

EQUIFAX INC
Form 10-K
February 24, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
 1934

For the fiscal year ended December 31, 2015

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

(Address of principal executive offices)

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, \$1.25 par value per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act ("Act"). YES NO

Indicate by check mark if Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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):

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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 Act). YES NO

As of June 30, 2015, the aggregate market value of Registrant's common stock held by non-affiliates of Registrant was approximately \$11,479,281,498 based on the closing sale price as reported on the New York Stock Exchange. At January 31, 2016, there were 118,706,565 shares of Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant's definitive proxy statement for its 2016 annual meeting of shareholders are incorporated by reference in Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

OVERVIEW

Equifax Inc. is a leading global provider of information solutions and human resources business process outsourcing services for businesses, governments and consumers. We have a large and diversified group of clients, including financial institutions, corporations, governments and individuals. Our products and services are based on comprehensive databases of consumer and business information derived from numerous types of credit, financial assets, telecommunications and utility payment, employment, income, public record, demographic and marketing data. We use advanced statistical techniques and proprietary software tools to analyze all available data, creating customized insights, decision-making solutions and processing services for our clients. We help consumers understand, manage and protect their personal information and make more informed financial decisions. We also provide information, technology and services to support debt collections and recovery management. Additionally, we are a leading provider of payroll-related and human resource management business process outsourcing services in the United States of America, or U.S.

We currently operate in three global regions: North America (U.S. and Canada), Europe (the United Kingdom, or U.K., Spain and Portugal) and Latin America (Argentina, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Paraguay, Peru and Uruguay). We also maintain support operations in the Republic of Ireland. We offer credit services in Russia and India through joint ventures and have an investment in the second largest consumer and commercial credit information company in Brazil.

Equifax was originally incorporated under the laws of the State of Georgia in 1913, and its predecessor company dates back to 1899. As used herein, the terms Equifax, the Company, we, our and us refer to Equifax Inc., a Georgia corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only Equifax Inc.

We are organized and report our business results in four operating segments, as follows:

- U.S. Information Solutions (USIS) — provides consumer and commercial information solutions to businesses in the U.S. including online information, decisioning technology solutions, fraud and identity management services, portfolio management services, mortgage reporting and financial marketing services.

International — which includes our Canada, Europe and Latin America business units, provides products and services similar to those available in the USIS operating segment but with variations by geographic region. In Europe and Latin America, we also provide information, technology and services to support debt collections and recovery management.

Workforce Solutions — provides services enabling clients to verify income and employment (Verification Services) as well as to outsource and automate the performance of certain payroll-related and human resources management business processes, including unemployment cost management, tax credits and incentives and I-9 management services and services to allow employers to ensure compliance with the Affordable Care Act (Employer Services).

Personal Solutions — provides products to consumers in the United States, Canada, and the U.K., enabling them to understand and monitor their credit and monitor and help protect their identity. We also sell consumer and credit information to resellers who combine our information with other information to provide direct to consumer monitoring, reports and scores.

Proposed Acquisition of Veda Group Limited

On November 21, 2015, we entered into a Scheme Implementation Deed (the "Agreement") to acquire Veda Group Limited ("Veda") for cash consideration of approximately \$1.7 billion (2.4 billion Australian dollars) and debt assumed of approximately \$188.4 million (261.5 million Australian dollars). We expect the transaction to close in the first quarter of 2016 and to finance the cash portion of the purchase price through a combination of cash on hand and new debt, including term loans, the 364-day Revolver, and commercial paper. The terms of the new debt instruments are included in Note 6 to the Consolidated Financial Statements. The Agreement contains customary representations and warranties of the Company and Veda, as well as customary covenants and agreements. The implementation of this binding agreement is subject to customary closing conditions, as well as shareholder and regulatory approvals in Australia and New Zealand, which have been completed.

Refer to Item 1A "Risk Factors" and Note 16 to the Consolidated Financial Statements for additional information on the proposed acquisition of Veda.

Our revenue base and business mix are diversified among our four segments as depicted in the chart below.

OUR BUSINESS STRATEGY

Our strategic objective is to be the global leader in information solutions that creates unparalleled insights to solve customer challenges. Data is at the core of our value proposition. Leveraging our extensive resources, we deliver differentiated decisions through a broad and diverse set of data assets, sophisticated analytics and proprietary decisioning technology. Our long-term corporate growth strategy is driven by the following imperatives:

Deliver consistently strong profitable growth and shareholder returns. We seek to meet or exceed our financial commitments on revenue growth and margins through disciplined execution of our strategic initiatives and by positioning ourselves as a premier provider of high value information solutions.

Develop unparalleled analytical insights leveraging Equifax unique data. We continue to invest in and acquire unique sources of credit and non-credit information to enhance the variety and quality of our services while increasing clients' confidence in information-based business decisions. Areas of focus for investment in new sources of data include, among others, positive payment data, real estate data and new commercial business data. We also have developed unique capabilities to integrate customer and third-party data into our solution offerings to further enhance the decisioning solutions we develop for our customers.

