

DUN & BRADSTREET CORP/NW
Form 10-Q
August 09, 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 June 30, 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 1-15967

The Dun & Bradstreet Corporation

(Exact name of registrant as specified in its charter)

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Delaware **22-3725387**
(State of **(I.R.S. Employer**

incorporation) **Identification No.)**

103 JFK Parkway, Short Hills, NJ **07078**
(Address of principal executive offices) **(Zip Code)**
Registrant's telephone number, including area code: (973) 921-5500

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 (§232.405 of this chapter) 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 the 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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| Title of Class | Shares Outstanding at June 30, 2012 |
|--|-------------------------------------|
| Common Stock, par value \$0.01 per share | 44,882,376 |

THE DUN & BRADSTREET CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The Dun & Bradstreet Corporation

Consolidated Statements of Operations and Comprehensive Income (Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--|----------|------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | (Amounts in millions, except per share data) | | | |
| Revenue | \$ 383.9 | \$ 416.8 | \$ 786.7 | \$ 820.4 |
| Operating Expenses | 126.4 | 143.7 | 271.0 | 280.9 |
| Selling and Administrative Expenses | 139.2 | 154.3 | 293.7 | 307.8 |
| Depreciation and Amortization | 19.7 | 20.6 | 39.9 | 40.0 |
| Restructuring Charge | 9.3 | 8.5 | 18.4 | 12.7 |
| Operating Costs | 294.6 | 327.1 | 623.0 | 641.4 |
| Operating Income | 89.3 | 89.7 | 163.7 | 179.0 |
| Interest Income | 0.2 | 0.5 | 0.3 | 0.9 |
| Interest Expense | (9.2) | (9.1) | (18.3) | (18.3) |
| Other Income (Expense) - Net | 0.0 | (8.3) | 6.6 | (11.6) |
| Non-Operating Income (Expense) - Net | (9.0) | (16.9) | (11.4) | (29.0) |
| Income Before Provision for Income Taxes and Equity in Net Income of Affiliates | 80.3 | 72.8 | 152.3 | 150.0 |
| Less: Provision for Income Taxes | 24.2 | 14.6 | 32.5 | 43.7 |
| Equity in Net Income of Affiliates | 0.4 | 0.5 | 0.8 | 0.7 |
| Net Income | 56.5 | 58.7 | 120.6 | 107.0 |
| Less: Net (Income) Loss Attributable to the Noncontrolling Interest | 0.0 | (0.2) | (0.7) | 1.4 |
| Net Income Attributable to D&B | \$ 56.5 | \$ 58.5 | \$ 119.9 | \$ 108.4 |
| Basic Earnings Per Share of Common Stock Attributable to D&B Common Shareholders | \$ 1.21 | \$ 1.19 | \$ 2.54 | \$ 2.19 |
| Diluted Earnings Per Share of Common Stock Attributable to D&B Common Shareholders | \$ 1.20 | \$ 1.18 | \$ 2.52 | \$ 2.17 |
| Weighted Average Number of Shares Outstanding-Basic | 46.7 | 49.3 | 47.2 | 49.4 |
| Weighted Average Number of Shares Outstanding-Diluted | 47.0 | 49.7 | 47.6 | 49.8 |
| Cash Dividend Paid Per Common Share | \$ 0.38 | \$ 0.36 | \$ 0.76 | \$ 0.72 |
| Other Comprehensive Income, Net of Tax | | | | |
| Net Income (from above) | \$ 56.5 | \$ 58.7 | \$ 120.6 | \$ 107.0 |
| Foreign Currency Translation Adjustments, no Tax Impact | (37.3) | 16.2 | (7.7) | 30.3 |
| Defined Benefit Pension Plans: | | | | |
| Prior Service Costs, Net of Tax Income (1) | (2.0) | (2.6) | (3.5) | (4.3) |
| Net Loss, Net of Tax Income (Expense) (2) | 6.7 | 7.1 | 12.1 | 12.4 |
| Derivative Financial Instruments, No Tax Impact | 0.5 | 0.7 | 0.8 | 1.5 |
| Comprehensive Income, Net of Tax | 24.4 | 80.1 | 122.3 | 146.9 |
| Less: Comprehensive Income (Loss) Attributable to the Noncontrolling Interest | 0.2 | (0.2) | (0.6) | 1.2 |

