 Highlights

- Operating margin was 26.0 percent for the first quarter of 2014, compared to 26.3 percent in the first quarter of 2013.
- During the first quarter of 2014, we acquired TDX Group, a data and technology company in the United Kingdom that specializes in helping lenders and creditors optimize collection and recovery performance through the use of analytics, data exchanges and technology platforms. The results of this acquisition subsequent to the date it was acquired are included in our International operating segment. We also acquired Forseva, a provider of end-to-end, cloud-based credit and management software solutions. The results of this acquisition subsequent to the date it was acquired are included in our North America Commercial Solutions operating segment.
- We repurchased 0.4 million of our common shares on the open market for \$24.4 million during the first quarter of 2014. At March 31, 2014, our remaining authorization for future share repurchases was \$190.7 million.

## U.S. Consumer Information Solutions (USCIS)

Total revenue was \$243.9 million in the first quarter of 2014, down slightly when compared to \$245.1 million in the first quarter of 2013.

- Online Consumer Information Solutions revenue was \$178.5 million, up 2 percent when compared to a year ago.
- Mortgage Solutions revenue was \$24.4 million, down 18 percent from a year ago.
- Consumer Financial Marketing Services (CFMS) revenue was \$41.0 million, up 3

percent when compared to a year ago.

Operating margin for USCIS was 38.9 percent in the first quarter of 2014 compared to 37.5 percent in the first quarter of 2013.

## **International**

Total revenue was \$143.9 million in the first quarter of 2014, a 16 percent increase from the first quarter of 2013 and a 24 percent increase on a local currency basis.

- Latin America revenue was \$46.6 million, up 23 percent in local currency and flat in U.S. dollars from a year ago.
- Europe revenue was \$65.9 million, up 39 percent in local currency and 48 percent in U.S. dollars from a year ago. European revenue includes the results of TDX Group since the date of its acquisition.
- Canada Consumer revenue was \$31.4 million, up 5 percent in local currency and down 4 percent in U.S. dollars from a year ago.

Operating margin for International was 20.4 percent in the first quarter of 2014 compared to 28.1 percent in the first quarter of 2013 principally reflecting the near term effect of recent acquisitions.

## **Workforce Solutions**

Total revenue was \$119.7 million in the first quarter of 2014, a 3 percent decrease when compared to the first quarter of 2013.

- Verification Services revenue was \$63.9 million, down 7 percent when compared to a year ago. Revenue from mortgage end markets declined by 31 percent, while revenue from non-mortgage end markets grew by 16 percent.
- Employer Services revenue was \$55.8 million, up 1 percent when compared to a year ago.

Operating margin for Workforce Solutions was 32.3 percent in the first quarter of 2014 compared to 30.3 percent in the first quarter of 2013.

## **North America Personal Solutions**

Revenue was \$54.1 million, a 6 percent increase from the first quarter of 2013. Operating margin was 28.2 percent compared to 28.4 percent in the first quarter of 2013.

## **North America Commercial Solutions**

Revenue was \$22.9 million, flat in U.S. dollars and up 2 percent in local currency compared to the first quarter of 2013. Operating margin was 19.4 percent compared to 21.3 percent in the first quarter of 2013.

## **Second Quarter 2014 Outlook**

Based on the current level of domestic and international business activity, current trends in foreign exchange rates, and an anticipated slowdown in mortgage activity in the first half of

2014, consolidated revenue for the second quarter of 2014 is expected to be between \$606 million and \$619 million and second quarter 2014 Adjusted EPS is expected to be between \$0.92 and \$0.95.

## **About Equifax**

Equifax is a global leader in consumer, commercial and workforce information solutions, providing businesses of all sizes and consumers with insight and information they can trust. The company's significant investments in differentiated data, its expertise in advanced analytics to explore and develop new multi-source data solutions, and its leading-edge proprietary technology enable it to create and deliver unparalleled customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 19 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. In 2013, Equifax was named a Bloomberg BusinessWeek Top 50 company, was #3 in Fortune's Most Admired list in its category, and was named to InfoWeek 500 as well as the FinTech 100. For more information, please visit [www.equifax.com](http://www.equifax.com).

