

03-Aug-2021

Dun & Bradstreet Holdings, Inc. (DNB)

Q2 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by. This is the conference operator. Welcome to the Dun & Bradstreet Second Quarter 2021 Earnings Call. As a reminder, all participants are in listen-only mode and the conference is being record. After the presentation, there will be an opportunity to ask questions. [Operator Instructions]

With that, I would like to turn the call over to Deb McCann, Treasurer and Senior Vice President, Investor Relations and Corporate FP&A. Please go ahead.

Deb McCann

Treasurer and Senior Vice President, Investor Relations and Corporate FP&A, Dun & Bradstreet Holdings, Inc.

Thank you. Good morning, everyone, and thank you for joining us for Dun & Bradstreet's financial results conference call for the second quarter ending June 30, 2021. On the call today, we have Dun & Bradstreet's 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 at investor.dnb.com.

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

Anthony M. Jabbour

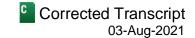
Chief Executive Officer & Director, Dun & Bradstreet Holdings, Inc.

Thank you, Deb. Good morning, everyone, and thank you for joining us for our second quarter earnings call. The second quarter was another quarter of solid progress as revenues grew 24.4% and EBITDA grew 12.6%. Organic revenue growth accelerated to 2.8%, fueled by low-double-digit growth in International and low-single-digit growth in North America.

The sequential improvement in organic growth was driven by new logo wins, increased cross-sell, continued strong retention and the lessening of previously communicated headwinds. We also saw strong sales in the building pipeline for our new solutions both domestically and internationally as businesses look to leverage more of our solutions to support their post-pandemic operating models.

We expect to see a continued ramp in the third and fourth quarters as we execute against our near-term growth strategy and have continued to strengthen the business for the long term with new talent, data assets, partnerships and solutions that continue to bolster our offerings and provide our clients differentiated insights that help them grow revenues, lower operating costs and improve the risk and compliance profile.

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Before we jump into our normal business and operations update, I wanted to touch on a few announcements we made in the quarter. Back in May, we welcomed two new leaders Ginny Gomez and Mike Manos who joined our team in key roles and are already having a significant impact on the company. As Dun & Bradstreet's Chief Product Officer, Ginny comes to us from TransUnion and has over 20 years of experience, driving innovation and leading product organizations. She manages the overall product strategy for our global portfolio and is focused on driving rapid innovation and developing solutions at scale that enable our client's success.

Mike is our Chief Technology Officer and brings more than 25 years of experience and deep technological [audio gap] (03:41) to Dun & Bradstreet. Mike joined us from Pfizer and brings with him a proven track record of modernizing and scaling existing platforms for companies such as AOL, Microsoft and First Data. We also established a new location in Jacksonville, Florida, which will serve as our global headquarters. We look to leverage this strategic location to help us to continue to innovate and grow, as well as benefit from substantial state and local financial incentives that made this move an easy one.

And finally, before I move on to the business update, I wanted to share a very special milestone here at Dun & Bradstreet. On July 20, we celebrated our 180th year anniversary, which is a testament to the longstanding value D&B has and continues to provide to businesses throughout the world.

Now, let's move on to our business update. On our first quarter call, we discussed our key priorities for 2021, which are to continue to grow our share of wallet with our strategic customers, to approach and monetize the SMB space in new and innovative ways, to launch new products domestically, to localize new and existing products globally, and lastly, to integrate the Bisnode acquisition.

Throughout the second quarter, our team has made great strides towards executing on these priorities, and I'll now share highlights from the quarter before I turn the call over to Bryan for a more in-depth financial review. After that, we'll finish up by taking your questions.

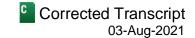
We're pleased with the ongoing success we're having with our strategic clients, which included renewal rates at near 100% and the addition of some exciting new logos. In North America, we signed a multiyear deal with Ceridian, a global human capital management software company for analytics studio and various Sales and Marketing products, including the new Rev.UP ABX and digital targeting solutions. Ceridian was looking to support their growth strategies, and in particular, the ability to connect and activate the offline view of customers and prospects through digital insights.

They're also focused on strategic global expansion and leveraging our WorldBase file to better understand addressable markets by region to support growth in target markets. Leveraging the investments we've made in non-traditional data and our Sales and Marketing solutions, we signed additional business with one of the largest online retailers who will be using our data and analytics to support their efforts in growing a new business line that needed help targeting specific retailers and high foot traffic areas such as airports and sports stadiums.

Deloitte Touche Tohmatsu also entered into a multiyear agreement with us to assist with their client engagement, customer relationship management, and overall master data program. Their global data management team was tasked with creating a global master data warehouse that could be used across all markets and will be the central hub for global applications as well as local markets.

The team selected our D&B Direct+ API to be the central point for company information, hierarchies and connections including our full family tree. Along with the master data use case, they're also using our insights to inform their investment to drive a more diverse workforce pipeline, and in particular, underrepresented minorities

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to the public accounting profession. We will deliver a microsite with downloadable learning modules and coupled with a multi-channel marketing campaign. We're proud to support Deloitte in ensuring the success of this fantastic program.

We also signed a deal with Vintro, an online networking platform who'll be using our comprehensive B2B data as well as our insights and AI-driven platforms to enable their clients to accelerate global opportunity and innovation. In addition to the direct sale, we're also partnering with Vintro on a new platform to enhance the supply chain ecosystem through enhanced access to SMBs.

