

IHS Inc.
Form S-1
September 29, 2006

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As filed with the Securities and Exchange Commission on September 29, 2006

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

IHS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

7370
(Primary Standard Industrial
Classification Code Number)
15 Inverness Way East
Englewood, CO 80112
(303) 790-0600

13-3769440
(I.R.S. Employer
Identification Number)

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

STEPHEN GREEN
Senior Vice President and General Counsel
IHS Inc.

15 Inverness Way East
Englewood, CO 80112
(303) 790-0600

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Title of Each Class of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Class A common stock, par value \$0.01 per share	\$300,000,000	\$32,100
Series A junior participating preferred stock purchase rights(3)		

- (1) Includes shares issuable upon exercise of the underwriters' option to purchase additional shares of Class A common stock.
- (2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.
- (3) Each share of Class A common stock includes one series A junior participating preferred stock purchase right pursuant to a Rights Agreement that was entered into between the Registrant and the rights agent. The series A junior participating preferred stock purchase rights will initially trade together with the Class A common stock. The value attributable to the series A junior participating preferred stock purchase rights, if any, is reflected in the offering price of the Class A common stock.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated September 29, 2006.

Shares

IHS Inc.

Class A Common Stock

All of the shares of common stock in the offering are being sold by the selling stockholder identified in this prospectus. IHS will not receive any of the proceeds from the sale of the shares by the selling stockholder.

The Class A common stock is listed on the New York Stock Exchange under the symbol "IHS". The last reported sale price of the common stock on September 28, 2006 was \$32.20 per share.

IHS has two classes of common stock outstanding, Class A common stock and Class B common stock. The rights of the Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock at any time at the option of the holder or automatically upon the earlier of the occurrence of specified events or November 16, 2009. After the offering, Urvanos Investments Limited will hold all of the Class B common stock and Urvanos and the selling stockholder together will hold approximately % of the voting power of IHS's outstanding capital stock (which represents approximately % of the overall economic interest).

See "Risk Factors" beginning on page 10 to read about factors you should consider before buying shares of the Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to the selling stockholder	\$	\$

To the extent that the underwriters sell more than shares of Class A common stock, the underwriters have the option to purchase up to an additional shares from the selling stockholder at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2006.

Goldman, Sachs & Co.

Citigroup

Morgan Stanley

KeyBanc Capital Markets

Piper Jaffray

Prospectus dated _____, 2006.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before deciding to invest in our Class A common stock. You should read this entire prospectus carefully, especially the risks of investing in our Class A common stock discussed under "Risk Factors" beginning on page 10. Except as otherwise noted, we present all financial and operating data on a fiscal year and fiscal quarter basis. Our fiscal years end on November 30 of each year. Unless otherwise indicated, references herein to an individual year means the fiscal year ended November 30. For example, "2005" refers to the fiscal year ended November 30, 2005.

Our Company

We are one of the leading global providers of critical technical information, decision-support tools, and related services to customers in the energy, defense, aerospace, construction, electronics, and automotive industries. We have developed a comprehensive collection of technical information that is highly relevant to the industries we serve. Our decision-support tools enable our customers to quickly and easily search and analyze this information and integrate it into their work flows. Our operational, research, and strategic advisory services combine this information and these tools with our extensive industry expertise to meet the needs of our customers. Our customers rely on these offerings to facilitate decision-making, support key processes, and improve productivity.

Our customers range from governments and large multinational corporations to smaller companies and technical professionals in more than 100 countries. We sell our offerings primarily through subscriptions and have historically experienced high renewal rates. As a result of our subscription-based business model and historically high renewal rates, we generate recurring revenue and cash flow. In 2005, we generated revenue of \$476 million, net income of \$42 million, and operating cash flows of \$48 million. For the nine months ended August 31, 2006, we generated revenue of \$403 million, net income of \$42 million, and operating cash flows of \$94 million.

IHS has been in business for more than 45 years and employs approximately 2,500 people around the world.

We manage our business through our Energy and Engineering operating segments:

Our Energy segment develops and delivers critical oil and gas industry data on exploration, development, production, and transportation activities to major global energy producers and oil companies. We also provide decision-support tools and operational, research, and strategic advisory services to these customers, as well as to utilities and transportation, petrochemical, coal, and power companies. For example, major global oil companies use our offerings to support a broad range of decision-making processes that identify attractive exploration investments, assess the likelihood of successful oil production projects, and develop detailed planning scenarios. In 2005 and for the nine months ended August 31, 2006, our Energy segment generated revenue of \$242 million and \$214 million, respectively.

