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## D&B Reports 2008 Results; Announces 2009 Financial Guidance

 [Q4 08 Financial Schedules](#)

SHORT HILLS, N.J.--(BUSINESS WIRE)--The Dun & Bradstreet Corporation (NYSE: [DNB](#) - [News](#))

- *Fourth Quarter Diluted EPS Before Non-Core Gains and Charges Up 14%; GAAP Diluted EPS Up 6%*
- *Fourth Quarter Core and Total Revenue Up 4% Before the Effect of Foreign Exchange; Up 2% After the Effect of Foreign Exchange*
- *Full Year Diluted EPS Before Non-Core Gains and Charges Up 16%; GAAP Diluted EPS Up 12%*
- *Full Year Core and Total Revenue Up 7% Before the Effect of Foreign Exchange; Up 8% After the Effect of Foreign Exchange*
- *Expects \$90 Million to \$105 Million of Financial Flexibility Savings in 2009*
- *Declares Increased Cash Dividend of \$0.34 Per Share*

D&B (NYSE: [DNB](#) - [News](#)), the leading provider of global business information, tools and commercial insight, today reported results for the fourth quarter and year ended December 31, 2008. The Company also announced its 2009 financial guidance; its expected financial flexibility savings for 2009; and an increase in its first quarter 2009 dividend.

"2008 was a good year for us, despite the challenging environment," cited Steve Alesio, D&B's Chairman and CEO. "As we ended the year, however, the economic headwinds started to have a significant impact on our US marketing-related businesses, which is continuing into 2009, and is reflected in our guidance. We intend to leverage the strength of our team and our financially flexible business model to deliver a solid performance in this challenging year and exit 2009 in a stronger, more competitive position."

### Fourth Quarter 2008 Results

**Diluted earnings per share** before non-core gains and charges for the quarter ended December 31, 2008, were \$1.87, up 14 percent from \$1.64 in the prior year similar period. On a GAAP basis, diluted earnings per share for the quarter ended December 31, 2008, were \$1.85, up 6 percent from \$1.74 in the prior year similar period.

See attached Schedule 3 for a reconciliation of diluted earnings per share before non-core gains and charges to earnings per share on a GAAP basis, as well as the definitions of the non-GAAP financial measures that the Company uses to evaluate the business.

**Core and total revenue** for the fourth quarter of 2008 was \$474.7 million, up 4 percent from the prior year similar period before the effect of foreign exchange (up 2 percent after the effect of foreign exchange).

Core and total revenue results for the fourth quarter of 2008 reflect the following by solution set:

- Risk Management Solutions revenue of \$282.6 million, up 7 percent before the effect of foreign exchange (up 4 percent after the effect of foreign exchange);
- Sales & Marketing Solutions revenue of \$160.0 million, down 1 percent before the effect of foreign exchange (down 3 percent after the effect of foreign exchange); and
- Internet Solutions revenue of \$32.1 million, up 10 percent before the effect of foreign exchange (up 9 percent after the effect of foreign exchange)

See attached Schedules 4, 5 and 6 for additional detail.

**Operating income** before non-core gains and charges for the fourth quarter of 2008 was \$174.8 million, up 9 percent from the prior year similar period. On a GAAP basis, operating income was \$172.2 million, up 11 percent from the prior year similar period. During the fourth quarter of 2008, the Company also incurred transition costs of \$2.2 million compared with \$3.9 million incurred in the prior year similar period.

**Net income** before non-core gains and charges for the fourth quarter of 2008 was \$101.1 million, up 5 percent from the prior year similar period. On a GAAP basis, net income for the quarter was \$100.1 million, down 2 percent from the prior year similar period, primarily due to a non-core gain associated with the Company's Japanese joint venture in the fourth quarter of 2007.

See attached Schedule 3 for additional detail.

**Share repurchases** during the fourth quarter of 2008 under the Company's discretionary repurchase program totaled \$52 million.

The Company ended the year with \$164.2 million of cash and cash equivalents.

## Fourth Quarter 2008 Segment Results

### United States

**Core and total revenue** for the fourth quarter of 2008 was \$369.6 million, up 2 percent from the prior year similar period.

U.S. core and total revenue results for the fourth quarter of 2008 reflect the following:

- Risk Management Solutions revenue of \$202.4 million, up 4 percent;
- Sales & Marketing Solutions revenue of \$136.7 million, down 2 percent; and
- Internet Solutions revenue of \$30.5 million, up 11 percent.

