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Dun & Bradstreet Holdings, Inc. (DNB)

Q2 2022 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to Dun & Bradstreet Second Quarter 2022 Conference Call. As a reminder, today's call is being record and your participation implies consent to such recording. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions]

With that, I would like to turn the call over to [ph] Ed Yuen (00:01:10). You may proceed.

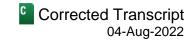
Unverified Participant

Thank you. Good morning, everyone, and thank you for joining us for Dun & Bradstreet's financial results conference call for the second quarter 2022. On the call today we have Dun & Bradstreet CEO, Anthony Jabbour; and CFO, Bryan Hipsher.

Before we begin, allow me to provide a disclaimer regarding forward-looking statements. This call, including the Q&A portion of the call, may include forward-looking statements related to the expected future results for our company and are therefore forward-looking statements. Our actual results may differ materially from our projections due to a number of risks and uncertainties. The risks and uncertainties that forward-looking statements are subject to are described in our earnings release and other SEC filings.

Today's remarks will also include references to non-GAAP financial measures. Additional information, including reconciliation between non-GAAP financial information to the GAAP financial information, is provided in the press release and supplemental slide presentation. This conference call will be available for replay via webcast through Dun & Bradstreet's Investor Relations website and investor.dnb.com.

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With that, I'll now turn the call over to Anthony.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Thanks, [ph] Ed (00:02:08). Good morning, everyone, and thank you for joining us for our call today. I'll begin with an update on our second quarter results and then provide a general business overview, including some of the more strategic initiatives we have going on. Following my commentary, Bryan will provide further details on our second quarter results and our outlook for the remainder of the year. After that, we'll open up the call for questions and then I'll finish up with some closing comments.

The second quarter of 2022 was another solid quarter of financial and operational execution. Adjusted revenues for the total company grew 3.1% or 6.3% before the effect of foreign currency and revenues on an organic constant currency basis grew 3.7% for the second quarter. Despite an increasingly challenging macro environment, we continue to show the defensible growth nature of our company with over 50% of our revenues under multi-year contracts, over 96% gross revenue retention and over 95% recurring revenues and solutions that are deeply embedded within our customers' most critical workflows and technologies. We are in a privileged position to be able to weather these difficult markets and continue to execute upon both our near term and long term objectives. In fact, on July 28, we announced a quarterly dividend of \$0.05, which will be the first quarter of our annual dividend of \$0.20 per share per year. We continue to drive strong results through our transformation and acceleration efforts and I am pleased to be able to share a portion of those gains with our shareholders.

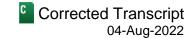
From a segment perspective, organic constant currency growth in both North America and International was driven by demand for our Finance and Risk solutions as broader business and macro conditions continue to create a strong demand environment. Our 3.7% organic constant currency growth included a 1% negative impact from the conclusion of the GSA contract and continues to show our progress towards sustained mid-single-digit growth. As businesses throughout the world face deteriorating conditions, DNB stands as a trusted provider, ready to deliver the mission critical data and analytics that help our customers underwrite with confidence in times like these.

Our Finance business continues to be solid in North America and International, with growth driven through receiving incremental value for the enhancements we've made to our data, delivery and technology platforms. As businesses look to tighten their credit and business lending underwriting standards, we believe that our solutions are uniquely positioned to help clients and prospects make better decisions when it matters the most.

The same goes for our third-party and supply chain risk management business, which had another quarter of strong double-digit growth. These solutions are a natural progression to finance organizations throughout the globe as they look to meet the evolving demands of enhanced data-driven reviews on global third-party participants. We believe that in the coming years, third-party and supply chain risk management will continue to be a top priority for businesses and we will continue to invest in data and software enhancements to meet this increasing demand.

On the public sector front, while this quarter marked the completion of our direct relationship with the GSA, we continue to make significant inroads with several of the federal government agencies, whether it's Food and Drug Administration, the Small Business Administration, the Department of Defense or FEMA, US Federal Government agencies continue to rely upon the Dun's number and the data and analytics that support their missions.

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And finally, with sales and marketing, we have made a significant progress this quarter on enhancing and upgrading our solutions in North America while localizing and releasing international versions to our clients across Europe and Asia. For instance, our new localized version of Hoovers in Europe has achieved a near 50% increase in revenue versus prior year and we believe there's ample greenfield opportunities to continue to accelerate growth over the coming quarters and years. This is yet another example of how we continue to prove out our thesis that as we bring new solutions to geographies, customer demand is high. In fact, the D&B solutions overall in Europe grew over 15% this quarter.

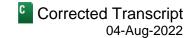
With Europe continuing to localize new solutions and North America bringing incremental innovation to bear, I'm happy to report that we built upon our first quarter Vitality Index of 10% with the second quarter Vitality Index score of 15%. While many companies are pulling back due to cyclical pressures, we are continuing to drive forward with our strategy, and I'm pleased with both our financial results and operational progress. As we continue to execute against our near term objectives, our guiding strategic principles remain the same, innovate solutions and localize them throughout the world, increase our wallet share with strategic clients through expanded datasets and complementary solutions, approach and monetize the small business channel in new and innovative ways and continue to grow International in both our owned and Worldwide Network markets.