Our Engineering segment provides offerings in two broad categories of products: technical standards and parts information. These products include a broad range of technical specifications and standards, regulations, parts data, design guides, and other information for customers in our targeted industries. We also have expertise in developing decision-support tools that enhance the accessibility and usability of this information. We offer targeted advisory services that are designed to maximize the utilization and integration of our information within our customers' business processes. We serve some of the largest engineering-intensive companies around the world in the defense, aerospace, construction, electronics, and automotive industries. For example, we provide some of the largest aerospace companies with desktop access to industry specifications and standards; parts, logistics, and procurement data; engineering methods; and related analytical tools. In 2005

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and for the nine months ended August 31, 2006, our Engineering segment generated revenue of \$234 million and \$188 million, respectively.

Our Competitive Strengths

We believe we are a leader in the markets we serve as a result of the following competitive strengths.

Comprehensive collection of critical information. We have developed a comprehensive collection of current and historical technical information that is highly relevant to the industries we serve. We believe that this collection would be very difficult to replicate because it has been developed and maintained over several decades. We gather the information primarily through long-standing relationships with thousands of public and private sources and combine it with our proprietary content, our extensive industry insight, and our analysis to create what we believe is the largest collection of this type of information in the world.

Deep expertise. We develop and utilize sophisticated processes and technologies for gathering, updating, indexing, and delivering our critical information. Our hundreds of information services experts analyze, integrate, and maintain this information. We also employ specialized professionals with extensive experience in our target industries to better understand the needs of our customers and to design tools and related services that address their needs.

Trusted business partner. The combination of our critical information and industry expertise has resulted in our becoming a longstanding and trusted business partner, providing accurate and timely technical information to our customers. Many of our customers rely on us as a single-source provider of this information that, together with our decision-support tools and related services, supports their key operations and processes, facilitates strategy and decision-making, and drives growth and productivity.

Diversified and global customer base. We serve some of the world's largest corporations across multiple industries in more than 100 countries, as well as governments and other organizations. In 2005, we generated approximately 50% of our total revenue outside the United States and our largest customer generated less than 3% of our total revenue. In addition, in 2005, we had fewer than 45 customers who generated \$1 million or more of revenue. We believe that our diversified and global customer base reduces the impact on our operating results of industry downturns and localized economic conditions.

Subscription-based model with high renewal rates. We sell our offerings primarily through subscriptions. As a result of this model and our historically high renewal rates, we generate recurring revenue and cash flows. We believe that our high renewal rates demonstrate that our customers rely on us for high-quality solutions that they consider critical to their business.

Experienced management team. Our management team includes information services veterans and experienced industry executives. We benefit from their thorough understanding of the information services business, deep knowledge of our target industries, and extensive relationships with content providers and existing and potential customers.

Our Growth Strategy

We intend to build on our position as one of the leading providers of critical technical information, decision-support tools and related services to customers in the industries we target by executing the following strategies.

Enhance our critical information. We will continue to augment our comprehensive collection of critical information by enhancing our data aggregation tools and processes and by further strengthening our relationships and alliances with content providers. We also plan to

continue to selectively acquire databases and information services organizations in our target industries.

Further embed our offerings in customer processes. We intend to continue to work closely with our customers to more deeply embed our offerings into their workflows and business processes. We believe we can achieve this by developing new tools and services and by selectively acquiring complementary technologies and businesses that enhance our offerings. We intend to use these enhanced offerings to appeal to new customers and further penetrate our existing global customer base.

Further penetrate targeted industries. We believe we have a unique ability to develop decision- support tools and related services based on our critical information in the industries we target. We intend to further penetrate selected information-intensive industries where we already have significant presence, such as defense, aerospace, construction, and electronics, through internal growth and selective acquisitions.

Expand geographic reach. We are expanding our sales and marketing efforts in emerging markets, particularly in Asia. China, Russia and India represent significant opportunities for us as the information-intensive industries we serve have grown rapidly in these countries over the past few years. We intend to broaden our reach in these markets by tailoring our offerings with specialized local content and deploying knowledgeable sales representatives and dealers.

Leverage operating model. We derive most of our revenue from annual subscription fees, while a large portion of our costs are fixed. As a result, we believe we can improve our operating margins by generating additional revenue as we further penetrate our existing customer base and add new customers. We intend to capitalize on this model by optimizing our operational efficiencies with more standardized processes and by leveraging our infrastructure and technologies across our business.

Recent Developments

On September 21, 2006, we announced that Jerre L. Stead, our Chairman of the board of directors, was named Chief Executive Officer, replacing Charles A. Picasso who is retiring. Mr. Stead has been our Chairman of the board since December 1, 2000 and will continue to serve in that role. For more information regarding the employment and retirement-related arrangements with Messrs. Stead and Picasso, see "Management Employment Contracts, Termination of Employment and Change in Control Arrangements."