**Operating income** for the fourth quarter of 2008 was \$163.2 million, up 3 percent from the prior year similar period. The increase was primarily due to revenue growth in the U.S. segment, partially offset by costs associated with investments to enhance the Company's strategic capabilities.

### International

**Core and total revenue** for the fourth quarter of 2008 was \$105.1 million, up 12 percent from the prior year similar period before the effect of foreign exchange (up 3 percent after the effect of foreign exchange).

International core and total revenue results for the fourth quarter of 2008 reflect the following:

- Risk Management Solutions revenue of \$80.2 million, up 15 percent before the effect of foreign exchange (up 5 percent after the effect of foreign exchange);
- Sales & Marketing Solutions revenue of \$23.3 million, up 5 percent before the effect of foreign exchange (down 4 percent after the effect of foreign exchange); and
- Internet Solutions revenue of \$1.6 million, down 2 percent before the effect of foreign exchange (down 16 percent after the effect of foreign exchange).

See attached Schedules 4, 5 and 6 for additional detail.

**Operating income** for the fourth quarter of 2008 was \$29.8 million, up 27 percent from the prior year similar period. The increase was primarily due to revenue growth in the International segment and the timing of investments in the prior year similar period, partially offset by the net impact of foreign exchange.

## Full Year 2008 Results

**Diluted earnings per share** before non-core gains and charges for 2008 were \$5.27, up 16 percent from \$4.55 in the prior year similar period. On a GAAP basis, diluted earnings per share for 2008 were \$5.60, up 12 percent from \$4.99 in the prior year similar period.

See attached Schedule 3 for a reconciliation of diluted earnings per share before non-core gains and charges to earnings per share on a GAAP basis, as well as the definitions of the non-GAAP financial measures that the Company uses to evaluate the business.

**Core and total revenue** for 2008 was \$1,726.3 million, up 7 percent from the prior year similar period before the effect of foreign exchange (up 8 percent after the effect of foreign exchange).

Core and total revenue results for the full year 2008 reflect the following by solution set:

- Risk Management Solutions revenue of \$1,111.0 million, up 7 percent before the effect of foreign exchange (up 8 percent after the effect of foreign exchange);
- Sales & Marketing Solutions revenue of \$490.4 million, up 6 percent before the effect of foreign exchange (up 7 percent after the effect of foreign exchange); and
- Internet Solutions revenue of \$124.9 million, up 16 percent both before and after the effect of foreign exchange.

See attached Schedules 4, 5 and 6 for additional detail.

**Operating income** before non-core gains and charges for 2008 was \$501.1 million, up 11 percent from the prior year similar period. On a GAAP basis, operating income for 2008 was \$469.7 million, up 10 percent from the prior year similar period. During 2008, the Company also incurred transition costs of \$12.4 million compared with \$13.0 million incurred in the prior year similar period.

**Net income** before non-core gains and charges for 2008 was \$292.5 million, up 8 percent from the prior year similar period. On a GAAP basis, net income for 2008 was \$310.6 million, up 4 percent from the prior year similar period, primarily reflecting a non-core gain associated with the Company's Japanese joint venture in 2007.

See attached Schedule 3 for additional detail.

**Free cash flow** for 2008, excluding the impact of legacy tax matters, was \$351.9 million, up 16 percent from the prior year similar period. The Company defines free cash flow as net cash provided by operating activities less capital expenditures and additions to computer software and other intangibles. Net cash provided by operating activities for 2008, excluding the impact of legacy tax matters, was \$411.4 million, up 9 percent from the prior year similar period. On a GAAP basis, net cash provided by operating activities for 2008 was \$433.9 million, compared to \$384.6 million in the prior year similar period.

See attached Schedule 4 for additional detail.

**Share repurchases** during 2008 under the Company's discretionary repurchase program totaled \$300 million, while repurchases made to offset the dilutive effect of shares issued under employee benefit plans totaled an additional \$82 million.

## Full Year 2008 Segment Results

### United States

**Core and total revenue** for 2008 was \$1,321.1 million, up 6 percent from the prior year similar period.

U.S. core and total revenue results for full year 2008 reflect the following:

- Risk Management Solutions revenue of \$792.4 million, up 5 percent;
- Sales & Marketing Solutions revenue of \$410.7 million, up 5 percent; and
- Internet Solutions revenue of \$118.0 million, up 18 percent.