Turning to our International segment. We're making strong progress on the Global 500 account program we rolled out in the first quarter, demonstrated by several wins in the second quarter. One of these was a significant expansion of our longstanding relationship with Barclays through a multi-year enterprise-wide agreement supporting their global master client data and insights strategy. Barclays will be using D&B's comprehensive global data cloud for a multitude of use cases. Globally consistent and identifiable by the D-U-N-S Number, our data will enable a broader and deeper view of every customer and prospect from intent data, to financial and regulatory information. Barclays was looking for an end-to-end global solution and we stood alone in our ability to deliver such an outcome.

In D&B Europe, our newly acquired Bisnode region, we signed several deals with Global 500 companies as our strategy to become the provider of choice in Central Europe has begun to bear fruit. Bayer, a life science company with more than 150-year history and core competencies in the areas of healthcare and agriculture, signed a three-year global contract for D&B Data via multiple delivery platforms. This deal will support Bayer in organizing and managing their third-party rights across various software platforms.

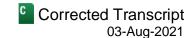
Deutsche Bank signed a new contract to use our local German database, to support their sales efforts. After various data and usability comparisons, they chose D&B over their previous provider, a large international competitor. We continue to build and grow relationships with Global 500 companies. At the end of the second quarter, nearly three-quarters of the Global 500 companies are clients of ours, significant increase from a year-end 2019 that was closer to two-thirds. While we continue to deepen relationships with our strategic client, we're also seeing positive trends in the small and mid-sized markets.

As it relates to our second priority, addressing the SMB market in new and innovative ways, we started with a build-out of our D&B product in data marketplaces. The D&B Product Marketplace was created to provide a curated set of our solutions as well as partner solutions designed for small business. It now has 20 partners. The newest of which are Breck's and LendingTree along with other major brands such as Microsoft, Comcast Business, AT&T Business, Mastercard and Symantec.

The D&B Data Marketplace where users can now buy a broader range of pre-matched, independent datasets from alternative data providers now includes datasets such as commercial real estate, job postings, shipping, healthcare and US agricultural data. We currently have 36 partner datasets as of the end of the second quarter, up from 22 at the end of the first quarter.

Now, turning to our e-commerce strategy. We continue to see more and more attention in our digital assets. In the second quarter, we saw D&B.com site visits continue to grow with over 46 million visits in Q2, an 84% increase over prior Q2. While the vast majority of customers are coming for credit signal and monitoring services, we're also beginning to see increased demand for Sales and Marketing solutions. Overall, we hit more than 2 million in e-commerce sales in Q2, up 73% from prior year quarter and our forecasting sales to double again by the end of the third quarter. This combined with our D&B Marketplaces are expected to drive nearly \$10 million in

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incremental annual recurring revenues by year-end. And we look forward to updating you in the coming quarters on our progress.

Our third priority is launching new products and use cases. Last quarter, we announced D&B Rev.Up ABX, a solution that simplifies and automates marketing and sales workflows for our clients. Since its launch, we closed six deals with ACV of nearly \$2 million and with a strong and growing pipeline as awareness spreads and further enhancements are added to the platform. We're excited to now take the Rev.UP capabilities to the SMB marketplace with the launch of D&B Rev.Up Now. Rev.Up Now brings enterprise digital marketing technology once only available to large-sized businesses to SMBs so that they can find and engage their best customers without having the cost and complexity of an in-house analytics department.

We're also bolstering our Sales and Marketing solutions through our alliance with Zeta Global. We are bringing together trusted consumer and private business data into a single, highly secure data cloud that contains profiles on over 220 million individuals in the United States. The data cloud combines Zeta's business-to-consumer data, including individuals' intent, behavioral, transactional and location-based signals with Dun & Bradstreet's business-to-business data, including employer data such as companies, titles and e-mails to power a new market sector we refer to as business-to-person or B2P, which will enable businesses to unlock the buying power of decision makers through this uniquely combined dataset offering, a true 360-degree view of an individual, and the ability to reach them through both business and consumer-based activation channels.

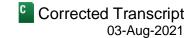
And last but not least, I'm excited to announce the launch of D&B ESG Intelligence, which delivers a standardized score in analytics built from the Dun & Bradstreet Data Cloud and establish sustainability standards. D&B ESG Intelligence provides extensive coverage of 9 million US private companies and all 6,000 US public companies. Our ESG rankings cover 12 ESG themes and 32 topic-specific categories to help our clients best understand specific risks and opportunities. We believe this is another great example of how we can leverage the power of our data cloud and the D-U-N-S Number to create consistent and comprehensive rankings for businesses of all sizes throughout the globe.

This deep coverage and breakdown of specific ESG topic rankings helps compliance and procurement teams track and report on specific ESG factors that increase growth and reduce risk. Similar to how PAYDEX established the de facto commercial credit score, we see the opportunity to set a standardized commercial ESG score that will help underwriters, procurement organizations, investors and many other areas quickly analyze and action new customers, vendors, suppliers, investments and partners in an accurate and efficient manner.

In our International segment, we continue to focus on rolling out localized solutions across our owned and partner markets. In the second quarter, we delivered 14 product launches across Europe, Greater China and the worldwide network partner markets, including important new solutions, D&B Finance Analytics, D&B Risk Analytics and Data Blocks. We also expanded distribution of D&B Onboard and Direct+ across a slew of worldwide network partners.

