

IHS Inc.
Form 10-Q
March 23, 2011
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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 February 28, 2011

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 001-32511

IHS INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3769440
(IRS Employer
Identification No.)

15 Inverness Way East
Englewood, CO 80112
(Address of Principal Executive Offices)
(303) 790-0600
(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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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

As of February 28, 2011, there were 64,838,960 shares of our Class A Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

IHS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for share and per-share amounts)

	As of February 28, 2011 (Unaudited)	As of November 30, 2010 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$251,677	\$200,735
Accounts receivable, net	288,155	256,552
Income tax receivable	13,627	—
Deferred subscription costs	49,623	41,449
Deferred income taxes	23,299	33,532
Other	28,837	20,466
Total current assets	655,218	552,734
Non-current assets:		
Property and equipment, net	102,229	93,193
Intangible assets, net	377,005	384,568
Goodwill, net	1,140,007	1,120,830
Other	7,880	4,377
Total non-current assets	1,627,121	1,602,968
Total assets	\$2,282,339	\$2,155,702
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	\$17,115	\$19,054
Accounts payable	41,220	35,854
Accrued compensation	24,312	51,233
Accrued royalties	27,768	24,338
Other accrued expenses	44,488	51,307
Income tax payable	—	4,350
Deferred subscription revenue	479,705	392,132
Total current liabilities	634,608	578,268
Long-term debt	281,303	275,095
Accrued pension liability	27,093	25,104
Accrued post-retirement benefits	10,157	10,056
Deferred income taxes	72,282	73,586
Other liabilities	18,923	17,512
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, \$0.01 par value per share, 160,000,000 shares authorized, 67,107,987 and 66,250,283 shares issued, and 64,838,960 and 64,248,547 shares outstanding at February 28, 2011 and November 30, 2010, respectively	671	662
Additional paid-in capital	570,363	541,108
Treasury stock, at cost: 2,269,027 and 2,001,736 shares at February 28, 2011 and November 30, 2010, respectively	(123,058)	(101,554)

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Retained earnings	891,213	860,497	
Accumulated other comprehensive loss	(101,216) (124,632)
Total stockholders' equity	1,237,973	1,176,081	
Total liabilities and stockholders' equity	\$2,282,339	\$2,155,702	
See accompanying notes.			

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IHS INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except for per-share amounts)

	Three Months Ended February 28,	
	2011	2010
	(Unaudited)	
Revenue:		
Products	\$260,869	\$212,682
Services	34,133	28,053
Total revenue	295,002	240,735
Operating expenses:		
Cost of revenue:		
Products	109,558	89,123
Services	18,626	16,083
Total cost of revenue (includes stock-based compensation expense of \$854 and \$1,432 for the three months ended February 28, 2011 and 2010, respectively)	128,184	105,206
Selling, general and administrative (includes stock-based compensation expense of \$21,244 and \$17,870 for the three months ended February 28, 2011 and 2010, respectively)	101,772	84,652
Depreciation and amortization	18,201	13,830
Acquisition-related costs	3,306	—
Net periodic pension and post-retirement expense	2,732	1,194
Other expense (income), net	505	(885)
Total operating expenses	254,700	203,997
Operating income	40,302	36,738
Interest income	185	104
Interest expense	(1,662)	(365)
Non-operating expense, net	(1,477)	(261)
Income from continuing operations before income taxes	38,825	36,477
Provision for income taxes	(8,116)	(9,528)
Income from continuing operations	30,709	26,949
Income (loss) from discontinued operations, net	7	(126)
Net income	\$30,716	\$26,823
Basic earnings per share:		
Income from continuing operations	\$0.48	\$0.42
Income (loss) from discontinued operations, net	\$—	\$—
Net income		