## **Earnings Conference Call and Audio Webcast**

In conjunction with this release, Equifax will host a conference call tomorrow, April 24, 2014, at 8:30 a.m. (EDT) via a live audio webcast. To access the webcast, go our website at [www.investor.equifax.com/events.cfm](http://www.investor.equifax.com/events.cfm). The discussion will be available via replay at the same site shortly after the conclusion of the webcast. This press release is also available under "Earnings Releases" at [www.investor.equifax.com](http://www.investor.equifax.com).

## **Non-GAAP Financial Measures**

This earnings release presents net income and diluted EPS from continuing operations attributable to Equifax which excludes acquisition-related amortization expense, net of tax. These are important financial measures for Equifax but are not financial measures as defined by GAAP.

These non-GAAP financial measures should be reviewed in conjunction with the relevant GAAP financial measures and are not presented as an alternative measure of net income or EPS as determined in accordance with GAAP.

Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures and related notes are presented in the Q&A. This information can also be found under "Investor Relations/GAAP/Non-GAAP Measures" at [www.investor.equifax.com](http://www.investor.equifax.com).

## **Forward-Looking Statements**

This release contains forward-looking statements or forward-looking information. These statements can be identified by expressions of belief, expectation or intention, as well as statements that are not historical fact. These statements are based on certain factors and assumptions including with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities and effective tax

rates. While we believe these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect.

Several factors could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, but not limited to actions taken by us, including restructuring or strategic initiatives (including capital investments or asset acquisitions or dispositions), as well as from developments beyond our control, including, but not limited to, changes in worldwide and U.S. economic conditions that materially impact consumer spending, consumer debt and employment and the demand for Equifax's products and services. Other risk factors include adverse or uncertain economic conditions and changes in credit and financial markets; risks relating to illegal third party efforts to access data or other cybersecurity or physical security breaches; changes in, and the effects of, laws and regulations and government policies governing our business, including our examination and supervision in the U.S. by the Consumer Financial Protection Bureau ("CFPB") and in the United Kingdom by the Financial Conduct Authority; federal or state responses to identity theft concerns; potential adverse developments in new and pending legal proceedings or government investigations, including investigations or examinations undertaken by the CFPB, State Attorneys General or other governmental agencies; our ability to successfully develop and market new products and services, respond to pricing and other competitive pressures, complete and integrate acquisitions and other investments and achieve targeted cost efficiencies; timing and amount of capital expenditures; changes in capital markets and corresponding effects on our investments and benefit plan obligations; foreign currency exchange rates and earnings repatriation limitations; and the decisions of taxing authorities, all of which could affect our effective tax rates. A summary of additional risks and uncertainties can be found in our Annual Report on Form 10-K for the year ended December 31, 2013, including without limitation under the captions "Item 1. Business -- Governmental Regulation" and "-- Forward-Looking Statements" and "Item 1A, Risk Factors," and in our other filings with the U.S. Securities and Exchange Commission. Forward-looking statements are given only as at the date of this release and the company disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## EQUIFAX

## CONSOLIDATED STATEMENTS OF INCOME

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<i>(Unaudited)</i>	
<i>(In millions, except per share amounts)</i>		
Operating revenue	<b>\$ 584.5</b>	\$ 566.5
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	<b>206.8</b>	195.1
Selling, general and administrative expenses	<b>175.4</b>	174.5
Depreciation and amortization	<b>50.4</b>	47.9
Total operating expenses	<b>432.6</b>	417.5
Operating income	<b>151.9</b>	149.0
Interest expense	<b>(17.3)</b>	(17.7)
Other (expense) income, net	<b>(2.1)</b>	0.1
Consolidated income before income taxes	<b>132.5</b>	131.4
Provision for income taxes	<b>(46.2)</b>	(47.2)
Consolidated income from continuing operations	<b>86.3</b>	84.2
Discontinued operations, net of tax	<b>--</b>	19.0
Consolidated net income	<b>86.3</b>	103.2
Less: Net income attributable to noncontrolling interests	<b>(2.4)</b>	(2.1)
Net income attributable to Equifax	<b>\$ 83.9</b>	\$ 101.1
Amounts attributable to Equifax:		
Income from continuing operations attributable to Equifax	<b>\$ 83.9</b>	\$ 82.1
Discontinued operations, net of tax	<b>--</b>	19.0
Net income	<b>\$ 83.9</b>	\$ 101.1
Basic earnings per common share:		
Income from continuing operations attributable to Equifax	<b>\$ 0.69</b>	\$ 0.68
Discontinued operations attributable to Equifax	<b>--</b>	0.16
Net income attributable to Equifax	<b>\$ 0.69</b>	\$ 0.84
Weighted-average shares used in computing basic earnings per share	<b>122.0</b>	120.5
Diluted earnings per common share:		
Income from continuing operations attributable to Equifax	<b>\$ 0.67</b>	\$ 0.67
Discontinued operations attributable to Equifax	<b>--</b>	0.15
Net income attributable to Equifax	<b>\$ 0.67</b>	\$ 0.82
Weighted-average shares used in computing diluted earnings per share	<b>124.4</b>	123.1
Dividends per common share	<b>\$ 0.25</b>	\$ 0.22