In D&B Europe, we continue to see good traction from existing D&B products like D&B Credit, Direct+ and D&B Onboard while also introducing new products including D&B Finance Analytics and Risk Analytics in the Nordic markets, Optimizer in the Nordics and South East Europe, and Data Blocks in Central Europe. These solutions will enable us to execute our strategy of migrating customers off legacy offerings on to modern digital platforms as well as attract new customers. These solutions along with the many we have discussed over the past few quarters are allowing us to create a significant amount of new product revenue.

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For North America and International combined, the New Product Vitality Index or the percentage of revenues from new products was 6% in Q2. For context, we began measuring this stat in Q1 of 2019, and it's up already from 0.2% in Q2 of 2019. We will continue to drive more and more new solutions into our markets around the world and look forward to updating you on our progress through the coming quarters.

Turning to Bisnode, I'm pleased to report that integration is going as planned with top line performance in line and synergy realization coming in slightly ahead of expectations. We've executed more than \$25 million in annualized savings from actions taken through Q2. Savings are being driven by the consolidation of functions across our global team as well as executing a broad real estate strategy including vacating and reducing the footprint of 14 office locations.

On the Bisnode operations side, we implemented a new global data framework across the D&B Europe markets to ensure consistent monitoring and enhancement of database breadth and quality. We have already made key data improvements, including the failure scores in Nordic markets and Germany, growing the database of non-registered companies in Central Europe and increasing financial statement data in Switzerland. These initiatives are intended to improve retention to enhance customer satisfaction, as well as demand for data from our global customers. Overall, I'm pleased with our continued transformation, and I'm excited about the progress we continue to make, laying the foundation for accelerated sustainable growth throughout the remainder of 2021 and into 2022.

With that, I'll now turn the call over to Bryan to discuss our financial results and outlook for the remainder of 2021.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

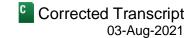
Thank you, Anthony, and good morning, everyone. Today, I will discuss our second quarter 2021 results and our outlook for the remainder of the year. On a GAAP basis, second quarter revenues were \$521 million, an increase of 24% or 23% on a constant currency basis compared to the prior year quarter. This includes the net impact of the lower purchase accounting deferred revenue adjustment of \$2 million. Net loss for the second quarter on a GAAP basis was \$52 million or a diluted loss per share of \$0.12, compared to a net loss of \$208 million for the prior-year quarter.

The improvement was primarily driven by higher prior-year expenses related to the retirement of debt as part of the initial public offering, lower interest expense, improvements in operating income driven by lower equity-based compensation related to stock options granted in the prior-year quarter, and the net impact of Bisnode acquisition. This was partially offset by higher tax provisions recognized the current year largely driven by changes in state apportionment and the enactment of the UK tax rate increase.

Turning to slide 2, I'll now discuss our adjusted results for the second quarter. Second quarter adjusted revenues for the total company were \$521 million, an increase of 24.4% or 23.2% on a constant currency basis. This year-over-year increase included 19.9 percentage points from the Bisnode acquisition and a 0.5 point from the impact of lower deferred revenue purchase accounting adjustments. Revenues on an organic constant currency basis were up 2.8%, driven by double-digit growth in our International segment as well as single-digit growth in North America.

Second quarter adjusted EBITDA for the total company was \$198 million, an increase of \$22 million or 13%. Excluding the net impact of the Bisnode acquisition, EBITDA increased slightly due to revenue growth partially offset by increased data and data processing costs, higher commissions and higher public company costs. Second quarter adjusted EBITDA margin was 38.1%. Excluding the net impact of Bisnode, EBITDA margin was

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40.8%. Second quarter adjusted net income was \$108 million or adjusted diluted earnings per share of \$0.25, an increase from \$81 million in the second quarter of 2020.

Turning now to slide 3. I will now discuss the results for our two segments: North America and International. In North America, revenues for the second quarter were \$357 million, an increase of approximately 1% from the prior year. Excluding the positive impact of foreign exchange and the negative impact of the Bisnode acquisition, North America organic revenue increased \$3.2 million or 1%. In Finance and Risk, we continue to see strength in our risk solutions and solid growth in our finance solutions attributable to new business and higher customer spend.

The growth in these solutions was partially offset by \$1 million of revenue elimination from the Bisnode transaction. For Sales and Marketing, revenue was \$158 million, a decrease of \$3.1 million or 2%. While data sales had another solid quarter, the overall growth in Sales and Marketing was offset by \$4 million from the Data.com legacy partnership wind-down.

North America second quarter adjusted EBITDA was \$167 million, a decrease of \$3 million or 2% primarily due to higher data processing costs and higher commissions, partially offset by revenue growth and ongoing cost management. Adjusted EBITDA margin for North America was 46.9%.

Turning now to slide 4. In our International segment, second quarter revenues increased 147% to \$164 million or 137% on a constant currency basis, primarily driven by the net impact from the acquisition of Bisnode and strong growth in both Finance and Risk and Sales and Marketing solutions. Excluding the net impact of Bisnode, International revenues increased approximately 13%. Finance and Risk revenues were \$104 million, an increase of 92% or an increase of 85% on a constant currency basis primarily due to the Bisnode acquisition.

Excluding the net impact of Bisnode, revenue grew 10% with growth across all markets including higher revenue from Worldwide Network alliances due to higher cross-border data fees and royalties. And higher revenues from our UK market attributable to growth in our finance solutions.