**Operating income** for 2008 was \$496.5 million, up 7 percent from the prior year similar period. The increase was primarily due to revenue growth in the U.S. segment, partially offset by costs associated with investments to enhance the Company's strategic capabilities.

## International

**Core and total revenue** for 2008 was \$405.2 million, up 12 percent before the effect of foreign exchange (up 16 percent after the effect of foreign exchange) from the prior year similar period.

International core and total revenue results for full year 2008 reflect the following:

- Risk Management Solutions revenue of \$318.6 million, up 13 percent before the effect of foreign exchange (up 16 percent after the effect of foreign exchange);
- Sales & Marketing Solutions revenue of \$79.7 million, up 12 percent before the effect of foreign exchange (up 14 percent after the effect of foreign exchange); and
- Internet Solutions revenue of \$6.9 million, down 1 percent before the effect of foreign exchange (down 3 percent after the effect of foreign exchange).

See attached Schedules 4, 5 and 6 for additional detail.

**Operating income** before non-core gains and charges for 2008 was \$87.7 million, up 26 percent from the prior year similar period. The increase was primarily due to revenue growth in the International segment, lower costs as a result of our reengineering efforts and the favorable impact of foreign exchange. On a GAAP basis, operating income for the year was \$87.7 million, up 27 percent from the prior year similar period.

## Non-Core Gains and Charges

During the fourth quarter of 2008 and 2007, the Company recorded:

- A net pre-tax, non-core charge of \$1.7 million in the fourth quarter of 2008 and a net pre-tax, non-core gain of \$9.3 million in the fourth quarter of 2007;
- A net after-tax, non-core charge of \$1.0 million in the fourth quarter of 2008 and a net after-tax, non-core gain of \$2.3 million in the fourth quarter of 2007.

For the years ending 2008 and 2007, the Company recorded:

- Net pre-tax, non-core charges of \$29.2 million in 2008 and \$4.4 million in 2007;
- Net after-tax, non-core gains of \$17.0 million in 2008 and \$20.8 million in 2007.

See attached Schedule 3 for additional explanations and details of these charges.

D&B's restructuring charges may be viewed as recurring as they are part of its Financial Flexibility initiatives. In addition to reporting GAAP results, the Company reports results before restructuring charges and other non-core gains and charges because they do not reflect the Company's underlying business performance and they may have a disproportionate positive or negative impact on the results of its ongoing business operations. For additional information, see the section titled "Use of Non-GAAP Financial Measures" below.

## Full Year 2009 Guidance

D&B today provided the following financial guidance for the full year 2009:

- Core revenue growth of 2 percent to 5 percent, before the effect of foreign exchange;
- Operating income growth of 5 percent to 8 percent, before non-core gains and charges;
- Diluted EPS growth of 9 percent to 12 percent, before non-core gains and charges; and
- Free cash flow of \$360 million to \$375 million, excluding the impact of legacy tax matters.

D&B does not provide guidance on a GAAP basis because D&B is unable to predict, with reasonable certainty, the future movement of foreign exchange rates or the future impact of non-core gains and charges, such as restructuring charges and legacy tax matters, which are a component of the most comparable financial measures calculated in accordance with GAAP. Non-core gains and charges are uncertain and will depend on several factors, including industry conditions, and could be material to D&B's results computed in accordance with GAAP.

## **2009 Financial Flexibility**

D&B continues to create financial flexibility through several reengineering initiatives aimed at complexity reduction, including the following:

- Continuing to improve the Company's organizational design and the efficiency of how D&B is organized;
- Reducing product complexity and eliminating and consolidating systems and technology infrastructure;
- Simplifying and automating data collection processes; and
- Centralizing management of key cost drivers, consolidating vendors and contract negotiation.

D&B expects its ongoing reengineering initiatives to create \$90 million to \$105 million of financial flexibility in 2009, before any transition costs and restructuring charges and before any reallocation of savings generated by the initiatives. The Company expects to incur transition costs of approximately \$17 million to \$22 million and pre-tax restructuring charges totaling \$22 million to \$30 million associated with its ongoing reengineering efforts.

