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Dun & Bradstreet Holdings, Inc. (DNB)

Q1 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to the Dun & Bradstreet First Quarter 2024 Earnings Conference Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. [Operator Instructions] This call is being recorded on Thursday, the 2nd of May 2024.

I would now like to turn the conference over to Mr. Sean Anthony, VP-Corporate FP&A. Please go ahead, sir.

Sean Anthony

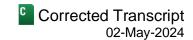
Vice President-Corporate FP&A & Investor Relations, Dun & Bradstreet Holdings, Inc.

Thank you. Good morning, everyone, and thank you for joining us for Dun & Bradstreet's financial results conference call for the first quarter of 2024. On the call today, we have Dun & Bradstreet's CEO, Anthony Jabbour; and CFO, Bryan Hipsher. Anthony will begin with an overview of our first quarter results, provide a few strategic updates on what's driving our growth outlook, and then pass it to Bryan for an in-depth financial review. We will then finish up with Q&A and a few closing remarks.

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 of 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.



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Today's remarks will also include references to non-GAAP financial measures. Additional information, including the reconciliation between non-GAAP financial information to the GAAP financial information, is provided in the press release and supplemental slide presentation. The 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

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

Thank you, Sean. Good morning, everyone, and thank you for joining us for our first quarter earnings call. 2024 is off to a strong start. We delivered an accelerated organic revenue growth rate of 4.3%, 50 basis points of margin expansion and improved free cash flow conversion of 119% up 22 percentage points versus the prior year quarter. The business continues to improve as we have shifted to mid-single-digit growth and are moving into our mid-term target of 5% to 7% organic revenue growth. With the vast majority of our revenue at or above the high end of our mid-term range, we have more conviction now that we can drive towards the higher end of that range over the coming years, as we bring more innovation to strengthen our existing solutions portfolio.

It's exciting to see the investments we have made to materialize into consistently improving revenue growth, profitability and free cash flow generation. And the team and I look forward to bringing even more of that to bear in the near future. And with the leverage coming down to 3.7 times and headed towards 3.5 times by the end of the year, our board also authorized a share repurchase program of up to 10 million shares through 2027. While our capital allocation focus remains on organically growing the business and deleveraging the balance sheet, we also want to give ourselves the flexibility to be opportunistic in light of the significant disconnect we see with our valuation against our financial performance relative to our peers.

Our retention rates are rock solid at 96%. And combined with the improvements we have made in cross-sell, upsell, new logo acquisition, new solution innovation and pricing, we are bringing a holistic approach to our improved growth algorithm. It all begins with the investments we've made in our data supply chain and our ongoing cloud upgrades that have allowed us to significantly improve our data and analytic offerings.

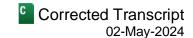
Our Vitality Index is now at 32% overall and is a reflection of our clients utilizing our most modern solutions and taking on net new innovations that we are now producing every quarter. With new solutions to sell, our sales force is bringing incremental value propositions to our customers through cross-sell and upsell efforts. And we expect another 1 to 2 points of growth to materialize in 2025 and into 2026 from those efforts.

Increased growth from pricing is also a reflection of the improvements we've made. And while this year is expected to deliver around 2.5% growth from price, we expect to see closer to 3% to 3.5% growth in 2025 and beyond.

The first quarter was another strong quarter of execution from both an operational and financial perspective. And while the overall solution portfolio is performing well, I want to take some time to highlight a few areas that are really exciting and we believe will drive the next phase of our growth story.

Beginning with our finance and risk solutions, I want to share a deeper view into what we were doing in our third party and supply chain risk management solutions. Those solutions are growing to nearly \$200 million in annual revenues, and we saw the first quarter grow nearly 30% on a global basis. Clients and prospects throughout the world continue to need better data, analytics and insights into the risk profile of the most critical vendors and third

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parties. While the definition of risk continues to expand each and every day, expectations and regulations around sustainability, social, compliance, financial, cyber and governance continue to rise and more and more businesses are coming to us as the one-stop shop to solve their needs. We believe the depth and breadth of our private company data throughout the world puts us at a significant advantage to others, who will continue to pursue rapid expansion and proliferation of our risk analytics and associated solution sets to our existing clients and prospects.

With a total addressable market of nearly \$10 billion and a relatively low penetration towards existing financial solutions customer base of less than 10%, the cross-sell opportunity is significant, let alone the ability to secure new logos in regions of the world that are lower penetrated, such as Sweden, Germany and others in Central Europe, Latin America and Asia. And while understanding who you're doing business with is top of mind, another topic that is just as relevant to our clients is managing and mastering first and third-party data in the coming age of generative artificial intelligence.