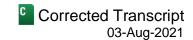
Sales and Marketing revenues were \$60 million, an increase of 383% or an increase of 366% on a constant currency basis, primarily attributable to the Bisnode acquisition. Excluding the impact of Bisnode, revenue grew 22% due to higher revenues from API offerings across our UK and Greater China markets and increased revenues from our Worldwide Network partners' product royalties.

Second quarter International adjusted EBITDA of \$43 million increased \$23 million or 113% versus second quarter 2020, primarily due to the net impact of the Bisnode acquisition, as well as revenue growth across our international businesses, partially offset by higher data costs. Adjusted EBITDA margin was 26% or 28.9% excluding Bisnode.

Turning to slide 5, I'll now walk through our capital structure. At the end of June 30, 2021, we had cash and cash equivalents of \$178 million, which, when combined with the full capacity of our \$850 million revolving line of credit due 2025 represents total liquidity of approximately \$1 billion. As of June 30, 2021, total debt principle was \$3,667 million, and our leverage ratio was 4.7 on a gross basis and 4.4 on a net basis. The credit facility senior secured net leverage ratio was 3.6.

Turning now to slide 6. I'll now walk through our outlook for full-year 2021. Adjusted revenues are expected to remain in the range of \$2,145 million to \$2,175 million, an increase of approximately [audio gap] (24:47) compared to full-year 2020 adjusted revenues of \$1,739 million. Revenues on an organic constant currency basis

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and excluding the net impact of lower deferred revenues are expected to increase between 3% to 4.5%. Adjusted EBITDA is expected to be in the range of \$840 million to \$855 million, an increase of 18% to 20%. And adjusted EPS is expected to be at the high end of the range of \$1.02 to \$1.06.

Additional modeling details underlying our outlook are as follows: we expect interest expense to be \$200 million to \$210 million, depreciation and amortization expense of approximately \$90 million excluding incremental depreciation and amortization expense resulting from purchase accounting, adjusted effective tax rate of approximately 24%, weighted average shares outstanding of approximately 430 million, and finally, for CapEx, we are increasing our guidance from approximately \$160 million to approximately \$237 million to account for the \$77 million purchase of our new global headquarters building in Jacksonville.

Overall, we're continuing to see the year shaping up as previously discussed with organic revenue growth continuing to accelerate throughout the year with Q3 expected to be a bit below the midpoint of our range and Q4 to be at the high end of the range.

And finally, as previously discussed, we continue to expect adjusted EBITDA for the third quarter to be below the low end of the guidance growth range with a similar growth rate as Q2 due to timing of certain expenses related to data acquisition and Sales and Marketing initiatives. We expect the fourth quarter to be above the high end of the guidance growth range.

Overall, we are pleased with our performance through the first half of 2021 and look forward to continuing the strong momentum we are building in both our North America and International segments.

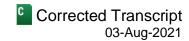
With that, we're now happy to open the call for questions. Operator, will you please open up the line for Q&A?

QUESTION AND ANSWER SECTION

Operator: Yes. We will now begin the question-and-answer session. [Operator Instructions] The first question is from Kevin McVeigh from Credit Suisse. Please go ahead.

Kevin McVeigh Analyst, Credit Suisse Securities (USA) LLC	Q				
Great. Thanks so much and congratulations on the results. Hi, Bryan or Anthony					
Anthony M. Jabbour Chief Executive Officer & Director, Dun & Bradstreet Holdings, Inc.	A				
Thank you, Kevin.					
Kevin McVeigh Analyst, Credit Suisse Securities (USA) LLC	Q				
I think the organic growth was pretty clear in terms of the guidan so would be for Q3 a little bit below 3% and then Q4 a little bit about And if it is, maybe some of the puts and takes that get to there.	•				

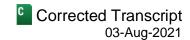
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Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.	A
Yeah. Kevin, if we – when we talk about it that the range is at 3% to 4.5%. So we'll be a little bit below the midpoint of that range	
Kevin McVeigh Analyst, Credit Suisse Securities (USA) LLC	Q
Midpoint I'm sorry.	
Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.	A
\dots effectively to be able to – yeah, exactly, above 3% from that perspective. A couple of things that feed into the right, is we had \$4 million of the Data.com headwind in Q2. That goes to about \$2 million in the third quarter then \$1 million in the fourth quarter. So the headwinds are really behind us that we previously communicated	and
And then the other piece is that as previous sales, as the previous price increases, as the new product innov starts to flow through. That's where you see those building blocks back into the third quarter or the fourth quarter and really starts to run rate you into 2022.	
Kevin McVeigh Analyst, Credit Suisse Securities (USA) LLC	Q
Super helpful. And then, just real quick. Just retention in the quarter and how we're thinking about that in the half of the year.	back
Anthony M. Jabbour Chief Executive Officer & Director, Dun & Bradstreet Holdings, Inc.	Α
Yeah. Retention continues to be strong and we see a pretty consistent towards the end of the year as well, K	ćevin.
Kevin McVeigh Analyst, Credit Suisse Securities (USA) LLC	Q
Awesome. Thank you, all.	
Anthony M. Jabbour Chief Executive Officer & Director, Dun & Bradstreet Holdings, Inc. Thank you.	A
·	
Operator: The next question is from Gary Bisbee from Bank of America Merrill Lynch. Please go ahead.	
Gary E. Bisbee Analyst, Both Securities, Inc.	Q
Hey, guys. Good morning. Maybe if I could start on North America revenue. I heard you the \$4 million from Data.com. But even without that not a lot of real acceleration yet, and yet, in your prepared remarks, there's sounds like a lot of optimism around some of the new products. What – is it just a matter of timing at this point	

what are the keys to seeing better, more consistent growth from the North America segment going forward?