Comprehensive Income Attributable to D&B \$ 24.6 \$ 79.9 \$ 121.7 \$ 148.1

- (1) Net of Tax Income (Expense) of \$0.5 million and (\$0.2) million during the three months ended June 30, 2012 and 2011, respectively. Net of Tax Income of \$1.3 million and \$0.4 million during the six months ended June 30, 2012 and 2011, respectively.
- (2) Net of Tax Income (Expense) of (\$1.6) million and \$0.8 million during the three months ended June 30, 2012 and 2011, respectively. Net of Tax Expense of (\$4.5) million and (\$1.1) million during the six months ended June 30, 2012 and 2011, respectively.

The accompanying notes are an integral part of the unaudited consolidated financial statements.

The Dun & Bradstreet Corporation

Consolidated Balance Sheets (Unaudited)

| | June 30, 2012 | December 31, 2011 |
|---|---|----------------------|
| | (Amounts in millions, except per share data) | |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 118.6 | \$ 84.4 |
| Accounts Receivable, Net of Allowance of \$26.1 at June 30, 2012 and \$17.1 at December 31, 2011 | 368.3 | 507.5 |
| Other Receivables | 6.2 | 5.7 |
| Prepaid Taxes | 5.7 | 1.5 |
| Deferred Income Tax | 26.1 | 32.1 |
| Other Prepays | 36.1 | 55.1 |
| Assets Held for Sale | 0.0 | 32.7 |
| Other Current Assets | 4.8 | 7.9 |
| Total Current Assets | 565.8 | 726.9 |
| Non-Current Assets | | |
| Property, Plant and Equipment, Net of Accumulated Depreciation of \$84.8 at June 30, 2012 and \$83.1 at December 31, 2011 | 40.0 | 45.7 |
| Computer Software, Net of Accumulated Amortization of \$434.7 at June 30, 2012 and \$409.9 at December 31, 2011 | 133.5 | 127.6 |
| Goodwill | 595.6 | 598.4 |
| Deferred Income Tax | 242.4 | 243.1 |
| Other Receivables | 60.6 | 58.4 |
| Other Intangibles | 102.3 | 116.1 |
| Other Non-Current Assets | 55.4 | 60.9 |
| Total Non-Current Assets | 1,229.8 | 1,250.2 |
| Total Assets | \$ 1,795.6 | \$ 1,977.1 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | \$ 49.0 | \$ 36.4 |
| Accrued Payroll | 62.5 | 117.4 |
| Accrued Income Tax | 3.1 | 17.7 |
| Liabilities Held for Sale | 0.0 | 29.1 |
| Short-Term Debt | 400.6 | 1.1 |
| Other Accrued and Current Liabilities | 130.9 | 153.6 |
| Deferred Revenue | 575.3 | 598.2 |
| Total Current Liabilities | 1,221.4 | 953.5 |
| Pension and Postretirement Benefits | 583.6 | 604.0 |
| Long-Term Debt | 613.0 | 963.9 |
| Liabilities for Unrecognized Tax Benefits | 135.2 | 129.5 |
| Other Non-Current Liabilities | 64.3 | 66.4 |
| Total Liabilities | 2,617.5 | 2,717.3 |
| Contingencies (Note 7) | | |

EQUITY

D&B SHAREHOLDERS EQUITY (DEFICIT)

| | | |
|---|-----|-----|
| Series A Junior Participating Preferred Stock, \$0.01 par value per share, authorized - 0.5 shares; outstanding - none | 0.0 | 0.0 |
| Preferred Stock, \$0.01 par value per share, authorized - 9.5 shares; outstanding - none | | |