## EQUIFAX

## CONDENSED CONSOLIDATED BALANCE SHEETS

December  
March 31, 31,

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	<u>2014</u>	<u>2013</u>
<i>(In millions, except par values)</i>		
	<i>(Unaudited)</i>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	<b>\$ 101.4</b>	\$ 235.9
Trade accounts receivable, net of allowance for doubtful accounts of \$8.3 and \$6.8 at March 31, 2014 and December 31, 2013, respectively	<b>337.2</b>	309.7
Prepaid expenses	<b>37.2</b>	34.5
Other current assets	<b>48.7</b>	68.3
Total current assets	<b><u>524.5</u></b>	<u>648.4</u>
Property and equipment:		
Capitalized internal-use software and system costs	<b>397.2</b>	388.0
Data processing equipment and furniture	<b>189.4</b>	188.0
Land, buildings and improvements	<b>189.9</b>	185.2
Total property and equipment	<b>776.5</b>	761.2
Less accumulated depreciation and amortization	<b>(485.5)</b>	(472.3)
Total property and equipment, net	<b><u>291.0</u></b>	<u>288.9</u>
Goodwill and other intangibles, net	<b>2,634.6</b>	2,395.1
Indefinite-lived intangible assets	<b>95.3</b>	95.5
Purchased intangible assets, net	<b>1,060.0</b>	973.2
Other assets, net	<b>144.7</b>	138.8
Total assets	<b><u>\$ 4,750.1</u></b>	<u>\$ 4,539.9</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term debt and current maturities of long-term debt	<b>\$ 488.4</b>	\$ 296.5
Accounts payable	<b>27.5</b>	19.9
Accrued expenses	<b>102.0</b>	95.4
Accrued salaries and bonuses	<b>32.0</b>	90.2
Deferred revenue	<b>66.6</b>	61.8
Other current liabilities	<b>78.1</b>	98.7
Total current liabilities	<b>794.6</b>	662.5
Long-term debt	<b>1,145.6</b>	1,145.5
Deferred income tax liabilities, net	<b>287.2</b>	263.7
Long-term pension and other postretirement benefit liabilities	<b>71.8</b>	72.4
Other long-term liabilities	<b>55.4</b>	54.8
Total liabilities	<b><u>2,354.6</u></b>	<u>2,198.9</u>
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 - 189.3 at March 31, 2014 and December 31, 2013; Outstanding shares - 122.0 and 121.9 at March 31, 2014 and December 31, 2013, respectively	<b>236.6</b>	236.6
Paid-in capital	<b>1,190.0</b>	1,174.6
Retained earnings	<b>3,362.3</b>	3,309.2
Accumulated other comprehensive loss	<b>(316.6)</b>	(312.6)
Treasury stock, at cost, 66.7 shares and 66.8 shares at March 31, 2014 and December 31, 2013, respectively	<b>(2,111.2)</b>	(2,101.2)