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Anthony M. Jabbour

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

Sure. So when we look – and going back to the IPO and talked about what we saw, we saw that in the international marketplace, there is a faster ramp that was going to come taking our products, localizing them in those markets, and we're seeing that. And in North America, we knew that there would be a new product creation that would be required to continue – to have that growth follow. And as you've seen in the prepared remarks, I'm sure we'll talk about today as well, there's been a lot of new product development that we're bringing to market, lots of initiatives. And so we see that in our expectation, obviously, North America will continue to grow as the year progresses.

Gary E. Bisbee

Analyst, BofA Securities, Inc.

Okay. And then, just on margins, Bryan, I heard you say I – if I counted right 5 times higher data costs as recent margins, even without the acquisition, were down in the quarter. Can you just explain exactly what's going on there? And is that a change from what you've been seeing or is that something that's been happening? And if we take a more medium-term look at margins, any change in the prior commentary around the expansion that you expect going forward? Thank you.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

No. Gary, from that perspective, we don't expect to have any change from that prior communication. We really knew in the second and third quarter there was just some timing of some new assets that we had brought on that were flowing through from an expense standpoint. And then, as you know, once it flows into the data cloud, the contribution margins [indiscernible] (31:19) very, very high. And so we expect the expansion to continue from that perspective.

Outside of that, again, it's really just continuing to accelerate the top line, right, and see that flow through. And then, we also have other kind of continuous improvement programs still that we're working through, looking at third-party spend and shifting that in-house where we can pick up some arbitrage from that perspective. So nothing really changed from that perspective, Gary. This is really just kind of how the quarters laid out this year versus prior.

And just the last point was that we had about \$4 million of public company costs in the second quarter. When we launched last year, we picked up an increase in D&O insurance and then [indiscernible] (32:10). So those are just the pieces that are in there that kind of drove that variance from a organic perspective.

Gary	Ė.	R	ISI	эe	е
Analyet	R	rfΔ	Sa	cur	iti

Analyst, BofA Securities, Inc.

Okay. Thank you.

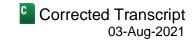
Operator: The next question is from Manav Patnaik from Barclays. Please go ahead.

Manay Patnaik

Analyst, Barclays Capital, Inc.



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Thank you. Anthony, my first question was I guess you've moved the D&B headquarters down to Jacksonville. And after Steve left the company perhaps you're taking a more day-to-day approach. I was just curious if anything changes because of those changes there and how we should think of that?

Anthony M. Jabbour

А

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

Yeah. Sure. So with the headquarter change, I'll certainly have more time to put towards Dun & Bradstreet, less time traveling, so that was a bonus in addition to the financial incentives that we've got in terms of moving headquarters and giving us some of the great pool of talent to go after. So that was a key part of it. And also, the reorganization that we have with our segment presidents who are very strong, the new talent that we brought in, we feel really good about how we're set up going forward.

Manay Patnaik

Analyst, Barclays Capital, Inc.

Okay. Got it. And then, just on the NPI metric, you talked about 6%, can you just help clarify what the definition there is? Like, the new products released over what timeframe and perhaps just your anecdotal sense of the pipeline then, how it could help with 2022 acceleration?

Anthony M. Jabbour

А

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

Sure. I'd say, a couple of things if we talk about it. The approach I was talking about before is it's important for us to be innovative, to drive integration, and to do it all with urgency, right? And it's always kind of been the formula for success. And so we've created a lot of innovation that shows up in this product vitality index.

We've also built in these products into our suite. So they're not transactional. We're not selling a one-off, but it's more how do we build it into this suite, integrate it where it's easier for our clients to buy and consume from us. And so that's been a key focus for us and obviously, doing it all with urgency.

And so as we look at some of the new products that we talked about, it was – in the SMB space, we had the e-commerce capability, our Product Marketplace, our Data Marketplace, our Rev.Up initiatives, our ESG Intelligence capability, right, and putting them within the suites of solutions, so ESG, inside of a Risk Analytics suite, cyber and our Risk Analytics suite, Receivable Intelligence, and Finance Analytics, et cetera, Rev.Up, Sales and Marketing.

So, for us, it's not perspective. That's the engine. And what I'd say right now is we've got a great momentum going in the product creation, the integration creation, the flywheel spinning, and we're all leaning on it, spinning it faster and faster. And our clients have been very helpful. We've had great client advisories, boards that we've leaned on, really changed the dialogue with our clients, how we approach them, how we bring them in. And it's proven to be very successful as we come out with these new capabilities. We have our built-in set of clients to evangelize the new capabilities and help us grow them in the market.

Manay Patnaik

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Analyst, Barclays Capital, Inc.

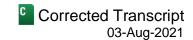
All right. Thank you.

Anthony M. Jabbour

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

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Thank you.

Operator: The next question is from Hamzah Mazari from Jefferies. Please go ahead.

Hamzah Mazari

Analyst, Jefferies LLC

Hey. Good morning. Thank you. I was hoping maybe you could talk about the competitive dynamic on the Sales and Marketing side. Specifically if you think that there's risk of new entrants, is there anything in your product portfolio that that's not there or that you can improve from a technology perspective? Just give us any sense of that would be helpful.