On the innovation front, our product, technology, data and analytics teams were hard at work delivering some exciting enhancements to our existing solutions and bringing new solutions to market that will continue to drive the progress I just mentioned in our Vitality Index. With the latest release of our fraud suite, we've signed our first two client contracts, moved the solution from pilot to general release and have a growing multi-million-dollar pipeline for the second half of this year. We continue to see a strong demand for risk mitigation solutions as fraudulent activity has historically risen during periods of global economic distress. Prospects are looking for data driven solutions to help sift through hundreds of thousands of transactions that could result in millions of dollars of losses if even one fraudulent transaction is missed. We believe that our B2B based fraud suite can play a unique role in fending off this type of activity and the early signs of our building pipeline are proof of that.

On the Sales and Marketing front, we continue to make progress on laying the foundation for our accelerated growth in our sales solutions. We grew our business contact database to 441 million global contacts, including 41 million emails and 18 million direct dials, and released the new version of D&B Hoovers for small business. This solution is a lighter version aimed at delivering packets of contacts that can easily be activated through our clients' MarTech and [ph] SalesTech (00:09:27) solutions and keeps clients coming back for more as each month new leads are generated. The solution is sold through both our inside sales and digital channels, which we believe is a more effective way for us to reach the tens of millions of SMB prospects that have been an untapped market for us to date. We also completed the integration of our Audience Solutions business, including the integration of the D-U-N-S Number throughout our enhanced business identity graph. With NetWise and Eyeota growing over 20%, we continue to see big potential in the B2B digital marketing space over the coming years and we'll look to capitalize on our strong momentum there.

And the last one I'll touch on is the enhancements we've made to our ESG Intelligence score. We now have detailed scores on 34 million companies in 39 markets throughout the globe. Again, at DNB, we want to make sure that when we score a business, it's informed through accurate and validated data versus modeling companies based on simple things like industry or geography. For instance, with the recent addition of business' consolidated utility bill data we're able to calculate the carbon emissions of a public or private company at a level of granularity we believe is unparalleled in the industry. We continue to see strong engagement from our existing customer base and are pleased with not only the wins we have seen in the quarter, but the growing pipeline across several industry verticals.

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Moving on to Sales, I'm pleased to report that the second quarter was another strong one for our strategic client segments in both North America and International. In North America, we won new business with Lendio, a modern lending platform that helps businesses get funding in new and innovative way. Lendio will leverage our data to make offers to small businesses enabled by Lendio's loan marketplace. With the millions of small businesses that come to Dun & Bradstreet to understand, monitor and potentially impact their business credit scores, many will take this step to get the funding they need quickly. Another way we are supporting the intelligent flow of capital is our expanded relationship with Goldman Sachs. Through our coverage and patented matching capabilities, we're able to link Goldman Sachs consumer credit card holders with their associated businesses to create a significant source of new commercial credit card prospects for Marcus by Goldman Sachs.

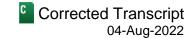
On the renewal front, Wells Fargo, a client that has been with us for over 35 years, renewed a multi-year contract for our products and data to support several use cases across their business functions, including portfolio management and monitoring.

Another significant multi-year contract renewal was with one of the largest payroll and human resources management companies in the world. Through the direct integration of some of our latest scores and analytics into their key platforms and work streams, we were able to automate the risk decisioning process upfront and then integrate financial health monitoring capabilities to mitigate the ongoing risk exposure going forward. In our D&B Europe market, we won new business with a Global 500 pharmaceutical company. The multi-year seven-figure deal provides various products across Risk, Sales and Marketing, including finance analytics and data blocks. We also won a multi-year seven-figure master data and credit monitoring deal from a large Nordic telecom provider, displacing a significant global competitor. And finally we began selling our D&B ESG Intelligence solutions in Europe and had some notable wins, including a deal with a large German metal processing company as they look to further understand the ESG posture of their large and complicated supply chain.

In the SMB channel, we continue to look for ways to enhance our offerings to small businesses through both our internal efforts, along with strategic partnerships. One such partnership is our latest integration with Plaid. Through Plaid, businesses can provide permission to connect their business bank accounts directly to DNB and directly influence their business identity and scores. Even with a modest number of bank accounts connected right out of the gate, 90% of the companies that added banking information improved their risk assessment by delinquency score by up to 40 points. As the global economy slows, we look to assist clients and prospects with more timely and more accurate reflections of their business standing and hopefully allow them to access capital in a more efficient and effective manner. At the same time, we continue to progress with our blended score as multiple proofs of concepts are underway. As you can imagine, the testing process is a thorough one when it relates to the inclusion of a new underwriting score, but we are quite optimistic about the early results and the significant improvement in our ability to more broadly and more accurately score small and medium businesses today.

We've also been focused on new ways to expand our reach and serve more of the SMB community. One example of this is how we're adapting to more seamlessly meet the needs of small businesses through our embedded credit partner program. The goal of this program is to continue to provide small businesses with credit access and education by embedding directly within products used every day in their flow of work, such as their business banking accounts or accounting software. Think about how a customer credit scores are embedded in consumer banking apps, except we're doing it from the commercial side. We've offered this successfully to a few partners over the past year and have taken these learnings to scale the offering, allowing our customers themselves to become more holistic partners to small businesses.