Our master data management or MDM solutions in both North America and International grew double digits, with total growth of just over 10%. In North America, we continue to see expansion through the addition of complementary datasets, price increases and utilization of the solution across more and more functional areas within a large corporation. Our best-in-class entity resolution and matching process identifies unique business entities, which enable the creation of commonly shared business insights and a master client supplier record. And while cross-sell and upsell is the key driver of growth in North America, for the International side, the introduction of Data Blocks in D&B Connect have created strong demand from new logos.

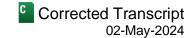
One of the exciting parts of our earlier acquisition of Bisnode was the direct access to key clients in the region. For instance, while the Scandinavian economy is not built on financial institutions, it can fit into significant manufacturing and industrial production presence. These types of companies are a perfect fit for our global MDM data and analytics capabilities, not to mention third-party supply chain risk management, which I mentioned earlier. And what really works for us is when we get into the core of a company's data strategy, embed the D-U-N-S Number and our parent-child hierarchy into their master client and/or master supplier record. This lays the groundwork for symbiotic relationship for companies that first master and manage their data in an organized and curated manner. Allowing for the offensive and defensive use cases, we provide clients to be scalable and sustainable for years to come.

The total addressable market for master data management is over \$15 billion and we have less than 10% of our clients using MDM across finance and risk and sales and marketing, which means that the runway for growth through the next 5 to 10 years is a great opportunity.

These are two really exciting areas of what we are doing today. But before I move on to a few key wins in the quarter, I wanted to provide a quick update on where we are in our GenAl progress, as we believe it could be a significant tailwind in the future. It's exciting to see the rapid growth and increased awareness of GenAl over the past year, which has led to many organizations coming to us for guidance and support. Our trusted data has been among the broadest and deepest commercial datasets in the world. Our data, and more specifically, our MDM solutions are becoming a foundational element to ensure the GenAl are accurate and relevant.

It is also critically important to highlight that our focus on and commitment to responsible and trustworthy AI is foundational to all we do and is embedded in our processes underpinned by our AI ethics policy. Recognizing customers concerned about hallucination, we are committed to transparency and showing our work in our GenAI products. To this end, we have created explainability and traceability features in our AI agents, which allows our customers to audit in real time what the tool is doing and to review the raw data that was used for generating a

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response. What's becoming apparent is that while many LLMs are popping up, there are clearly a limited amount of truly differentiated and reliable data sources.

In our D&B.AI Labs, we have tested the top large language models, and what is clear is that even the best model built on poor data delivers poor results with significant amounts of hallucinations and drift. However, an average LLM with data like ours produces superior results with accuracy that can be relied upon.

So with our unique third-party risk data and one of the premium models out today, Ask Procurement is the newest GenAl solution that we are co-developing with IBM that leverages the Dun & Bradstreet Data Cloud, real-time business, intelligence and analytics, as well as IBM technology. Ask Procurement simplifies, accelerates and reduces the cost of certain essential procurement decisions. It empowers professionals to access new data and insights on current and prospective suppliers, offering a detailed perspective on company relationships to drive savings and efficiencies and improve risk management. The product will deliver answers derived from customer-specific information and Dun & Bradstreet supplier risk data by Data Blocks.

We are also launching the D&B Hoovers Conversational List Builder, a GenAl capability to generate targeted prospect audience in contact list in partnership with Google Vertex Al. For this solution, we leverage natural language processing to allow our customers to query our data in a more natural way. Hoovers Conversational List Builder will be the first of many D&B Talk With Your Data assistants, which we look to democratize and proliferate the utilization of our data and analytics throughout our portfolio of solutions.

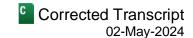
In the end, we are very proud of the unique proprietary and link data that we own. And as we look to GenAl shifting from a one-off pilot to broader adoption, we are excited about the heightened, elevated importance our data will receive. If I can draw a parallel to Formula One racing, billions have been spent creating a race car to win, and teams want to feed their engines with the highest quality, highest octane fuel to drive maximum performance. And similarly, for GenAl to be successful, data is going to be what fuels these models. And we look forward to supporting our clients and prospects in this next phase of their business evolution.

And now I'll highlight a few client wins in the quarter, starting with North America. I want to touch on a few examples of how we support our 96% gross retention rates and also how we are utilizing multiyear contracts to create built-in growth through price escalators. Two of the top four banks in the United States renewed a piece of their relationship with us through such contracts. Both clients are leveraging our sales and marketing solutions to drive more efficient and effective customer acquisition, market analysis and to create offers for commercial lines of business and card. Our clients see us as the provider that best supports their ability to be the first to the opportunity of a newly formed small business, while also allowing them to make the most appropriate offer to fit their needs and risk profile of that prospect.