Anthony M. Jabbour

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

Sure, Hamzah. That one is – they're more, say, discrete competitors in that space versus the finance and risk space. But we've got a great strategy in place with our – building out our marketing technology stack and sales technology stack, and our going-to-market continuing to look at ways that we can bring in more and more capability. So we're excited with what we've done.

Clearly, with our Rev.Up initiatives, we're seeing great traction and excitement there. We're excited with our partnership with [ph] Data Global (36:51) where we're combining consumer data and business data, really creating a business-to-person offering and finding ways to leverage that for our clients.

But also even in things such as the ESG example that we talked about of new product offering that connects to it as well if you think about it. We had a – one of our first clients was a large technology company that we're looking at how they could use ESG data to target prospects, who maybe had low ESG scores, and this would help them because they've got an environmentally-friendly hardware that they're selling or those that have high ESG scores, and they see the importance of and they want to maintain that.

So what we're doing internally is we're looking at every capability we have, advantage we have, how to integrate it into our suite of solutions and go to market. And so that's really what our approach is, Hamzah.

Hamzah Mazari

Analyst, Jefferies LLC

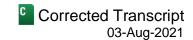
Got you. And then, just – I know that you talked about the organic growth Q3, Q4, and this year. But if you could just touch on your confidence level to do consistent mid-single-digit-plus organic growth, is that a year away, is that two years away, just any sense of sort of timeframe and how achievable that is.

Anthony M. Jabbour

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

We do have confidence, Hamzah. We've got a game plan that we set out and that we shared with all of you a year ago, and we've been executing against it in the commitments that we make, we're working very hard to deliver on. And we have confidence in our team, confidence in our approach, and we have confidence — I don't want to get into next year's guidance, obviously, but, as it's building, it's building in a very solid — on top of very solid foundation.

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Hamzah Mazari

Analyst, Jefferies LLC

Great. Thank you so much.

Anthony M. Jabbour

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

Thank you, Hamzah.

Operator: The next question is from Ashish Sabadra from RBC Capital Markets. Please go ahead.

Ashish Sabadra

Analyst, RBC Capital Markets LLC

Thanks for taking my question. I just wanted to focus more on the cross-sell and ability to get a greater share of wallet with strategic customers. I was just wondering where have you lately seen a lot more traction on the cross-sell opportunity. Obviously, risk and compliance has been strong on finance side. But also, can you talk about opportunity to sell more Sales and Marketing product into your F&R customer base? Thanks.

Anthony M. Jabbour

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

Yeah. Sure. We absolutely do see the opportunity to cross-sell more. It's – and part of it I think my answer to – I think it was Manav's question, doing it by integrate – getting it more into the DNA of our company, right? So having the capability built into suites, making it easier for us to sell and deliver to our clients. But these – actually, the example I just gave about that large technology company on the ESG side, it's a risk analytic capability that also has benefits in the Sales and Marketing side. So the conversations that we're having with our clients are really across the use cases that will help them grow their revenues, lower their expenses and stay regulatory-compliant.

So we do have confidence that we'll continue to cross-sell, continue to have success that way. Like I said, we've got the flywheel spinning. We're going to keep spinning it faster and faster, creating more products. And what we're seeing is, as we create more capability, we've got great client relationships and a great uniqueness in our data in our D-U-N-S Number to bring it all together in a way that it's easy for our clients to consume that's differentiating. So longwinded answer, Ashish, but yes, we've got confidence and we'll continue to cross-sell.

Ashish Sabadra

Analyst, RBC Capital Markets LLC

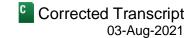
That's very helpful color. And maybe just a quick question on Bisnode. It looks like the integration is going ahead of plan and you talked about some pretty good new products and new wins in that marketplace. My question was more on the sunsetting of \$50 million of revenues and replacing it with D&B products. I was just wondering any progress on that front. And do you foresee any challenges during the transition? Thanks.

Anthony M. Jabbour

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

I start that, maybe Bryan can chime in. We're very pleased with the progress that we've been making there. And I think measuring – in our product vitality score that we get did not include Bisnode or the Worldwide Network partners for clarity. But I think as we look at Bisnode that would increase the number of our product vitality. They

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were starting on that journey prior to us acquiring them. And certainly, as we bring our slew of capabilities to that client base, we'll see a lot more. But it's really been better than we had anticipated from the sunsetting.

And – but, Bryan, I don't know if there's anything you'd want to add to that.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Yeah, Ashish, I mean, we've started to sunset some of the products and migrate them over. There was a few things that were a little bit lower-hanging fruit from that perspective. The technology and product organizations are very focused on filling in any kind of localized gaps that we would need to our current product set to continue rolling that. But as Anthony said, not only are the integration and the synergies going well, but revenue is coming in a little bit better than we had anticipated. And that's a net number including the wind-down of those — our products. And so it was always more of a transition from legacy product to D&B product versus kind of a sundown where it's going to zero.

Ashish Sabadra

Analyst, RBC Capital Markets LLC

That's very helpful color. Thank you very much.

Operator: The next question is from Kyle Peterson from Needham. Please go ahead.

