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Equifax Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And we'll take our first question from Carter Malloy with Stephens.

Carter Malloy – Stephens

Hi, guys, thanks for taking my questions. Can you help me understand the weakness in your commercial solutions versus your competitors in the period? I'm assuming that a lot of that has to do with your higher relative exposure to smaller businesses, but –

Rick Smith

Carter, could you repeat that one more time. You kind of cut in and out.

Carter Malloy – Stephens

Yes, sure. I'm sorry. Can you help me understand the weakness in your commercial solutions versus your competitors in the period? My assumption is that you have a higher relative exposure to small businesses, but you can just help me understand that a little better.

Rick Smith

That's – yes. So if you are comparing us with TND or whoever else, Experian, a couple of things you've got to look at, yes. One, the focus of our exchange, our commercial enterprise has largely historically been focused on small to mid-sized companies, and they have been maybe impacted at a rate that's a little more severe or faster than the large companies, number one. But number two is, when you look at our business you've really got to break it into a couple of different buckets. And if you look at the core US business, there are three components to it Carter, there's the US, Canada and our database marketing business. And mostly, the investment is going into our core US business. And when you look at our core US business, it's growing actually – it grew actually 10% – was that fourth quarter, Jeff? – grew 10% in the fourth quarter. So, solid growth.

Carter Malloy – Stephens

Okay, great. That's good to hear. And then also you had mentioned applying free cash flow to paying down debt, but I missed it if you said it. Do you have any plans to buy back shares in '09 or is that the whole –?

Rick Smith

Lee, why don't you take that?

Lee Adrean

Yes. I think in most quarters what we've done is we have used our cash flow for some mix of share repurchase and debt pay-down. In the last –the first half of last year was a substantial year towards share repurchase. In the second half we shifted towards a higher focus on debt reduction. And I think we'll see the same in the first half of this year. We will likely do some above, but it will be more heavily oriented towards debt pay-down.

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