Another example of retain and expand of a large existing client was with the Food and Drug Administration or FDA. The FDA deals with a large amount and types of businesses throughout the world and the utilization of our best-in-class master data management, supply chain, risk management, important safety, business intelligence, analytics and data science offerings helps them to create consistency and accuracy as data is exchanged throughout their platforms.

And our final highlighted win in North America is one of the world's largest insurance, reinsurance firms that entered into another multi-year deal with us. They use D&B firmographic data to support their master data initiative, finance analytics for global underwriting, as well as Hoovers and our global reference solutions for marketing and prospecting.

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I now moving on to International, we saw a common theme of strong renewals and elevated master data management and third-party risk solution sales. To start, we secured a five-year contract with one of the world's leading manufacturers and providers of compressed air products and services, KAESER KOMPRESSOREN, to fuel their master data capabilities. Similarly, we also secured a three-year contract with one of the leading global logistics service providers, Rhenus Group, to also support their master data and CRM needs. One of the largest European auto manufacturers also renewed and expanded the multi-year deal with significant upsell to provide supplier onboarding and monitoring and a proprietary platform with data delivered via Data Blocks. And lastly, we captured another enterprise win in Asia with a leading financial institution providing the client our best-in-class credit decisioning tools.

Overall, we're off to a strong start to 2024. We're on track to achieve our full year guidance for all key metrics and are making significant progress in some pretty exciting areas to support our growth for the years to come.

With that, I'd now like to turn the call over to Bryan to discuss our financials in more detail and give a quick update on our outlook for the remainder of the year.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Thank you, Anthony, and good morning, everyone.

Turning to slide 1. On a GAAP basis, first quarter revenues were \$565 million, an increase of 4.5% compared to the prior year quarter and an increase of 4.1% before the effect of foreign exchange. Net loss for the first quarter was \$23 million or a diluted loss per share of \$0.05 compared to a net loss of \$34 million for the prior year quarter. The \$11 million decrease in net loss for the three months ended March 31, 2024, compared to the prior year quarter was primarily due to a higher tax benefit, improved operating results and a non-cash gain related to the interest rate swap amendment, partially offset by debt extinguishment costs in connection with the term loan amendment.

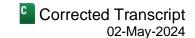
Turning to slide 2. I'll now discuss our adjusted results for the first quarter. First quarter revenues for the total company were \$565 million, an increase of 4.5% compared to the prior year quarter and an increase of 4.1% before the effect of foreign exchange. The increase in revenues was driven by balanced growth in our North America and International segments. International growth was partially offset by the impact of the divestiture of a non-core business, the consumer marketing business in Finland in the fourth quarter of 2023, and therefore, revenues on an organic constant currency basis were up 4.3%.

First quarter adjusted EBITDA for the total company was \$201 million, an increase of \$11 million or 6%. This was primarily due to increased organic revenues and lower data acquisition costs, partially offset by associated personnel and cloud infrastructure costs supporting our GenAl and other growth initiatives.

First quarter adjusted EBITDA margin was 36%, an increase of 50 basis points compared to the prior year quarter. First quarter adjusted net income was \$85 million or adjusted earnings per share of \$0.20 compared to \$81 million or \$0.19 per share in the first quarter of 2023. The increase was primarily attributable to higher adjusted EBITDA and lower tax expense in the current year quarter, partially offset by higher depreciation and amortization expense, as our investments in new solutions and significant upgrades have moved into production.

Turning now to slide 3. I'll now discuss the results of our two segments, North America and International. In North America, revenues for the first quarter were \$387 million, an increase of 3% from prior year quarter and 3.2% on a constant currency basis. In finance and risk, revenues were \$208 million, an increase of \$7 million or 3% due to

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strong growth in our third-party supply chain risk management and finance solutions, partially offset by decreased revenues from our credibility solutions. For sales and marketing, revenues were \$178 million, an increase of \$5 million or 3%. Sales and marketing growth was primarily driven by higher revenues from our master data management solution, partially offset by decreased revenues from our other marketing solutions.

North America first quarter adjusted EBITDA was \$152 million, an increase of \$2 million or 1%. And North America EBITDA margin was 39%, a decrease of 90 basis points from the prior year quarter. This was primarily due to revenue growth and lower data acquisition costs, partially offset by higher infrastructure costs, as we upgrade off of legacy infrastructure onto our modern cloud platform. And while we distribute our solutions around North America and our International markets, our significant investments in product development and technology are contained within our North America segment, as it is the primary innovation engine.