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And finally, I want to share with you the fantastic progress we made in our International business. As we previously discussed, the migration of customers from legacy outdated products to our modern D&B solutions in Europe was a critical part of our acquisition of Bisnode. And through disciplined execution, the D&B Europe team has now migrated over \$50 million in cumulative revenues to our modern D&B platforms. This coordinated effort moved over 6,000 customers in the second quarter, which improved our Vitality Index, and has put us in a better position to drive cross-sell efforts from our latest offerings versus legacy products.

I want to congratulate our team on achieving the high bar we set out during the acquisition and recognize the operational execution that led to DNB's largest successful migration in the last 20-plus years. Overall, I'm very pleased with the way we're executing during the first half of 2022 and believe Dun & Bradstreet is uniquely positioned in the market due to our combination of high quality revenues, increasing innovation, strong margins, solid balance sheet and disciplined capital allocation. I look forward to continuing to report on our progress over the coming quarters.

And with that, I'd like to now turn the call over to Bryan to discuss our financial results for the second quarter in more detail and the outlook for the remainder of 2022.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

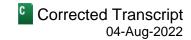
Thank you, Anthony. And good morning, everyone. Today, I will discuss our second quarter results and our outlook for 2022. Turning to slide 1, on a GAAP basis, second quarter revenues were \$537 million, an increase of \$16 million or 3% compared to the prior year quarter and 6% before the effect of foreign exchange. Net loss for the second quarter was \$2 million or a diluted loss per share of less than \$0.01 compared to a net loss of \$52 million for the prior year quarter or a diluted loss per share of \$0.12. The decrease in net loss of \$50 million for this quarter was primarily due to lower provision for income taxes and a reduction in interest expense.

Turning to slide 2, I'll now discuss our adjusted results for the second quarter. Second quarter adjusted revenues for the total company were \$537 million, an increase of 3% or 6% before the impact of foreign exchange versus the prior year quarter. Revenues on an organic constant currency basis were up 3.7%. Second quarter adjusted EBITDA for the total company was \$200 million, an increase of \$2 million or 1%. The increase in EBITDA was primarily due to revenue growth from the underlying business, partially offset by investments leading to higher data and data processing costs and \$3 million from the impact of foreign exchange. Second quarter adjusted EBITDA margin was 37%, a decrease of 90 basis points compared to the prior year quarter. Excluding the impact of acquisitions, adjusted EBITDA margin was 38.4% or an increase of 30 basis points. Second quarter adjusted net income was \$107 million or adjusted diluted earnings per share of \$0.25 compared to \$108 million or \$0.25 per share in the prior year quarter.

Turning now to slide 3. I'll now discuss the results for our two segments, North America and International. In North America, revenues for the second quarter were \$381 million, an increase of 7%. Excluding the impact of foreign exchange and acquisitions, North America organic revenue increased 2.8%. In Finance and Risk, revenues were \$209 million, an increase of 5%, primarily due to new business and higher customer spend in our third-party and supply chain risk management solutions partially offset by lower revenues from the conclusion of the GSA contract at the end of April.

In Sales and Marketing, revenues were \$172 million, an increase of 9%. The growth was primarily driven by our marketing solutions, which includes Eyeota and NetWise. North America second quarter adjusted EBITDA was \$161 million, a decrease of 4%, primarily due to investments leading to higher data and data processing fees,

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partially offset by organic revenue growth. Adjusted EBITDA margin for North America was 42% or 44% excluding the acquisitions.

Turning to slide 4, in our International segment, second quarter revenues were \$156 million, a decrease of \$8 million or 5%, and an increase of 5% on a constant currency basis. Organic revenues on a constant currency basis increased 5.7%. Finance and Risk revenues for the second quarter of 2022 were \$102 million, a decrease of \$2 million, or approximately 2%, and an increase of 7% on a constant currency basis. Growth was driven across all markets, including higher revenues from Finance solutions in our UK market, higher cross-border data fees across our Worldwide Network alliances and increased API solution revenues in our European markets. Sales and Marketing revenues for the second quarter of 2022 were \$54 million, a decrease of \$6 million or 9%, and an increase of 2% on a constant currency basis. The increase was primarily driven by higher data sales in our UK market and higher product royalties from the Worldwide Network alliances partially offset by the divestiture of a B2C business in Germany.

Second quarter International adjusted EBITDA was \$46 million for the three months ended June 30, 2022, an increase of \$4 million or 9% compared to the same period last year. The improvement in adjusted EBITDA was driven by revenue growth as well as the cost savings in Europe related to our business acquisition. Adjusted EBITDA margin was 30% for the three months ended June 30, 2022, a 380-basis-point improvement versus the prior year.

Now turning to slide 5, I'll walk through our capital structure. As of June 30, 2022, we had cash and cash equivalents of \$210 million and total principal amount of debt of \$3,783 million. We had \$755 million available on our \$850 million revolving credit facility as of June 30, 2022. Our leverage ratio was 4.2 times on a net basis and the credit facility senior secured net leverage ratio was 3.6 times.