Stock held by employee benefits trusts, at cost, 0.6 shares at March 31, 2014 and December 31, 2013, respectively	<u>(5.9)</u>	<u>(5.9)</u>
Total Equifax shareholders' equity	<b>2,355.2</b>	2,300.7
Noncontrolling interests	<u>40.3</u>	<u>40.3</u>
Total equity	<u><b>2,395.5</b></u>	<u>2,341.0</u>
Total liabilities and equity	<u><b>\$ 4,750.1</b></u>	<u>\$ 4,539.9</u>

## EQUIFAX

### CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2014</u>	<u>2013</u>
<i>(In millions)</i>	<i>(Unaudited)</i>	
Operating activities:		
Consolidated net income	<b>\$ 86.3</b>	\$ 103.2
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on divestitures	--	(18.4)
Depreciation and amortization	<b>50.5</b>	48.1
Stock-based compensation expense	<b>11.1</b>	10.4
Excess tax benefits from stock-based compensation plans	<b>(4.4)</b>	(0.6)
Deferred income taxes	<b>0.5</b>	(3.6)
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	<b>(20.4)</b>	(4.1)
Prepaid expenses and other current assets	<b>20.5</b>	0.2
Other assets	<b>(6.8)</b>	4.3
Current liabilities, excluding debt	<b>(72.2)</b>	(74.9)
Other long-term liabilities, excluding debt	<u><b>(0.1)</b></u>	<u>1.7</u>
Cash provided by operating activities	<u><b>65.0</b></u>	<u>66.3</u>
Investing activities:		
Capital expenditures	<b>(18.5)</b>	(18.7)
Acquisitions, net of cash acquired	<b>(333.7)</b>	--
Cash received from divestitures	--	43.7
Investment in unconsolidated affiliates, net	<b>4.3</b>	--
Cash (used in) provided by investing activities	<u><b>(347.9)</b></u>	<u>25.0</u>
Financing activities:		
Net short-term borrowings (repayments)	<b>193.4</b>	(106.6)
Treasury stock purchases	<b>(24.4)</b>	--
Dividends paid to Equifax shareholders	<b>(30.7)</b>	(26.5)
Dividends paid to noncontrolling interests	<b>(1.9)</b>	(1.1)
Proceeds from exercise of stock options	<b>13.9</b>	5.9
Excess tax benefits from stock-based compensation plans	<b>4.4</b>	0.6
Other	<u><b>0.2</b></u>	<u>(0.7)</u>
Cash provided by (used in) financing activities	<u><b>154.9</b></u>	<u>(128.4)</u>
Effect of foreign currency exchange rates on cash and cash equivalents	<u><b>(6.5)</b></u>	<u>(2.1)</u>
Decrease in cash and cash equivalents	<u><b>(134.5)</b></u>	<u>(39.2)</u>
Cash and cash equivalents, beginning of period	<u><b>235.9</b></u>	<u>146.8</u>
Cash and cash equivalents, end of period	<u><u><b>\$ 101.4</b></u></u>	<u><u>\$ 107.6</u></u>

## Common Questions & Answers (Unaudited)

(Dollars in millions)

### 1. Can you provide a further analysis of operating revenue and operating income by operating segment?

Operating revenue and operating income consist of the following components:

(in millions)	Three Months Ended March 31,					Local Currency
	2014	2013	\$ Change	% Change	% Change*	
<b>Operating revenue:</b>						
Online Consumer Information Solutions	\$ 178.5	\$ 175.6	\$ 2.9	2%		
Mortgage Solutions	24.4	29.6	(5.2)	-18%		
Consumer Financial Marketing Services	41.0	39.9	1.1	3%		
Total U.S. Consumer Information Solutions	243.9	245.1	(1.2)	0%		
Latin America	46.6	46.5	0.1	0%	23%	
Europe	65.9	44.6	21.3	48%	39%	
Canada Consumer	31.4	32.6	(1.2)	-4%	5%	
Total International	143.9	123.7	20.2	16%	24%	
Verification Services	63.9	68.8	(4.9)	-7%		
Employer Services	55.8	54.9	0.9	1%		
Total Workforce Solutions	119.7	123.7	(4.0)	-3%		
North America Personal Solutions	54.1	51.1	3.0	6%		
North America Commercial Solutions	22.9	22.9	0.0	0%	2%	
Total operating revenue	<u>\$ 584.5</u>	<u>\$ 566.5</u>	<u>\$ 18.0</u>	3%	5%	