Turning to slide 4. In our International segment, first quarter revenues increased 7% to \$178 million, or an increase of 6% before the effect of foreign exchange and an increase of 6.8% on an organic constant currency basis. Finance and risk revenues were \$120 million, an increase of 8%, or an increase of 7% before the effect of foreign exchange. This was attributable to growth across all markets, including higher revenues from the United Kingdom and Europe, primarily attributable to growth in finance analytics, API solutions and our third-party risk and compliance solutions, along with increased revenues from Greater China driven by growth in finance analytics.

Sales and marketing revenues were \$58 million, an increase of 6%, or an increase of 5% before the effect of foreign exchange. On an organic basis, revenues grew 6%, primarily due to higher revenues from the UK and Europe, driven by new-to-market and localized solutions, such as Hoovers and Direct+, as well as higher overall data sales.

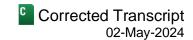
First quarter International adjusted EBITDA of \$64 million increased \$9 million or 16%, and adjusted EBITDA margin was 36%, an increase of 250 basis points compared to the prior year quarter. The increase in adjusted EBITDA was primarily due to revenue growth from the underlying business and foreign exchange gains, as certain foreign currencies of our international market strengthened against the US dollar during the current year quarter, partially offset by higher net personnel costs.

Turning to slide 5. Slide 5 contains the details of our capital structure as of the quarter end. At the end of March 31, 2024, we had cash and cash equivalents of \$216 million and total principal amount of debt of \$3,564 million, with a weighted average interest rate of 6%. Currently, 90% of our debt is either fixed or hedged. And as of March 31, 2024, we have \$850 million available on our \$850 million revolver credit facility. Our leverage ratio was 3.7 times on a net basis, and the credit facility senior secured net leverage ratio was 3.2 times. We expect to be at around 3.5 times on a net basis by the end of this year, as we continue to migrate down towards our medium-term range of 3 times to 3.25 times in 2025.

And now turning to slide 6. Our outlook for 2024 remains unchanged. Total revenues after the effect of foreign currency are expected to be in the range of \$2,400 million to \$2,440 million, or an increase of approximately 3.7% to 5.4%. This includes an assumption of a modest headwind in the first three quarters of the year, partially offset by a modest tailwind in the fourth quarter due to the effect of foreign currency related to the expected variances between the US dollar, euro, British pound and Swedish krona.

Revenues on an organic constant currency basis are expected be in the range of 4.1% to 5.1% for the full year. Adjusted EBITDA is expected to be in the range of \$930 million to \$950 million. And adjusted EPS is expected to be in the range of \$1 to \$1.04.

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Additional modeling details underlying our outlook are as follows. We expect interest expense to be around \$220 million. Depreciation and amortization expense to be in the range of \$125 million to \$135 million, excluding incremental depreciation and amortization expense resulting from purchase accounting. Adjusted effective tax rate of around 22% to 23%. Weighted average diluted shares outstanding of approximately 436 million, a slight increase from the original 433 million. And for CapEx, we expect approximately \$150 million to \$160 million of internally developed software and \$45 million of property, plant and equipment and purchased software.

Based on the results we delivered in the first quarter, our expectations for the cadence for the remaining quarters is unchanged, and we continue to anticipate operating free cash flow conversion as a percentage of adjusted net income, excluding the impact of AR securitization to improve as expected. Overall, we are on track for 2024 and look forward to discussing our continued progress in the upcoming quarters.

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

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Your first question comes from Kyle Peterson with Needham. Please go ahead.

Kyle Peterson

Analyst, Needham & Co. LLC

Great. Good morning and thanks for taking the questions. Want to start off on the buyback authorization? Great to see – how are you guys kind of thinking about attacking that on that front? Do you kind of anticipate it being steady or do you guys think you'll be a little more optimistic – or opportunistic, sorry, given where the shares are currently trading at?

Anthony M. Jabbour

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

Yeah. Thank you, Kyle. The plan is really to be opportunistic with it. Our capital allocation strategy really is very focused, obviously, on investing on organic growth, like we talked about, and deleveraging the balance sheet. And we're on track to getting our leverage to 3.5 times by the end of the year. But to your point and to obviously ours, we think the stock is very cheap right now. And when I say that, I don't mean, in the classic CEO way arguing that his company should be worth or her company should be worth 1 to 2 turns more of value.