Turning now to slide 6, I'll now walk through our outlook for 2022. We continue to expect total adjusted revenues on a constant currency basis to increase 5% to 7%. We now expect adjusted revenues after the effect of foreign currency to be in the range of \$2,225 million to \$2,270 million or an increase of approximate 2.5% to 4.5%. This update reflects a 2.5% headwind to revenue after the effect of foreign currency due primarily to the continued strengthening of the US dollar versus the euro, Swedish krona and the British pound. And in regards to our primary KPI, revenues on an organic constant currency basis are still expected to be in the range of 3% to 5% for the full year. Adjusted EBITDA is still expected to be in the range of \$865 million to \$905 million. And finally, with rising rates, we now expect interest expense to be in the range of \$185 million to \$195 million, and are now expecting adjusted EPS to be in the range of \$1.10 to \$1.17.

Additional modeling details underlying our outlook are as follows, depreciation and amortization expense of approximately \$90 million, excluding incremental depreciation amortization expense resulting from purchase accounting. Adjusted effective tax rate of approximately 24.5%. Weighted average diluted shares outstanding of approximately 430 million. And CapEx, we expect to be at the higher end of our \$150 million to \$180 million range.

The second quarter came in as expected, and we continue to see the remaining quarters growing on an organic constant currency basis as previously communicated. The acceleration in Q3 and then in Q4 is being driven by a strong current and prior year sales, the impact of our pricing initiatives flowing through and continued progress in our retention efforts. Adjusted EBITDA is also expected to ramp up in the third and fourth quarters as we annualize prior year investments in the first half of the year and see the contribution margin flow through from revenue growth in the second half with only a slight impact of \$6 million in the second half of the year from foreign exchange.

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As Anthony mentioned earlier, our execution in the first half of the year has been strong and sets us up to continue to achieve our near term objective while staying on track with our longer term goals. Despite a challenging macroeconomic backdrop, the DNB has a mix of assets, financial profile and a set of opportunities in front of us that puts us in a privileged position in the market, and allows us to continue to build upon the significant progress we have made to date.

With that, we're now happy to open up the call for questions. Operator, will you please open the line for Q&A?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from the line of Kyle Peterson with Needham. Please proceed with your question.

Kyle Peterson

Analyst, Needham & Co. LLC

Hey. Good morning, guys. Thanks for taking the questions. Just want to start particularly on your thoughts around capital allocation. Good to see the dividend get started up here. Just want to pick your brain on what made you guys choose the dividend over potential share repurchase and is it neither or situation or is there potentially room for both here?

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Thank you, Kyle. Well, really the dividend we thought about, and as I mentioned on previous calls, capital allocation is always top of mind for us. It's always something that we discuss at our board meetings and obviously evaluate the world around us. And the dividend is a way for us to return value to our shareholders, which we thought made sense obviously and we felt very confident in our capabilities in delivery, to be able to do that but also we thought it would open up an ability to reach a larger set of potential shareholders. And lastly, most of our peers pay a dividend. So that was the reason, I'd say, we chose to give a dividend and the rest of the capital allocation I say is pretty much in line, right? First and foremost, focusing on investing for organic growth, still looking for strategic M&A that we think will drive value for us and obviously still focused on paying down our debt. We – our goal is to get under 4 times by end of the year, beginning of next year. So we feel really good about the execution that way. So those are some of the reasons why we came with the dividend and the rest of our priorities from a capital allocation perspective.

Kyle Peterson

Analyst, Needham & Co. LLC

Understood, that makes sense. And just want to follow up. Have there been any changes in client conversations and just given there's been some increased fears of a global recession here, whether it's downsizing of deals or cycles getting a little bit longer, dragged out, just want to see if you guys noticed any change in tone with clients?

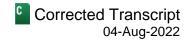
Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Well, the – I'd say the largest part is a lot more engagement with our clients. So as there are fears of recession looming, the data quality matters the most and obviously we're very strong in that regard. And so our clients are

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Analyst, Jefferies LLC



engaging with us deeply to really have access to the best insights out there for them to – as you think about – when there's risks, obviously recession creates risk for them and us being in a position with the high quality data that we have really puts us in a strong position with our clients to really help them at times like this. So I'd say it's been very positive for us and then certainly other areas where if you think on our Sales and Marketing side, where we obviously don't help our clients in the same way during recession, we're seeing our, I'd say, our sales cycles lengthen a bit, not going away, but just going through maybe one extra step of approvals. But again, the types of capabilities that we're providing in the space are mission critical as well for them, right? It's a great return for them. It's all about – everyone wants to be more effective, more efficient. Leveraging their data is always at the core of that. And leveraging analytics helps them always be smarter. And so heading into a recession, whether it's on the defensive side with Finance and Risk or the offensive side with Sales and Marketing, quality data is at the core of it and that's what our focus is on.