(in millions)	Three Months Ended March 31,					
	2014	Operating Margin	2013	Operating Margin	\$ Change	% Change
<b>Operating income:</b>						
U.S. Consumer Information Solutions	\$ 94.8	38.9%	\$ 91.9	37.5%	\$ 2.9	3%
International	29.4	20.4%	34.7	28.1%	(5.3)	-15%
Workforce Solutions	38.7	32.3%	37.4	30.3%	1.3	3%
North America Personal Solutions	15.3	28.2%	14.5	28.4%	0.8	6%
North America Commercial Solutions	4.4	19.4%	4.9	21.3%	(0.5)	-9%
General Corporate Expense	(30.7)	nm	(34.4)	nm	3.7	11%
Total operating income	<u>\$ 151.9</u>	<u>26.0%</u>	<u>\$ 149.0</u>	26.3%	<u>\$ 2.9</u>	2%

nm - not meaningful

\* Reflects percentage change in revenue conforming 2014 results using 2013 exchange rates.



## Common Questions & Answers (Unaudited)

(Dollars in millions)

### 2. Can you provide depreciation and amortization by segment?

Depreciation and amortization are as follows:

	Three Months Ended	
	March 31,	
	2014	2013
U.S. Consumer Information Solutions	\$ 21.4	\$ 18.3
International	10.9	6.0
Workforce Solutions	11.0	16.6
North America Personal Solutions	1.8	1.6
North America Commercial Solutions	0.8	1.1
General Corporate Expense	4.5	4.3
Total depreciation and amortization	<u>\$ 50.4</u>	<u>\$ 47.9</u>

### 3. What was the currency impact on the foreign operations?

The U.S. dollar impact on operating revenue and operating income is as follows:

	Three Months Ended March 31, 2014			
	Operating Revenue		Operating Income	
	Amount	%	Amount	%
Canada Consumer	\$ (2.9)	-9%	\$ (1.4)	-9%
Canada Commercial	(0.5)	-2%	(0.2)	-4%
Europe	4.1	9%	0.3	4%
Latin America	(10.5)	-23%	(4.5)	-26%

## Reconciliations of Non-GAAP Financial Measures to the Comparable GAAP Financial Measures (Unaudited)

(Dollars in millions, except per share amounts)

### A. Reconciliation of net income from continuing operations attributable to Equifax to diluted EPS from continuing operations attributable to Equifax, adjusted for acquisition-related amortization expense:

	Three Months Ended		\$	%
	March 31,			
	2014	2013	Change	Change
Net income from continuing operations attributable to Equifax	\$ 83.9	\$ 82.1	\$ 1.8	2%
Acquisition-related amortization expense, net of tax, and cash income tax benefit of acquisition-related amortization expense of certain acquired intangibles	27.0	25.5	1.5	6%
Net income from continuing operations attributable to Equifax, adjusted for acquisition-related amortization expense	\$ 110.9	\$ 107.6	\$ 3.3	3%
Diluted EPS from continuing operations attributable to Equifax, adjusted for acquisition-related amortization expense	\$ 0.89	\$ 0.87	\$ 0.02	2%
Weighted-average shares used in computing diluted EPS	124.4	123.1		

### Notes to Reconciliations of Non-GAAP Financial Measures to the Comparable GAAP Financial Measures

**Diluted EPS and net income from continuing operations attributable to Equifax, adjusted for acquisition-related amortization expense** - We calculate this financial measure by excluding the impact of acquisition-related amortization expense and including a benefit to reflect the material cash income tax savings resulting from the income tax deductibility of amortization for certain acquired intangibles. These financial measures are not prepared in conformity with GAAP. Management believes excluding the impact of amortization expense is useful because excluding acquisition-related amortization, and other items that are not comparable, allows investors to evaluate our performance for different periods on a more comparable basis. Certain acquired intangibles result in material cash income tax savings which are not reflected in earnings. Management believes that including a benefit to reflect the cash income tax savings is useful as it allows investors to better value Equifax. Management makes these adjustments to earnings when measuring operating profitability, evaluating performance trends, setting performance objectives and calculating our return on invested capital.

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