Ownership Structure

Voting and investment decisions with respect to the shares of our company have historically been made by TBG Holdings N.V. (TBG), a Netherlands-Antilles company through the shares that it holds directly and through its indirect sole ownership of our other principal stockholder, Urvanos Investments Limited, a Cyprus limited liability company. TBG had not historically held our shares directly and instead held them through its indirect sole ownership of Urvanos and Urpasis Investments Limited, a Cyprus limited liability company. On September 1, 2006, Urpasis divested all the shares it held in our company to TBG. TBG is wholly-owned indirectly by The Thyssen-Bornemisza Continuity Trust (Trust), a Bermuda trust, which is controlled by a Bermudan trustee, Thybo Trustees Limited, and another oversight entity, Tornabuoni Limited, which is a Guernsey company.

Urpasis and Urvanos sold in a private placement an aggregate of \$75 million of shares of our Class A common stock at the initial public offering price of \$16.00 per share to investment entities affiliated with General Atlantic LLC. The closing of this private placement occurred simultaneously with the closing of our initial public offering on November 16, 2005. We appointed Steven A. Denning, the Chairman and a Managing Director of General Atlantic, to our board of directors in April 2005.

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Our authorized capital stock consists of 80,000,000 shares of Class A common stock and 13,750,000 shares of Class B common stock. These classes have equal dividend rights and liquidation rights. However, the holders of our Class A common stock are entitled to one vote per share and holders of our Class B common stock are entitled to ten votes per share on all matters to be voted upon by the stockholders. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock and will automatically convert, without any action by the holder, upon the earlier of the occurrence of specified events or November 16, 2009.

The following diagram summarizes our current ownership structure:

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- (1) TBG is indirectly wholly-owned by the Trust through a Bermuda corporation.
 - (2) Urvanos Investments Limited is indirectly wholly owned by TBG through a Netherlands corporation.
 - (3) As of August 31, 2006, Urvanos Investments Limited owned 958,859 shares of our Class A common stock and 13,750,000 shares of our Class B common stock, representing in the aggregate approximately 76% of the voting power of the then outstanding common stock (compared to 25% of the overall economic interest).
 - (4) As of August 31, 2006, General Atlantic owned 4,687,500 shares of our Class A common stock representing approximately 2.6% of the voting power of the then outstanding common stock (compared to 8% of the overall economic interest).
 - (5) As of September 1, 2006, following the distribution of all our shares held by Urpasis Investments Limited to TBG, TBG owned 18,911,391 shares of our Class A common stock representing approximately 10.3% of the voting power of the then outstanding common stock (compared to 32% of the overall economic interest).

Jerre L. Stead, our Chief Executive Officer and the Chairman of our board of directors, is also a member of the board of directors of TBG. Michael v. Staudt, a member of our board of directors, is also an executive vice president of TBG. In addition, C. Michael Armstrong, Roger Holtback and Michael Klein, all members of our board of directors, were members of the board of directors and an advisory committee of TBG prior to our initial public offering. See "Risk Factors Risks Related to the Offering We are controlled by an entity whose interests may differ from your interests; the chairman of our board serves on the board of that entity and one of our directors is one of its executive officers" and "Certain Relationships and Related Transactions Relationship with the Selling Stockholder."

Risk Factors

You should carefully consider the information under the heading "Risk Factors" and all other information in this prospectus before investing in our Class A common stock.

Company Information

We were incorporated in the state of Delaware in 1994. Our principal executive offices are located at 15 Inverness Way East, Englewood, Colorado 80112 and our telephone number is (303) 790-0600. We also maintain an Internet site at www.ihs.com. Our website and the information contained therein shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

The Offering

Class A common stock offered by the selling stockholder	shares (option to purchase additional shares)	shares if the underwriters exercise in full their
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Class A common stock to be outstanding after this offering	45,547,210 shares
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Class B common stock to be outstanding after this offering	13,750,000 shares
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Total common stock to be outstanding after this offering	59,297,210 shares
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Voting rights:

Class A common stock	One vote per share
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Class B common stock	Ten votes per share
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Conversion	Each share of our Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock shall convert automatically, without any action by the holder, upon the earlier of the occurrence of specified events or on November 16, 2009. See "Description of Capital Stock Common Stock Conversion."
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Use of proceeds	We will not receive any proceeds from this offering.
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New York Stock Exchange symbol	"IHS"
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The outstanding share information appearing above is based on the number of shares that were issued and outstanding as of August 31, 2006. Unless we specifically state otherwise, the information in this prospectus does not reflect:

1.9 million shares of our Class A common stock available for issuance under the Amended and Restated IHS Inc. 2004 Long-Term Incentive Plan (including the IHS Inc. Directors Stock Plan, which is part of our long-term incentive plan) (as of the date of this prospectus, there were 99,000 options, 11,900 performance stock units and 554,412 restricted stock units outstanding under this plan);

1,000,000 shares of our Class A common stock available for issuance under the IHS Inc. Employee Stock Purchase Plan; and

the exercise by the underwriters of their option to purchase additional shares of our Class A common stock in this offering.