Kyle Peterson Analyst, Needham & Co. LLC	Q
Makes sense. Thanks, guys.	
Anthony M. Jabbour Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.	A
Thanks, Kyle.	
Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.	A
Thanks, Kyle.	
Operator: Our next question comes from the line of Hamzah Mazari with Jequestion.	efferies. Please proceed with your
Hamzah Mazari	

Yes. Hi. Good morning. You had mentioned innovating and localizing solutions, you think you mentioned increased wallet share with new datasets, the SMB channel and International. Maybe just frame for us which of these is further ahead, where is there more opportunity and I guess just stepping back at a high level, what is missing for you to do consistent mid-single-digit organic growth sort of quarter in, quarter out? And so however you want to answer that question, I just mentioned some of the key sort of growth drivers you had mentioned in your prepared remarks.

Anthony M. Jabbour Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Yeah. No, appreciate Hamzah. There is a focus and I hope what you appreciate is our consistency with our strategy with these four areas that we're focusing on because we've been very regimented in our approach here and our discipline and I'd say the furthest along for us is probably our International expansion. We really believed early on that, as we created a more focused accountability and new product capability to execute well with our strategic clients and I'd say on the innovation side, I'm very pleased with how we have the flywheel spinning right now. We've lots of capability coming out. You're seeing it in a lot of the prepared remarks that we shared. But really across the board I'm pleased with the momentum that we have.

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And on the SMB side, similarly, there's a new area that we're trying to be a little more [indiscernible] (00:32:47) in terms of how we go after that. And that is something where we look at it in two facets. One facet, how can we drive more traffic to our e-commerce sites that's where we think increasingly that's the ideal place to serve the SMBs and where they want to be served. And the other is how can we bring more and more capability to the SMB client base and help those small businesses, especially in times of a pending recession where we've got lots of capability that can help. And I gave some examples earlier around Lendio where we can help give real-time credit approvals or with Plaid where we can have an SMB connect us to their commercial bank account for us to find ways to improve their credit scores and help them more.

So of those four, like I said, that was probably the order of where we're furthest along in the order I walk through and I think in terms of mid-single-digit growth, that's really the journey that we're on. I mean, as you look at the – our performance in the second quarter, if you strip out the GSA, which was lost in 2018 and finally came off, that's a point of growth. We're in the high 4% growth rate right now. So I feel really good about how the business is operating, like I said, financially and operationally. And maybe just one more thing I'll add to that is not just the actual quantity of revenue growth that we're having, but the quality of it. We've been focusing on multi-year contracts. That doesn't help us in quarter, right? We've been focusing on migrating from older legacy applications to our new point of arrival ones. That doesn't help us in current quarter. Our Vitality score and focus on driving more growth from new products, most of this helps us as we improve the quality of our revenues. So I want to make sure that – to highlight that for you, the quantity is there and we got confidence, but also the quality that we're focused on of our revenue and earnings on a go-forward basis.

Hamzah Mazari

Analyst, Jefferies LLC

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That's very helpful. Just my follow-up question – I'll turn it over – is just on Sales and Marketing. You mentioned kind of lengthening of the sales cycle. I guess when you look at Sales and Marketing, I know that business was pretty different in 2009 but when you look at this business, maybe walk us through digital marketing, sales acceleration and kind of the master contact data, just differences in those business lines, so investors can kind of get a view of how discretionary each of those business lines are relative to each other and so just any thoughts as to cyclicality of those particular lines of business?

Bryan Hipsher

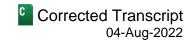
Chief Financial Officer, Dun & Bradstreet Holdings, Inc.



Yeah. Hey, Hamzah. It's Bryan. It's a great question, one, we continue to really drive upon. When you look at the overall revenue makeup, over half of it is under master data management and so that is something that is extremely sticky, very embedded within the software, within the workflow. So think about master client record, master vendor record. And so again, very large piece growing kind of in that similar to the overall company's profile – growth profile in that mid-singles. The Sales component of it, again we talked about that primarily being on the Hoovers side. It's something that had been declining over a period of time. I think Anthony mentioned earlier our investments in contact assets, data assets, intent data, what we did from a UI/UX perspective and really now in a position to start to accelerate that off of a relatively small base, call it [ph] \$90 million-ish (00:37:00) with some adjustments and enhancement to our go-to-market strategy. So again, on that side, I think in the environment there's a lot more upside than certainly there is downside from that perspective.

And then last, the Marketing business and [indiscernible] (00:37:17) combination of our Audience Solutions combined with now NetWise and Eyeota. Anthony mentioned NetWise and Eyeota growing over 20% and so it's really the tip of the spear. And when you think about getting more efficient, doing more with less, those are the things that when things tighten up from a marketing budget or sales budget, the ROI you get on the spend within

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that kind of MarTech data asset is very high. And so again we're at early stages from that perspective and expect to have greenfield and opportunity to continue to weather these times very well.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

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Yeah. If I could add to that as well, as we look going forward, where, again in the Sales and Marketing space, we anticipate a slightly longer sales cycle, but clearly our solutions resonating with the market. One of the other tailwinds that we have is a lot more capability that we're also introducing. So it's not the same list of capabilities going into slightly longer sales cycle, but more new capabilities in terms of individual products as well as the integrated approach that we're taking across all of our Sales and Marketing solutions so we can solve bigger problems for our clients and be more core to their operations.