We continue to invest in and develop new technology to enhance the functionality, cost-effectiveness and security of the services we offer and further differentiate our products from those offered by our competitors. In addition to custom products for large clients, we develop off-the-shelf, decisioning technology platforms that are more cost effective for medium and smaller-sized clients. We also develop predictive scores and analytics, some of which leverage multiple data assets, to help clients acquire new customers and manage their existing customer relationships. We develop a broad array of industry, risk management, cross-sell and account acquisition models to enhance the precision of our clients' decisioning activities. We also develop custom and generic solutions that enable customers to more effectively manage their debt collection and recovery portfolios.

Innovate for market leadership in key domains and verticals. We seek to increase our share of clients' spend on information-related services through developing and introducing new products, pricing our services in

accordance with the value they represent to our customers, increasing the range of current services utilized by our clients, and improving the quality and effectiveness of our sales organization and client support interactions with consumers. We are also helping clients address increased requirements to comply with emerging regulations and rules.

We believe there are many opportunities to expand into emerging markets both in the U.S. and internationally. In the U.S., we have increased and broadened resources in key markets, including mortgage, auto, insurance, telecommunications, and government, and we are delivering services ranging from identity authentication to risk management. We continue to invest in growing our ventures in Russia and India and leveraging our newer product offerings across all of our geographical business units and periodically enter new country markets through acquisitions or start-up operations.

Serve as a trusted steward and advocate for our customers and consumers. This includes continuously improving the customer and consumer experience in our consumer and commercial offerings, anticipating and executing on regulatory initiatives, while simultaneously delivering security for our services.

Invest in talent to drive our strategy and foster a culture of innovation. We attract top talent by continuing to expand and diversify our talent pipeline. We regularly undertake various talent initiatives to engage, develop, and retain our top talent.

MARKETS AND CLIENTS

Our products and services serve clients across a wide range of verticals, including financial services, mortgage, human resources, consumer, commercial, telecommunications, retail, automotive, utilities, brokerage, healthcare and insurance industries, as well as state and federal governments. We also serve consumers directly. Our revenue stream is highly diversified with our largest client providing only 3% of total revenue. The following table summarizes the various end-user markets we serve:

- (1) Predominantly sold to companies who serve the direct to consumer market and includes other small end user markets.
- (2) Other includes revenue from marketing services, insurance, healthcare and other miscellaneous end user markets.

We market our products and services primarily through our own direct sales organization that is organized around sales teams that focus on client segments typically aligned by vertical markets and geography. Sales groups are based in our headquarters in Atlanta, Georgia, and field offices located in the U.S. and in the countries where we have operations. We also market our products and services through indirect channels, including alliance partners, joint ventures and other resellers. In addition, we sell through direct mail and various websites, such as www.equifax.com.

Our largest geographic market segments are the U.S.; Canada; Europe (the U.K., Spain and Portugal); and Latin America (Argentina, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Paraguay, Peru and Uruguay). We also maintain support operations in the Republic of Ireland. We offer consumer credit services in Russia and India through joint ventures and have an investment in the second largest consumer and commercial credit information company in Brazil. We also provide information, technology and services to support debt collections and recovery management in Europe and Latin America.

Revenue from international clients, including end users and resellers, amounted to 23% of our total revenue in 2015, 26% of our total revenue in 2014 and 23% of our total revenue in 2013.

PRODUCTS AND SERVICES

Our products and services help our clients make better decisions with higher levels of confidence by leveraging a broad array of data assets. Analytics are used to derive insights from the data that are most relevant for the client's decisioning needs. The data and insights are then processed through proprietary software and transmitted to the client's operating system to execute the decision.

The following chart summarizes the key products and services offered by each of the business units within our segments:

| | USIS | | | International | | | Workforce Solutions | | |
|--|------------------------------|------------------------------|-------------------|---------------|--------|---------------|-----------------------|-------------------|--------------------|
| | Online Information Solutions | Financial Marketing Services | Mortgage Services | Canada | Europe | Latin America | Verification Services | Employer Services | Personal Solutions |
| Online data | X | | X | X | X | X | X | | X |
| Portfolio management services | X | X | X | X | X | X | X | | |
| Analytical services | X | X | X | X | X | X | X | X | X |
| Technology services | X | | X | X | X | X | | | |
| Identity management and fraud | X | | | X | X | X | X | | X |
| Marketing Services | | X | X | X | | X | | | |
| Direct to consumer credit monitoring | | | | | | | | | X |
| Employment and income verification services | | | | | | | X | | |
| Business process outsourcing (BPO) | | | | | | | X | X | |
| Debt collection software, services and analytics | X | | | X | | | | | |