We've got a very high quality peer group led by great CEOs I respect, and their valuations are warranted. But today, based on metrics we look at, organic constant currency revenue growth, EBITDA margin, free cash flow conversion, earnings quality, leverage, cyclicality, CapEx as a percent of revenue, it's hard for us to not feel we're very undervalued. And when we compare against the average credit bureau, our stock would be \$30. If we compare against the lowest valued one, our stock would be \$22. And I'm not even arguing today against the Info Services Group where our stock would be \$50. And that's really why we authorized this share buyback program.

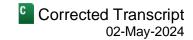
Kyle Peterson

Analyst, Needham & Co. LLC

That's really helpful. And I appreciate the thoughts there. A quick follow-up. I know last quarter, you guys have talked about some higher expenses. I think it was kind of healthcare costs and utilization. I guess, looking at the



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results and the outlook, it looks like things are relatively stable, but just want to see, have those trends you guys saw last quarter continued and if so, I guess, how is that kind of layered into the current expense guide?

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

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Yeah, Kyle. Thanks. If we look at really last year, those were kind of more one-time in nature, right? So we had – kind getting back to what the normal run rates were post-pandemic of the medical costs, had a little bit higher on the bonus incentive side again coming back from, I think it was in the high-80s to about target last year. And so, again, we plan at target this year. So not a headwind from that perspective. Really, the first quarter, we had 50 bps of expansion. We talked about being a little bit flatter. Clearly, we're always thinking about how to drive expense and expense management as a company, while continuing to deliver the growth. So, no real changes from that perspective. And we'll continue to look to invest, as Anthony said, to accelerate the organic growth. But wherever we can, each and every quarter, we're looking to control expenses as much as possible and see the profitability flow through.

Kyle Peterson

Analyst, Needham & Co. LLC

Makes sense. Thank you and nice quarter.

Anthony M. Jabbour

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

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Thank you, Kyle.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

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Thanks.

Operator: Your next question comes from Andrew Steinerman with JPMorgan. Please go ahead.

Andrew C. Steinerman



Analyst, JPMorgan Securities LLC

Hi. It's Andrew. My question was, could you just comment about the overall health of your clients? I know your client base is broad and kind of their receptivity to buying your services, meaning how is the sales cycle going for cross-selling and new logos?

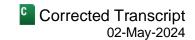
Anthony M. Jabbour



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

Yeah. Thank you, Andrew. I'd say, overall, the health of our clients is pretty consistent with where we guided to in February. So, as we look to the year and anticipated where sales would be, we feel it's pretty consistent. We also do this business optimism report that we send out. And that certainly was the feedback that we saw and we reported globally on, identified confidence in the business, also identified, obviously, issues with supply chain, which has been one of the tailwinds for us and others in that market. But from a sales cycle perspective, pretty consistent, nothing really worth.

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And the only one I'd maybe say is a little softer right now would be our sales and marketing, some of the assets in that space, like digital marketing, digital audience. And again, it's coming off very tough compares from Q1 last year, where that business was up very strong double digits.

Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

But I think, Andrew, that's the nice balance we have. And in our sales and marketing business, as Anthony mentioned, with 50%, 55% of our revenues coming through the master data management, it's really sticky, it's really strong, and it continues to really drive the growth in that sales and marketing. And then, obviously, as things get a little bit more positive and a little bit more recovering, we expect the other sales and marketing solutions to pick up from that perspective.

Anthony M. Jabbour Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc. Yeah. Absolutely. Andrew C. Steinerman Analyst, JPMorgan Securities LLC Thank you. Anthony M. Jabbour Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc. Thank you, Andrew.

Operator: Your next question comes from Wahid Amin with Bank of America. Please go ahead.

Wahid Amin Analyst, BofA Securities, Inc.

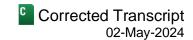
Hey. It's Wahid on for Heather Balsky. Just wanted to touch on the cost guestion again. You called out lower data acquisition costs. What drove that this guarter? And is that more of a timing thing, or is that something we should expect to come throughout the back half of the year?

Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Yeah. No, thanks for the question. This is one of the pieces and you'll see it in the Q and we want to continue to give even more, I would say, clarity from the perspective of in our cost of services, there's kind of two big chunks, right? It's the data and data acquisition versus a lot of the investment in the cloud infrastructure that we're working on and improving and upgrading from that perspective. So when we look at that data acquisition, again, that's where we're always looking to be a little bit more efficient, a little bit more effective. We're constantly analyzing the sources and utilizing, I would say, tools, maybe not Generative AI, but traditional AI to make us more efficient, more effective in our collection and curation from that perspective. So again, not a timing issue throughout this year, but certainly something that, again, we're focused on continuing to optimize and make those processes as much – as most efficient as we can.

Wahid Amin Analyst, BofA Securities, Inc.