Hamzah Mazari

Analyst, Jefferies LLC

Great. Thank you.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

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Thanks Hamzah.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

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Thanks Hamzah.

Operator: Our next question comes from the line of Andrew Jeffrey with Truist Securities. Please proceed with your question.



Hey, guys. Good morning. It's [ph] Gus (00:39:01) stepping on for Andrew. Just want to talk about the supply chain risk management as a vector of growth. Could you help us like quantify the potential revenue contribution there as it develops and grows?

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.



Yeah. So I'll start with, kind of, given the quantification and then Anthony and I will kind of going back and forth on the opportunity around supply chain risk management and third-party risk management, which I think, from my perspective, is quite exciting. We talked about it being roughly \$25 million a quarter. So think about that full year annualized run in over \$100 million. It is something that again was tangential to what we were doing on the Finance solution side. And it's a natural progression of underwriting, right, so really underwriting from a financial perspective, from a risk and compliance perspective. As you think about the next steps, including things like ESG and cyber risk security, it is something that we see a lot of runway, not just over the next few quarters, but frankly, over the next few years.

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Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Yeah, I like to add to that is that's a growing area that we don't see going away, but we see we're getting more and more core to our clients and anchored on them and working on solutions that can really benefit them such as ESG and these new early growth areas where what we can provide to them from a repeatable, measurable scoring capability can really help when you really understand the regulatory environment that they're going to be faced with. And with our access to private company data as well as public company. Like I mentioned, we have 34 million companies that we cover and – globally and if you think there's 50,000 – not quite 50,000 public companies, the majority of what we're covering are private companies. And we think it's really unique and we think the regulations will lean into that as well. So we really think that there's a big opportunity for us to continue to grow in the space very nicely. And certainly are in the midst of lots of exciting conversations with our clients.

Great. Appreciate the color. My follow-up question is, could you talk a little bit about the driving the cross-sell, how that progression is going and yeah, just kind of talk about pricing for your products using environment [indiscernible] (00:41:30)

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Yeah. Sure. We're pleased with the cross-sell and a key part of that as well obviously is why I talked about getting the flywheel of innovation spinning because we want to create more and more capability to solve bigger and bigger problems for our clients, we want to integrate them and so it's easily digestible by our clients and repeatable and we're pleased with the cross-sell results that we're seeing on the Sales side and also on the manufacturing side of more capability. And from a pricing side same thing, like I said, we've talked about ways that we would increase pricing where it made sense. We've got it in our multi-year contracts, which is obviously a key area. We've increased pricing in our base products, obviously, due to the inflationary environment that we're in and I'd say more so we — I always say with pricing you have to earn the right for pricing. And I believe we are with our clients in terms of our capability, our deliveries and the value that we're creating for them and how we're servicing them, we're earning the right every day for that.

Great. Thank you.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

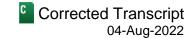
Thank you [ph] Gus (00:42:51).

Operator: Our next question comes from the line of Anish Sarada (sic) [Ashish Sabadra] (00:42:58) with RBC Capital Markets. Please proceed with your question.

John Mazzoni

Analyst, RBC Capital Markets

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Hi, this is John, filling in for Ashish. Congratulations on the strong innovation as well as the Vitality Index. So looks like it accelerated 15% the quarter. Could you talk more about how this translates into organic growth and maybe tie that into pricing? Perhaps could we see pricing go higher if – again you said you earn the right to price, but could this go to say mid-single digits to high-single digits in time once the products are reintroduced and new products are driven to market? Thanks.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

A

Sure. Thank you for that, [ph] John (00:43:39). I'll start with the first part and let Bryan talk about the second. But clearly we're pleased with the results that we're seeing here and I'd say from a growth perspective, obviously it helps, from a pricing perspective, it helps as well. So having clients on our point of arrival products is beneficial in many ways. So if you think of a renewal coming up, would you want your clients on an older legacy system that you have or your latest and greatest, what would improve your odds of retention, right, obviously and being on your newest offering and similarly with our newest offering that's where we'll have the ability to drive more cross-sells more seamlessly. So if you think of our point of arrival product with risk analytics, that's where we're cross-selling our ESG capability and we want to move our clients to risk analytics so they could take advantage of some of the other new capabilities that we have. And secondly, when you look at pricing, the – again the power of that is by having your clients getting the most benefit from you, which is what our point of arrival products are delivering, it just puts us in a great position as we're driving value for them, for us to drive value from a pricing perspective as well.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

А

Yeah. Just what Anthony said, right, as we continue to bring new products to bear, but also as we continue to migrate, for instance, off of all legacy products onto the new D&B products, it puts us in a great position to continue to raise price. When we talk about the price impact on the revenue, that's blended across the board. And so when you think about where we were, for instance, in International, those Bisnode regions, we had a lot of heavy lifting in Neeraj and team to get that \$50 million off of what were really disparate and legacy products onto kind of our consolidated modern platforms. As you hit that, then the opportunity to raise price and raise price, I would say even above and beyond where we are today is certainly something that gives us a lot of confidence in doing so as we go forward.

