Equifax performed well against our EFX2026 priorities in 1Q in a very challenging mortgage market – delivering revenue of $1.389 billion, up a strong 7%, and at the high end of our February guidance. Our global non-mortgage business, which represents about 80% of our 1Q revenue, delivered 9% local currency revenue growth, well within our 8 to 12% LT revenue growth framework. US mortgage revenue grew a strong 6% in the quarter despite a 19% decline in USIS mortgage credit inquiries. Adjusted EBITDA margins at 29.1% were slightly above our expectations and Adjusted EPS at $1.50 per share was well above the high end of our guidance.

Workforce Solutions had a strong quarter with 7% non-mortgage revenue growth led by Verification Services non-mortgage revenue growth of 15%, led by the Government vertical with revenue growth of 35%. Total Workforce Solutions revenue was up 1% despite the 15% decline in Mortgage revenue. The Government vertical benefited from the new CMS and SNAP contracts, continued expansion of state contracts, record growth and pricing. Workforce Solutions Adjusted EBITDA margins of 51.1% were over 50 basis points stronger than our expectations from strong operating leverage.

Workforce Solutions had another outstanding quarter of new record additions and signing new payroll processors. During the quarter, EWS signed agreements with 2 new payroll processors, including one large payroll processor that will contribute over 6 million current records to the TWN database. This adds to the 6 partnerships we added in 4Q that are coming on line in the First Half. This brings the total number of payroll providers added to the TWN database to 35 since the beginning of 2021 and the pipeline for new records is strong. In the quarter, Workforce Solutions added 4 million current records growing the TWN database by 10% over last year. At the end of the quarter, the TWN database had 172 million current records on 126 million unique individuals. At 126 million unique active records, we have plenty of room to grow the TWN database towards the TAM of 225 income producing Amercians.

USIS delivered very strong revenue growth of 10%, the strongest in three years, despite the 19% mortgage market decline. Mortgage revenue was up 38%, stronger than expected from pricing pass through and our new Mortgage Pre-Qual products, while non-mortgage revenue was up 1% and lower than our expectations. Although we again had very strong double-digit growth in our Kount and Consumer Solutions businesses, and mid-single-digit growth in Banking and Lending, we saw declines in third-party bureau sales and low- to mid-single-digit declines in the Telco and Auto verticals. Adjusted EBITDA margins were 32.7%, about 70 basis points higher than expected.

International had another strong quarter with revenue growth of 13% on a reported basis and up 20% on a local currency basis, with organic local currency revenue growth of 6% - excluding the impact of the Boa Vista Serviços acquisition - from strong growth in Europe and Latin America. Adjusted EBITDA margins were 24.3%, up slightly from our expectations.

Our progress towards completing the EFX Cloud has momentum, with over 70% of our total revenue in the Cloud, and we are focused on executing the remaining critical steps to reach 90% of our revenue in the Cloud by year-end. USIS is expecting to complete their Consumer Credit, Mortgage and Telco and Utilities Exchange customer migrations to Data Fabric in 3Q, which will allow them to decommission legacy systems in the second half of this year as planned. Internationally, Argentina and Chile have completed Cloud migrations to Data Fabric, and Canada is progressing as planned to complete their Consumer Credit Exchange customer migrations to Data Fabric principally in late 2Q of this year with their legacy system decommissioning planned for 3Q. The U.K. is making very good progress towards completing their Cloud migrations in the first half 2025.

We continue to make very strong, broad-based progress with New Product Innovation (NPI), launching over 25 new products in the quarter with a 9% Vitality Index (VI). While our 1QVI was slightly below our long-term goal of 10%, as we lapped a large EWS Talent Solutions product launched three years ago, we expect our quarterly VI to accelerate throughout the year leveraging our EFX Cloud capabilities to drive new product roll-outs with a full year 2024 VI of over 10%. Consistent with 4Q of last year, USIS delivered another strong quarter with a VI of 7% as we move closer to EFX Cloud completion and are able to leverage our new Cloud native infrastructure for innovation and new products. EWS delivered a VI of over 10%. We expect EWS VI to accelerate throughout 2024 with new product introductions focused on our unique, digital incarceration data, mortgage prequal products, and I-9 products.

As we mentioned in February, 70% of our new models and scores in 2023 were built using AI and Machine Learning (ML) with a goal of 80% this year. In 1Q, we exceeded this year's goal with 85% of new models and scores built using AI and ML. NPI and EFX.AI are a clear focus for Equifax, which will drive innovation that can increase the visibility of consumers to help expand access to credit and create new, mainstream financial opportunities as well as drive EFX top-line growth and margins.

We are maintaining our full-year 2024 guidance with a midpoint expectation for revenue of $5.270 billion, up 8.6% on a reported basis and organic local currency growth of 8.5%, and Adjusted EPS of $7.35. We expect strong constant dollar non-mortgage revenue growth of over 10% and our full year guidance is based on the assumption that the US mortgage market continues at levels consistent with current run-rates, with USIS credit inquiries down about 11% from 2023, an improvement from our February Guidance of over 16%.

We have slightly adjusted our business unit level guidance. We expect Workforce Solutions to deliver full-year 2024 revenue growth of about 7%. We expect USIS to deliver revenue growth over 9% for full-year 2024. Mortgage revenue for USIS is expected to grow over 25% for 2024, which is 40 points stronger than the expected over 11% decline in mortgage credit inquiries. USIS non-mortgage revenue for 2024 is expected to grow about 3%, down from the 4% expectation in our February guidance. We continue to expect International to deliver constant currency growth to be over 15% in 2024, with organic constant currency growth of about 10%. For 2Q, we expect total revenue between $1.410 and $1.430 billion with revenue up about 8% at the midpoint. Mortgage revenue in 2Q is expected to be up about 3% of total revenue.

We have strong momentum in 2024 and are confident in the future of the New Equifax as we deliver strong non-mortgage revenue growth, move towards completion of our Cloud transformation, leverage our new EFX Cloud capabilities to accelerate new product roll-outs that 'Only Equifax' can provide, and invest in new products, data, analytics, and AI capabilities, which are expected to drive growth in 2024 and beyond. We are energized about the New Equifax and remain confident in our long-term 8-12% revenue growth framework that is expected to deliver higher margins and free cash flow.

To read more about our 1Q2024 financial results and 2024 Guidance, please see our press release and investor presentation. You may also reach out to Sam or me with any questions you may have. Thanks as always for your time and attention.

Best regards,

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