

# Jensen Quality Strategy

## Company Highlight: Equifax



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COMPANY HIGHLIGHT

[jenseninvestment.com](http://jenseninvestment.com)

Equifax (EFX) is a global data, analytics and technology company headquartered in Atlanta, Georgia. The company is one of the leading credit bureaus in the U.S., providing critical services for lenders' credit decisions and helps lower financing costs for borrowers. Equifax benefits from an advantageous business model in which credit and employment data is provided for free from financial institutions and employers, respectively. Equifax leverages its unique data sets and analytical capabilities to provide value-added products and insights to its customers.

**EQUIFAX**

Ticker:  
(EFX)

Year Founded	1899
Headquarters	Atlanta, Georgia
First Entered Quality Growth Strategy	Q3 1992
Entered Quality Value Strategy	Q2 2018
Re-Entered Quality Growth Strategy	Q1 2020
Entered Global Quality Growth Strategy	Q2 2020

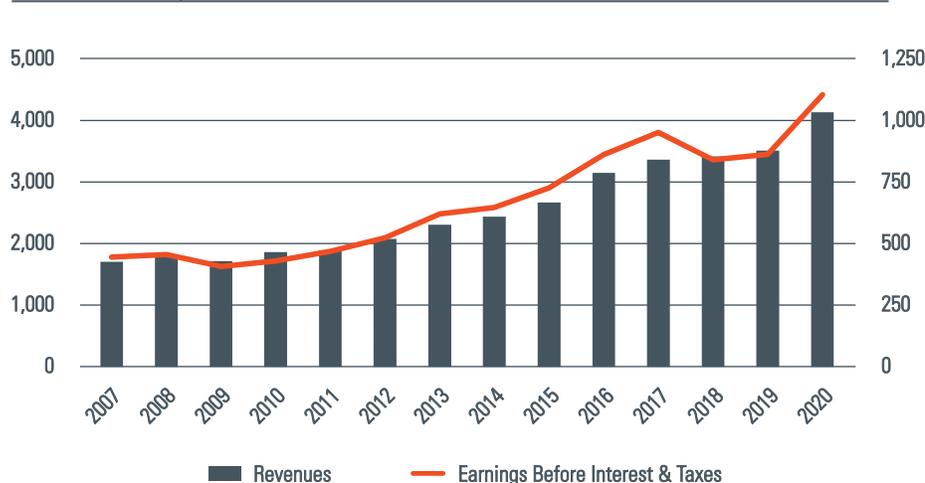
### Know What You Own

We own Equifax across all three Jensen Quality Strategies due to its attractive long-term growth prospects and sustainable competitive advantages. Growth drivers include new product development, expansion into new markets, and business productivity enhancements. The company's primary competitive advantage is derived from high entry barriers associated with the ownership of unique data assets at scale. Industry dynamics are favorable, with the credit bureau industry

**EFX Revenue and EBIT (in \$MM) – 2007 to 2020**

Chart 1

Source: Refinitiv Eikon





a tri-party oligopoly and Equifax’s Workforce Solutions business bolstered by a vast first-mover advantage in employment records data compilation.

## Pandemic Standout: 15 Years in the Making

Equifax shares posted exceptional performance during the pandemic period, reflecting strong business results. This resiliency can be traced back to a strategic investment made nearly 15 years ago that transformed EFX into the business it is today.

In 2007, Equifax expanded beyond its core credit bureau business by acquiring TALX, owner of “The Work Number” (TWN), a proprietary database of current and historic income and employment records. By 2020, EFX had grown the database to include over 460 million employment records that are regularly updated by over one million organizations.

Equifax’s Workforce Solutions segment was born through this acquisition and has since grown to become EFX’s largest, fastest growing and most profitable

segment. EFX uses this vast TWN database to provide clients with income verification services. This business shined during the pandemic, as mortgage and non-mortgage verification services sales grew over +57% Y/Y in 2020. In addition, the company’s unemployment claims processing, a distinctly counter-cyclical business, sales grew +34% Y/Y in 2020.

## Outlook

Today, Equifax stands as the only company that provides a combination of credit, employment, background check, income, and wealth data to its diversified customer base.

We maintain a positive view of Equifax’s competitive position and long-term growth prospects, driven by its strategy of using unique data sets and analytics to improve customer decisions. A concerted effort to diversify its business mix between more cyclical (e.g., mortgage) and counter-cyclical (e.g., unemployment claims) end markets should allow EFX to grow its business through various market environments.



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