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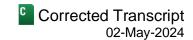
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Got it. And my follow-up is on sort of your GenAl initiatives. You talked quite a bit about it. How should we think about the timing and amount of spending for GenAl over the next few years? And when do you really think to see the benefits of these efforts in your P&L?

Anthony M. Jabbour Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.	A		
Yeah. It's a great question. There's certainly a lot of initiatives going on in the space. And today, we're, I'd say, early stages and I'd say the market is also in relatively early stages with it. There's a lot of talk, but we don't anticipate a lot of revenue coming into 2024. We see maybe a point or two in 2025 and in 2026 as it kind of builds up. But from an investment perspective, it's really what we have in the guidance that we provided at the beginning of the year. So we feel very much in control of that and we're very pleased with the momentum that we're seeing and with the results that our team is delivering for our clients.			
Wahid Amin	Q		
Analyst, BofA Securities, Inc. Thank you.			
Operator: Pardon me, Wahid, do you have a follow-up?			
Wahid Amin Analyst, BofA Securities, Inc.	Q		
No, thank you.			
Operator: Next question			
Anthony M. Jabbour Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.	A		
Thanks, Wahid.			
Bryan Hipsher Chief Financial Officer, Dun & Bradstreet Holdings, Inc.	A		
Thanks.			
Operator: Your next question comes from Craig Huber with Huber Research Pa	artners. Please go ahead.		
Craig Huber Analyst, Huber Research Partners LLC	Q		
Hi, there. Yeah. Craig Huber here. Look, I guess the main question is, I mean, you getting to the top end now of your mid-term revenue guidance here of the top entalk a little about that, but why your increased confidence there? And, obviously, my mind and I think investors' minds that your stock moving here and stuff. Every immaterial versus that. If you can get to the top end of that, everything will fall right.	d of 5% to 7% over time. Maybe that's the whole key, at least, in ything else is – it's like almost		

So just talk about the confidence there, please. Thank you.

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Anthony	M. J	ab	bour
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Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

Sure, Chris. Thanks for the question.

Craig Huber

Analyst, Huber Research Partners LLC

It's Craig.

Anthony M. Jabbour

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



Yeah. Really, as we look – sorry. As we look at the revenues across our business, like I said, many of the revenues are already at the top end. And we have some businesses where it's at the lower end or some where they're declining. Like we talked about, for example, the credibility business that we're aggressively working towards and increasing confidence that we're going to be able to solve for those businesses and put us in a position where we will be at the higher end of our growth guidance in the coming years. So, it's really the confidence and the momentum that we're seeing in the core engine. And we've always tried to explain what was going on in the core engine since 2020, right? What we're inherited headwinds that are – we're growing through and what are net new capabilities that we're bringing to market.

So number one, I'd say it's that, and just the real increase that we're seeing in some of our key major businesses like our supply chain risk management as well as the shift to AI. We're in a great spot, like I said in my prepared remarks, in terms of the quality of our data and the results that it can deliver for our clients. We're very optimistic about that and what we're seeing in our labs and what we're seeing with our clients. So I think, fundamentally, those are the main reasons, new markets that we're going into, like capital markets, for example. So the team is very, very strong, working really well together, hunker down on delivering results quarter-after-quarter.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Yeah. Craig, I think that's right. And just to add on, we talked about what we're doing already with third-party risk and compliance. And frankly, as much progress as we've made that addressable market in our relative share is – addressable market, very large relative share right now, still very early on. And the same thing with master data management. So those are the types of things that give us lot of confidence in terms of continuing to execute.

I think the other point I'd make is obviously getting towards that higher end of the range is great. But when you look at even the bottom end of the range, because of the strong contribution margins that we have and our ability to buy the data once and create multiple use cases, multiple industry verticals, our scale and our ability to drive ultimately EBITDA expansion and then earnings expansion at the lower end of the range, the middle end of the range and certainly at the higher end of the range is very powerful. So I think, our model is one that's not very cyclical and really set up to a continuous compound over the years to come.

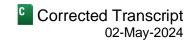
Craig Huber

Analyst, Huber Research Partners LLC

Just a quick follow-up, guys. What percent of your revenues right now do you think are at that roughly 7% level or better?



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Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Yeah. If we look at it right, and I think Anthony had mentioned this before, if you're looking towards, I think we quoted roughly the 6% before, Craig, and that was 90% of the revenues, right? And so if you're looking that kind of blend between that 6% and the 7%, I mean, it's in that ballpark.

Craig Huber
Analyst, Huber Research Partners LLC

So, roughly 90% of the revenues are roughly in the 6% or better ballpark?

Bryan Hipsher
Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Craig Huber
Analyst, Huber Research Partners LLC

Okay. Thank you.