Kyle Peterson

Analyst, Needham & Co. LLC

Great. Good morning, guys. Thanks for taking the questions. I just want to start on Bisnode. I know you guys mentioned that the synergies and integrations going a little bit ahead of schedule. I want to see like how we should think about the timing. I think you have originally laid out about \$40 million in synergies from that deal. When should we see the rest of those starting to roll through and do you think there could be any upside to those original targets.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

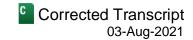
Yeah. So what we talked about for this year, right, was you're going to see a lot of the execution occurring. But we also have some things that with any kind of acquisition that you show up in terms of infrastructure, cybersecurity, et cetera from that perspective. And so those are more kind of onetime investments that occur in year one. And so we expect to see most of the flow-through of the synergies coming through the P&L in 2022.

In terms of executing into \$40 million, and so, again, same kind of playbook that we've applied multiple times, kind of back office and bureaucracy redundant functions are first to go. And then as we continue progress, that'll be in hand in hand with the revenue that Ashish just mentioned. They'll be products and technology stacks and datasets, et cetera that wind down from that perspective. And so \$40 million is something that certainly is a good chunk of expenses and a solid number. But we'll always look to continue to progress beyond that as we get deeper and deeper into the organization.

Kyle Peterson

Analyst, Needham & Co. LLC

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Great. That's helpful. And then, just a quick follow-up on the balance sheet and kind of use of capital, just wanted to see what your priorities were. Obviously, I know the leverage has been kind of walking down here in recent quarters. And I know you have some higher cost debt on the balance sheet. Would you look at ways to potentially keep walking down that leverage and maybe reduce the interest burden moving forward?

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

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Yes. I'll start with the interest burden and maybe the debt stack and then turn it to Anthony for some capital allocation component. Yeah, certainly, so both the secured and unsecured, right, have the non-call that runs through February of 2022 and, look, those are at 6.875% and 10% in a quarter, so pretty expensive piece of paper.

That timing and kind of what the annualized interest expense starts to converge at that point, so certainly, we will look to reduce the interest expense burden just naturally through refinancing those, especially with the – as you said, the strength that we've created and the momentum that we've created really post the IPO from that perspective. And so we'll certainly look to continue to deleverage, continue to lower the interest expense burden. And then, maybe, Anthony, a few comments on just overall allocation.

Anthony M. Jabbour

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

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Yeah. I mean, at the high level, the allocation strategy is the same. We're going to focus on internal development. We see a lot of opportunity there, low-risk, great opportunity in that, but also, in the M&A space and looking for opportunities for us to acquire high-quality companies. We've been, I'd say, fairly active looking at a number and walking away from them. So we've got a, I'd say, great ability in terms of analyzing companies out there and seeing if they'd be ultimately good fits for us and for our clients. And we're going to continue looking to see if there are some good fits that way. But that's really the focus and the priority for us from a capital perspective.

Kyle Peterson

Analyst, Needham & Co. LLC

All right. That's really helpful. Thanks, guys.

Anthony M. Jabbour

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

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Thank you.

Operator: The next question is from Sameer Kalucha from Deutsche Bank. Please go ahead.

Sameer Kalucha

Analyst, Deutsche Bank Securities, Inc.

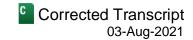
Hi. Thanks for taking my question. I had – I was just curious about the ESG opportunity you talked about. Is it possible to break out the current contribution for that? And the second is, what kind of TAM you're targeting? And probably, a follow-up to that, how do you differentiate against the larger players in the space, say, like the S&Ps and the MCIs of the world?

Anthony M. Jabbour

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

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Sure. So in terms of revenue, we just launched the product in Q2, and I'd say, we're getting our bearing with it. So I'm not comfortable giving rest of year kind of revenue contribution from it and we're conservative by nature I guess that way. But there's a very large TAM. And again, TAMs are – I always find them subjective. But I'd say the TAM is large enough that it won't limit what our growth could be in this space if this catches like wildfire.

We think we've got a – again, we've talked often about the power of the D-U-N-S Number, the power of our rich proprietary company-level data assets and what we're doing here. And so what we're – I'd say, how we're different than some of our competitors is we've got very specific company data. So we're not looking at a macroeconomic trend and regions and just sizes of companies to – and running models against what the ESG scores might be, but having a more specific focus on that specific company's data.

What we have from – like I said our proprietary data or public information about them, matched against the D-U-N-S Number from other data we require in the ESG space. But bringing it all together and getting a very analytical-specific score for our clients and again then working with them to see how can we help them improve their ESG ratings through that. And there are a lot of great competitors in this space. I think everyone kind of comes at it in a different way in terms of maybe building a market index, for example, which has a good traction underway as well.

Ours is a little different in terms of working with our corporates and financial institutions. We're seeing a lot of different use cases right now and we've got the ability to really deliver it in a number of different ways through BATS, through API, through integration into our analytic suite of solutions.

So I hope that gives you enough color in terms of where we see we have an advantage with the data and our analytic capability and where some of the competitors are with the traction that they already have underway and the approach that they're taking.

Certainly, if we look far to the future, where we've got a great PAYDEX Score, that's established as the industry leader, we aspire to have an ESG score that's got similar capabilities and is looked at in the same way in the market.

Sameer Kalucha

Analyst, Deutsche Bank Securities, Inc.

Got it. Thank you. And just a quick one, the Ceridian partnership, is it more like a verticalized payroll-oriented relationship you have there or is it more horizontal? I'm just curious if there are other players you can go after with that offering, other software players in the space.

Anthony M. Jabbour

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

Yeah. Yeah – no, there absolutely are other players that we can go after in the space. And what we're doing for Ceridian would be very applicable for others in this space.

Sameer Kalucha

Analyst, Deutsche Bank Securities, Inc.

Got it. Thank you.