John Mazzoni

Analyst, RBC Capital Markets

Great. Thank you for the color. And for my quick follow-up, I'll just say, as we model out organic growth in the second half of the year, it seems like it was originally guided to improve in the second half as compared to the first half. Is this still the expectation given the strong first half performance?

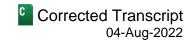
Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.



Yeah. People are – to our earlier comments, we talk about 4.5% right in the first quarter, 3.7% in the second quarter. That included 1 point of headwind, right? So, pretty consistent growth in the first and second quarters. We're going to have the full impact of the GSA both in the third and fourth quarters, right? So, think about three months versus the two months in the second, but yeah if you look at that continued trajectory going from the second quarter to the third to the fourth, we would expect the third and the fourth to be accelerating off of the second quarter.

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John Mazzoni

Analyst, RBC Capital Markets

Great. Thank you.

Operator: Our next question comes from the line of Seth Weber with Wells Fargo Securities. Please proceed with your question.

Seth Weber

Analyst, Wells Fargo Securities LLC

Hi, guys. Good morning. Thanks for taking the question. I had a question on the International margin, which came in a little bit [indiscernible] (00:47:19) from what we are looking for. Was there anything that you would call out there? I mean, it did step down a bunch from the first quarter. Is there anything notable that weighed on International margin in the second quarter?

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Hey Seth, not necessarily. The – clearly the – when we talk about the foreign exchange impact, that's all going to head into the International business in particular...

Seth Weber

Analyst, Wells Fargo Securities LLC

Yeah.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

...so – when you look at the impacts of revenue and flow through on the EBITDA side. So that was probably the primary differential between those two. You really started to see the dollar kind of take off, right, from a strengthening perspective more in the second than the first. Overall, the business gets another kind of partial offset because of some of the shared services operations we have, for instance, in Ireland. They're supporting not just a small piece of International, but also the overall North America operation. And that's where when you kind of blend the two, it gets down to something more like call it, 19% or 20% impact on the revenue side. So when you look at the full year, you're talking \$60 million of revenue, but maybe \$9 million of the EBITDA impact, so pretty muted.

Seth Weber

Analyst, Wells Fargo Securities LLC

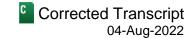
Right. Okay. So is this kind of low 30% range representative of what you think the full year will be? It seems like FX is getting worse. I'm just trying to understand the margin trajectory for the International segment for the rest of the year. Is this kind of representative or do you think it should get better from here?

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Yeah. Again, I think it will continue to improve. So we continue to make the progress on the Bisnode cost savings front too. We have that obviously [indiscernible] (00:49:14) with the revenues flowing through in the first quarter. We continue to make progress in the second quarter. Some of this migration effort was obviously a pretty heavy

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lift to get done, and I think \$40 million out of the \$50 million of the revenue that migrated was done in the second quarter. So now that that's behind us, you can imagine lots of the expenses associated with those platforms, right, and those kind of sundowns and wind downs start to peel off. So again, when we talk about the first half versus second half, the second half yield just be more of the natural revenue contribution margin flow through. And then on top of that, in the International, there's still a little bit more of the cost savings from the integration flowing through also.

Seth Weber

Analyst, Wells Fargo Securities LLC

C

Okay. Thanks. And then just as a follow-up, I heard you mention there are some higher, I guess, data acquisition costs with some of these – in support of some of these new subsegments and data adjacencies and things like that. Is that a material headwind to you guys to support things like supply chain and ESG, I guess, or how should we think about the cost profile going forward just more broadly? Are these incremental costs going to continue to accelerate or just how should we think about – as you grow these other businesses, is that going to be more of a cost headwind? Thanks.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

A

Maybe I'll take that, Bryan, and you could add on. I'd say from a data perspective, what we've seen here is that we've got a [indiscernible] (00:50:54) of data and as we add new additional data, the solution becomes broader and magnified. And as we've hired in ESG experts or fraud experts, we've been able to acquire small amounts of data that we're talking about, but create a magnified impact from – it's one plus one equaling five, from that perspective. And I'd say, how we're leveraging it, we're ingesting, this alternate data, for example, once in our Data Lake and using it in multiple ways. So from an efficiency perspective, it makes a lot of sense and having repeatability creates a lot of sense. So if you think of utility data as an example of alternative data, we leverage in our credit underwriting, we leverage in our fraud use cases, we leverage it with ESG and understanding consumption, potentially use it for contact data as well. So there's lots of different use cases as this comes in. And that's why as we've been making the investments in the space, we just have a high confidence about the return on the investments that we're making in these additional data assets.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.



Yeah. And again, we had a dynamic [indiscernible] (00:52:17) that we talked about in the first half of the year where we were laughing, some of these investments that came in the back half of last year. And it was really just a dynamic of, between those investments that we usually can absorb, right, with the natural kind of progression of the revenue growth. We had two things in there, right? One is the GSA contract. And obviously it was a contract with us for a long time and was relatively high margin business, as you can imagine.