As of August 31, 2006, we had 45,547,210 shares of Class A common stock and 13,750,000 shares of Class B common stock outstanding. The shares of Class A common stock outstanding included 2,191,947 restricted shares of Class A common stock that were not vested as of such date.

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	Years Ended November 30,			Nine Months Ended August 31,	
Net income	\$ 42,563	\$ 61,314	\$ 41,797	\$ 25,439	\$ 42,472

Balance Sheet Data (as of period end):

Cash and cash equivalents	\$ 24,051	\$ 124,452	\$ 132,365	\$ 137,767	\$ 161,631
Total assets	620,113	752,644	807,156	742,967	876,743
Total long term debt and capital leases	725	607	262	260	573
Total stockholders' equity	360,765	421,051	477,180	439,994	550,353

Cash Flow and Other Financial Data:

Net cash provided by (used in):					
Operating activities	\$ 60,145	\$ 66,980	\$ 48,290	\$ 36,819	\$ 94,152
Investing activities	(4,935)	34,603	(39,303)	(21,845)	(73,794)
Financing activities	(44,153)	(2,000)	(390)	(390)	7,173
EBITDA(2)	75,301	86,910	70,875	44,616	70,592
Adjusted EBITDA(2)	67,260	74,429	86,678	58,098	81,820

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EBITDA and adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use since they do not consider certain cash requirements, such as interest payments, tax payments, debt service requirements and capital expenditures.

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The following is a reconciliation of EBITDA and adjusted EBITDA to net income:

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	2004	2005	2005	2006
	(Unaudited)				
	(In thousands)				
Net income	\$ 42,563	\$ 61,314	\$ 41,797	\$ 25,439	\$ 42,472
Interest income	(1,359)	(1,140)	(3,485)	(2,553)	(4,161)
Interest expense	1,104	450	768	693	272
Provision for income taxes	24,053	16,644	20,376	12,498	21,079
Depreciation and amortization	8,940	9,642	11,419	8,539	10,930
	75,301	86,910	70,875	44,616	70,592
EBITDA					
Restructuring and offering charges			13,703	12,397	2
Stock-based compensation expense		21,502	5,272	3,545	12,465
Impairment of assets	567	1,972			
Net periodic pension and post retirement benefits	(8,558)	(5,791)	(4,091)	(2,781)	(3,212)
(Gain) loss on sales of assets, net	(245)	(5,532)	(1,331)	(1,331)	53
Gain on sale of investment in affiliate		(26,601)			
Loss from discontinued operations, net	195	1,969	2,250	1,652	1,920
	\$ 67,260	\$ 74,429	\$ 86,678	\$ 58,098	\$ 81,820
Adjusted EBITDA					

RISK FACTORS

You should carefully consider the following risks and all of the other information set forth in this prospectus before deciding to invest in shares of our Class A common stock. If any of the events or developments described below actually occurs, our business, financial condition, and results of operations may suffer. In that case, the trading price of our Class A common stock may decline and you could lose all or part of your investment.

Risks Related to Our Business

We depend on content obtained through agreements with third parties, including Standards Development Organizations (SDOs), and the failure to maintain these agreements on commercially reasonable terms could prove harmful to our business.

A significant amount of the content that we use in our offerings is either purchased or licensed from third parties, including SDOs. Although we obtain data from over 370 SDOs, approximately 60% of the revenue generated by our Engineering segment is derived from offerings that include data that we license from 25 SDOs. We believe that the content licensed from many of these third parties, particularly the 25 SDOs referred to above, cannot be obtained from alternate sources on favorable terms, if at all. Our license agreements with these third parties are generally nonexclusive and many are terminable on less than one year's notice. In addition, many of these third parties compete with one another and us. As a result, we may not be able to maintain or renew these agreements at cost-effective prices, and these third parties might restrict or withdraw their content from us for competitive or other reasons. Over the last few years, some third parties, including some SDOs, have increased the royalty payments we pay them for the use of their information and may continue to do so in the future. When such royalty payments increase, our Engineering segment operating margins may decline, as they have in the past. If we are unable to maintain or renew a significant number of these agreements, particularly those we have with SDOs, or if we renew a significant number of these agreements on terms that are less favorable to us, the quality of our offerings and our business, operating results, and financial condition may be adversely affected.

If we are unable to consistently renew subscriptions for our offerings, our results could weaken.

In 2005 and in the nine months ended August 31, 2006, we derived more than 75% of our revenues from subscriptions to our offerings. These subscriptions are generally for a term of one year. Our results depend on our ability to achieve and sustain high annual renewal rates on existing subscriptions and to enter into new subscription arrangements on comm