Anthony M. Jabbour

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



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Thank you.

Operator: The next question is from Pete Christiansen from Citibank. Please go ahead.

Peter Christiansen

Analyst, Citigroup Global Markets, Inc.

Good morning. Thank you for the question. I know Bryan called out earlier some benefits from new business formation and some of the stats at least in the US have been quite extraordinary in recent months up 50%, up 100% off normal growth rate. I was just wondering how do you think about your SMB positioning, the go-to market positioning to capture this opportunity. And perhaps, if you see any opportunities to drive sales cycle improvements in this area. Thank you.

Anthony M. Jabbour

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

Yeah. It's good question, Pete, on the SMB space. Look, it's a broad one. It's one where we shared we've got the most competition as we look at our company scores versus a consumer credit bureau report on a proprietor of a business, small business. But it's one where we feel we're definitely on the right track in terms of attacking that market, leveraging the e-commerce, digital channels, leveraging all the assets that we have that can really make a difference. And we're not done. There's other initiatives we've got in the hopper in that space.

So what I hope you see from us is we're not taking the same old, same old and hoping for a different outcome. We're being very aggressive in the rollout capabilities that we're creating. We're working with our clients, understanding what hits the sweet spot and going after it. So probably the best way to describe where we are with our SMB is we're in a very exciting inflection point, I think, in that business, doing some innovative things. They're coming to us like we said many times before. They're coming to get a D-U-N-S Number, coming to improve their credit, coming because of large vendor needs to be vetted as a supplier through us. And so we're taking the advantages that we have and leveraging them. And there's more to come in that space as well.

Peter Christiansen

Analyst, Citigroup Global Markets, Inc.

That's great. Thanks. Great color.

Anthony M. Jabbour

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

Thank you, Pete.

Operator: The next question is from Andrew Steinerman from JPMorgan. Please go ahead.

Andrew C. Steinerman

Analyst, JPMorgan Securities LLC

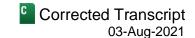
Hi. Thanks. It's Andrew. Could you talk about the change of the CPO with Mike? Should we expect any changes on the D&B's back-end technology kind of transformation pathway? And specifically, what percentage of D&B's computing is done over the public cloud already?

Anthony M. Jabbour

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

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So, Andrew, in terms of Chief Product Officer, from a change perspective, the only change I'd highlight is speed, right? That we're going to go faster and faster. And so as we think, the initial phases of our transformation was putting us in a position — we talked about acquiring more data, improving the quality of the data and the technology and our analytics. And so, right now, from a product perspective, it's really building on those improvements in the early part of the transformation to launch more capabilities, to have them more integrated, et cetera, and similar, obviously, the technology plays a key role in the creation of that as well.

From a cloud perspective, we've virtualized a lot of our environment where – we're pretty close to where we think we'll ultimately land. It was never to be 100% in the cloud, but to have a majority – strong majority of our systems virtualized and we're there right now.

Andrew C. Steinerman

Analyst, JPMorgan Securities LLC

Okay. Thank you.

Anthony M. Jabbour

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

Thank you.

Operator: The next question is from George Tong from Goldman Sachs. Please go ahead.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Hi. Thanks. Good morning. Your organic constant currency revenue growth stepped up to 3.3% in the quarter. What actions do you have to take in the remainder of the year to continue the upward trajectory in organic constant currency revenue growth?

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

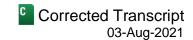
Yeah. George, I think it's the things that we've really been kind of actioning from that perspective. So certainly, getting these transient headwinds behind us is helpful, right. Our continued focus on increasing retention, right, Anthony likes to call it closing the backdoor is really important from that perspective because again we want to continue to take steps forward and those steps forward are the price increases, right.

And so as we brought in more and more multiyear contracts, as the renewals come up from that perspective, we've done a lot of the elasticity studies. And so certainly from that perspective, we're starting to see the contribution from price. The cross-sell that Anthony talked about earlier from that perspective, again, is another leg. And then, these new products that we're rolling out and starting to see that vitality index continue to expand from that perspective.

That's really what is taking us from that kind of 3-ish-percent right into the back half of the year accelerating into that more kind of higher-end of our growth range and starting to push into [indiscernible] (56:35) earlier that midsingle digits.

So, again, it's a lot of water falling and stacking because again with sales, in essence, starting to increase from that perspective, a lot of our sales are predicated on subscription. It's the sale turning into revenue, right. And then the revenue starts to stack in on top of each other. So that's really what we have to keep doing.

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George K. Tong

Analyst, Goldman Sachs & Co. LLC

Okay. Got it. Very helpful. And then just quickly on Bisnode, how quickly is Bisnode growing currently, and how much of Bisnode's revenue are you currently including in your full-year guide?

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

So from a Bisnode perspective, George, it grew about 3% OCC in the second quarter. And then, if you look at the overall guide, I think we talked about the difference between the OCC in the total, right, is really the fill-in from that perspective. So if you kind of look at the low end/high end of the range, we talked about roughly like, I think, 19 percentage points.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Got it. Thank you.

Operator: [Operator Instructions] This concludes the question-and-answer session. I would like to turn the conference back over to Anthony Jabbour for any closing remarks.

Anthony M. Jabbour

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

Thank you. In closing, I'd like to thank my D&B colleagues for their commitment and especially their part of our 180 years in business and also like to thank our great clients for their partnership and their guidance. Thank you for your time today. Hope you have a great rest of your day.

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