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

Thank you, Craig.

Operator: Your next question comes from Ashish Sabadra with RBC Capital Markets. Please go ahead.

Ashish Sabadra

Analyst, RBC Capital Markets LLC

Thanks for taking my question. Just wanted to follow up on a few comments around, we agree with the shares being significantly undervalued and 90% of revenue being 6% plus. I was wondering if — and thanks for that share reauthorize — sorry, share repurchase authorization. But if the stock continues to remain undervalued, are there strategic portfolio rationalization or other strategic optionality that the company may consider?

Anthony M. Jabbour

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

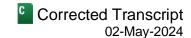
Yeah. Thank you, Ashish, for the question. We're – we talk often about how client focused we are every day, right, driving multi-year contracts, improving our satisfaction, earning the rights to increase price, et cetera. But make no mistake about it, we're shareholder-focused. We're all aligned with our shareholders. And we're open to anything that we think makes sense for our shareholders. So in that regard, what we're doing, what we control every day is we come in and we deliver quarter-after-quarter and believe the next quarter, the one after, the one after that will be the inflection point for people see the proof points and for investors to come more strongly into the stock. But the entire team is shareholder-focused. At a personal level, I am very much shareholder-focused as well. Since our IPO, I've used all my compensation from salary and bonuses to buy back shares in this company. And so there's great alignment that we all have, our whole leadership team with our shareholders.

Ashish Sabadra

Analyst, RBC Capital Markets LLC

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That's very helpful color. Thank you.

Anthony M. Jabbour

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

Thank you, Ashish.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Thanks, Ashish.

Operator: [Operator Instructions] Your next question comes from George Tong with Goldman Sachs. Please go ahead.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Hi. Thanks. Good morning. Within the International business, finance and risk continues to grow very nicely. Can you talk about the drivers of the strong growth there? And perhaps just explain the difference in growth trends between International finance and risk and North America finance and risk?

Anthony M. Jabbour

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

Sure, George. Thanks for the question. Yeah. A lot of it was driven in internationally by our third party and supply chain risk management solutions growing nearly 40%. And when we look at our sales and marketing business, there was a nice bounce back after weaker comps we had last Q1 2023. So that's kind of stabilized as we've gotten more momentum throughout Europe and in particular, in the Scandinavian region, and that's the reason. I'd say from a North American side and International, there's a timing aspect to our business as well. And there – some timing delays in North America, some timing accelerations internationally. So nothing, I'd say worth, being concerned about. We've got confidence in the underlying businesses in both regions.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

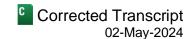
And George, one of the pieces I think in there, too, that's unique to North America, to Anthony's point, yeah, this really big finding solutions business, very sticky, very deep, driving nice pricing from that perspective. Third-party risk and compliance both internationally, as Anthony said, and domestically in North America growing really strongly. The credibility business is unique, I would say, to North America. And that's one piece that does sit in that finance and risk business, George. But again, as we think about it, in improving its trajectory, as we head through the first half of this year and into the second half, that's going to be something that obviously just allows the North America F&R business to shine through a little bit more in terms of what it's doing in the core finance solutions and the core third-party risk and compliance.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

That's helpful. And related to that, on the credibility side in North America finance and risk, how would you expect the improvement to play out over the next couple of quarters in terms of benefit or lift to overall organic revenue growth?

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Anthony M. Jabbour

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

Well, currently, in the quarter, credibility was a 60 basis point headwind for us, and what we see is should be a headwind in Q2 as well, and midway through the year, we see it pivoting to low-single-digits.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Got it. Thank you.

Anthony M. Jabbour

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

Thank you, George.

Operator: Your next question is a follow-up from Craig Huber with Huber Research Partners. Please go ahead.

Craig Huber

Analyst, Huber Research Partners LLC

Yeah. Thank you. On the cost side of things, I think I heard you say on top of the cloud platform migration and part of the technology movement there was hurting your margins in the first quarter. Just update us, please, on the timing of the cloud migration in North America and separately in International? When – also, when do you think this will be actually accretive to your margins and stuff for both regions? Thank you.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

Yeah. Craig, I think it's interesting, because on the overall investment side, we made a really big step, and Anthony mentioned it I think earlier in some of his remarks, but we have migrated off of a kind of a data center that was really legacy. And frankly, some of the move on to the cloud, it drives the innovation side the throughput, our ability to scale and expand from that perspective. So, I think, you'll see a kind of a mix in, obviously, where the expenses start to stabilize as we head into later 2024 and into 2025. But then also you're seeing just the pure benefits of operating on an even more modern infrastructure stack and especially, as we're cranking the wheel on innovation, those are all significant progresses. But when I think about the investment cycle, we really started in the last part of last year, the second half, and we said that, that would kind of run through at least the first half of this year and then start to taper off as we head into the second half of 2024 and certainly down into 2025.