And then secondly the acquisitions of Eyeota and NetWise. They came in again higher growing, but subscale from a margin perspective. So this was just the kind of a confluence of events from that perspective. Again, in the second half of the year, you'll see more of that normal kind of EBITDA expansion that we talked about on the revenue growth and then as we go forward. This was kind of the last component – the GSA component that was back from 2018 that we knew we were kind of walking into this year.

Seth Weber

Analyst, Wells Fargo Securities LLC



Got it. Okay. That's helpful, guys. Thank you very much.

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Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Thank you, Seth.

Operator: Our next question comes from the line of Manav Patnaik with Barclays. Please proceed with your question.

Manay Patnaik

Analyst, Barclays Capital, Inc.

Thank you. Bryan, I was hoping you could just help us with the organic growth kind of cadence you gave for the total company. Maybe just some nuances between International perhaps I guess North America sounds like would follow that same pattern?

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Yeah. So, again, Manav, what we're seeing and we saw in the second quarter, for instance, on International, which was on an organic constant currency basis, Europe stepped up, right? So they grew about 3%, so the prior Bisnode business asset and then the overall kind of rest of it grew roughly 9%, right? So really consistent with where we're going. And again, the more we get those components of the legacy revenue out, it gives the team the ability to continue to drive more cross-sell, up-sell on top of it, more price increases and things like that. So we'll continue to see the progression of the International business through the back half of the year.

On North America, I think you said it right, it's pretty consistent, right, as we continue to grow and we continue to layer on the price increases, we continue to layer on the prior sales folding into turning from sale into rev rec. And then obviously as we get into the fourth quarter [indiscernible] (00:55:06) the largest from a magnitude perspective, but also from a growth perspective.

Manay Patnaik

Analyst, Barclays Capital, Inc.

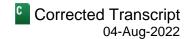
Got it. And then maybe just remind us about Eyeota and NetWise and kind of how they fit into this digital marketing strategy, because if I heard you and you said they were growing 20% and it sounded like you think they could maintain that growth even in the slowdown because from other marketing talk or whatever we're already starting to see signs that things are slowing down for them?

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

So I'll take that Manav. Yeah, in our digital marketing space, again, it's an area where there — we anticipate continued growth in that area. And like I said, overall in Sales and Marketing, is probably safe to say that sales cycle will be elongated a bit, but it provides the ability to really isolate on who you want to target. So if you think of where Marketing would be impacted, it could be maybe companies wanting to brand an arena and having more brand impression spend being cut back. But in this area, it's really identifying the audience who specifically and how can you leverage the data to identify who you want to target and where is the ideal place to target them and that's really the power of Eyeota and NetWise. And again when we talk about our integrated suite, we have a D-U-N-S Number. Eyeota had a unique ID, NetWise had a unique ID. We want to take the D-U-N-S Number, make it an online D-U-N-S Number, a consistent one to really streamline the whole process and make it simple for our clients to leverage these digital marketing channels. And so as we think of I'll say micro headwinds and tailwinds,

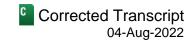
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right, elongated sales cycle would be one thing us facilitating the solution and making it simpler through the integration and the new capability we think is a micro tailwind. So that's how we're really looking at the space right now and why we believe we'll continue to grow as it has been growing.

The mand many we send to me me continue to grow as it has seen growing.	
Manav Patnaik Analyst, Barclays Capital, Inc.	C
Okay. Thank you.	
Anthony M. Jabbour Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.	Д
Thank you.	
Operator: Our last question comes from the line of Andrew Steinerman with JPMorgan. Please proceed vour question.	with
Andrew C. Steinerman Analyst, JPMorgan Securities LLC	C
Hi, Bryan. I'd like you to break out the second quarter organic constant currency revenue growth by the four subsegments, by geo, starting with North America when looking at the 2.8%, I assume it's just Eyeota and NetWise and that would be Sales and Marketing. And then on International, I know we had a German dive I just don't know how to break that out between F and R and Sales and Marketing when thinking about the for International.	stiture.
Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.	Д
Sure. Andrew, the NetWise and Eyeota are 100% in the Sales and Marketing business in North America. Sthat component that is [indiscernible] (00:58:10). In the German B2C business, that was a B2C Marketing business. And so again, on the International side, all on Marketing and I think that was a little over call it \$1 million, right, for the quarter.	
Andrew C. Steinerman Analyst, JPMorgan Securities LLC	C
Right. So what would be the organic constant currency revenue growth for North America and Internationa and Marketing?	l Sales
Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.	Д
So Sales and Marketing on North America side was around 1%.	
Andrew C. Steinerman Analyst, JPMorgan Securities LLC	C
Okay. Thank you very much.	
Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.	Д

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Yeah.

Operator: This does conclude our question-and-answer period. I will turn the call over to – back over to you, Mr. Jabbour. Please proceed with closing remarks.

Anthony M. Jabbour

Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Thank you. As always, I'd like to thank my Dun & Bradstreet colleagues for their exceptional efforts to sustainably grow our business for the years to come and to our great clients for their partnership and their guidance. Thank you for your interest in Dun & Bradstreet and for joining us on the call. Hope you have a wonderful day.

Operator: This does conclude today's conference call. We thank you for your participation and ask that you kindly disconnect your lines. Have a good day, everyone.

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