Anthony M. Jabbour

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

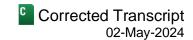
And Craig, the other part of your question was, looking at the margins between the two. Worth noting, in North America, it carries the innovation expense within it. So we're investing heavily around generative AI. You'll see those expenses burden in the North American business line and international distributing and sales capabilities.

Craig Huber

Analyst, Huber Research Partners LLC

Great. Thank you very much.

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Anthony M. Jabbour

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

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Thank you, Craig.

Bryan Hipsher

Chief Financial Officer, Dun & Bradstreet Holdings, Inc.

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Thanks, Craig.

Operator: Your next question comes from Surinder Thind with Jefferies. Please go ahead.

Surinder Thind

Analyst, Jefferies LLC



Thank you. I was hoping that you can provide a bit more color on the partnership with IBM and the build-out of a procurement solution. Just how does something like that work in terms of the arrangement, the IP, revenue share model, any color there would help?

Anthony M. Jabbour

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



Well, sure. Yeah. I'll be careful, obviously, not to share any confidential contractual information that we have with it. But I'd tell you, at a high level, with their watsonx capability and with our capabilities internally, with our data and our analytics capabilities, we plan to go to market with them. And Ask Procurement is the first generative Al solution that we're coming out with.

As you look at IBM, different from Google, for example, where we have a partnership as well, the whole generative AI marketplace is enormous. And you look at where strengths that each of them have. So, with Google, it might be with the SMB space as an example. Whereas IBM, I think we'd all agree, they're very strong on the enterprise side. So – and they have large practices around SAP, Salesforce, et cetera. And so with that partnership and with the collaboration that we have together with them, we want to go to market in the enterprise space and helping those clients that we both share benefit from this technology and from the data that we provide.

Surinder Thind

Analyst, Jefferies LLC



Thank you. And then is a follow-up, just related to an earlier question on the call. Roughly the 10% of revenues that aren't growing, strategically, how are you thinking about them? Not necessarily from a divestiture perspective, but just is there incremental investment that you're maybe thinking of how patient are you willing to be to allow things to kind of stand the way they are? Just any color there of how we should think about that?

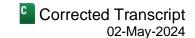
Anthony M. Jabbour

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



Yeah. No, it's a great question. If I focus on credibility as an example, that's one where we've retooled our customer value proposition and our sales force. And as we're — the crux of the business is small businesses reaching out, trying to improve their credit score. And what we're working on with them is, if they provide us a lot more information, so access to their bank account or credit card statements, taxes, et cetera, if they give us permission to pull their Consumer Credit Bureau, where we can blend their consumer score with the business

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score, and all of those what we've seen in our labs is that we're getting roughly 20% increase by getting this extra data and being able to leverage it.

So that's an example where we're going to market with a revised value proposition and working on how much of that can we guarantee to make it a value prop simpler and more effective for that space. But beyond that, we're also looking, these are clients who – their businesses are clearly on the border, right? And so how can we help them grow those businesses?

So we've taken some of our capabilities and sales acceleration like Hoovers, for example, and we created a, I'll say, a simpler version of it where the small businesses can install it, use it in a different view than what one of our largest enterprise clients might be using Hoovers for, as an example. So we've taken, we call it Hoovers Essentials, and cross-selling that into the base as well.

So there's a lot that we think we can do in the space. We've got a really strong, refined go-to-market team that's — we're seeing nice improvements with as well. So that would be an example of how we're attacking that space. And as part of a bigger transformation, like I said, we're always focused on filling the jar, the boulders, rocks, pebbles and sand. And clearly, at a \$2.4 billion in revenue, having this \$125 million roughly, we're now getting to that. And I've got confidence in our team that we will turn it around.

Surinder Thind

Analyst, Jefferies LLC

Thank you.

Anthony M. Jabbour

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

Thank you, Surinder.

Operator: [Operator Instructions] There seem to be no further questions at this time. I'd now like to turn the call back to Mr. Jabbour for closing remarks.

Anthony M. Jabbour

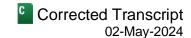
Director & Chief Executive Officer, Dun & Bradstreet Holdings, Inc.

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 guidance. Thank you for your interest in Dun & Bradstreet. Hope you have a wonderful rest of your day.

Operator: Ladies and gentlemen, this concludes your conference call for today. We do thank you for participating and ask that you please disconnect your lines. Have a great rest of your day.



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