## **Cash Dividend Increased**

D&B today announced that its Board of Directors has declared an increased quarterly cash dividend of \$0.34 per share, up from D&B's prior dividend payout of \$0.30 per share. This quarterly cash dividend is payable on March 20, 2009, to shareholders of record at the close of business on March 6, 2009. This increase in D&B's quarterly cash dividend is a reflection of the Company's confidence in its ability to generate continued strong free cash flow growth in 2009.

## **Use of Non-GAAP Financial Measures**

D&B reports non-GAAP financial measures in this press release and the schedules attached. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – How We Manage Our Business" in the Company's Annual Report on Form 10-K for the year ending December 31, 2007, filed February 25, 2008 with the SEC, for a discussion of how the Company defines these measures, why it uses them and why it believes they provide useful information to investors. Additionally, these measures are defined in Schedule 3 attached to this press release.

## **Fourth Quarter and Full Year 2008 Teleconference**

As previously announced, D&B will review its fourth quarter and full year 2008 financial results in a conference call with the investment community on Thursday, January 29, 2009, at 10 a.m. ET. Live audio, as well as a replay of the conference call and other related information, will be accessible on D&B's Investor Relations Web site at <http://investor.dnb.com>.

## **About Dun & Bradstreet® (D&B)**

Dun & Bradstreet (NYSE:[DNB](#) - [News](#)) is the world's leading source of commercial information and insight on businesses, enabling companies to Decide with Confidence® for 167 years. D&B's global commercial database contains more than 140 million business records. The database is enhanced by D&B's proprietary DUNSRight® Quality Process, which provides our customers with quality business information. This quality information is the foundation of our global solutions that customers rely on to make critical business decisions.

D&B provides solution sets that meet a diverse set of customer needs globally. Customers use D&B Risk Management Solutions™ to mitigate credit and supplier risk, increase cash flow and drive increased profitability; D&B Sales & Marketing Solutions™ to increase revenue from new and existing customers; and D&B Internet Solutions™ to convert prospects into clients faster by enabling business professionals to research companies, executives and industries. For more information, please visit [www.dnb.com](http://www.dnb.com).

## **Forward-Looking and Cautionary Statements**

This press release, including, in particular, the section titled "Full Year 2009 Guidance," contains projections of future results and other forward-looking statements that involve a number of trends, risks and uncertainties, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

The following important factors could cause actual results to differ materially from those projected in such forward-looking statements.

- D&B relies significantly on third parties to support critical components of its business model in a continuous and high-quality manner, including third-party data providers, strategic third party members in its Worldwide Network, and third parties with which it has outsourcing arrangements.
- Demand for D&B's products is subject to intense competition, changes in customer preferences and economic conditions which impact customer behavior.
- D&B's solutions and brand image are dependent upon the integrity and security of its global database and the continued availability thereof through the Internet and by other means, as well as our ability to protect key assets, such as our data centers.
- D&B's ability to maintain the integrity of its brand and reputation, which it believes are key assets and competitive advantages.
- D&B's ability to renew large contracts, the related revenue recognition and the timing thereof may impact its results of operations from period to period.
- As a result of the credit market crisis and other macro-economic challenges currently affecting the global economy, our customers or vendors may experience cash flow problems. This may cause our customers to delay, cancel or significantly decrease their purchases from us and impact their ability to pay amounts owed to us. In addition, our vendors may substantially increase their prices without notice. Such behavior may adversely affect our earnings and cash flow. In addition, if economic conditions in the United States and other key markets deteriorate further or do not show improvement, we may experience material adverse impacts to our business and operating results.
- D&B's results are subject to the effects of foreign economies, exchange rate fluctuations, legislative or regulatory requirements, such as the adoption of new or changes in accounting policies and practices, including pronouncements by the Financial Accounting Standards Board or other standard-setting bodies, and the implementation or modification of fees or taxes that we must pay to acquire, use, and/or redistribute data.
- D&B's ability to introduce new solutions or services in a seamless way and without disruption to existing solutions such as DNBi.
- D&B's ability to acquire and successfully integrate other complementary businesses, products and technologies into its existing business, without significant disruption to its existing business or to its financial results.
- The continued adherence by third party members of our D&B Worldwide Network to our quality standards, our brand and communication standards and to the terms and conditions of our commercial services arrangements.
- D&B's future success requires that it attract and retain qualified personnel, including members of its sales force, in regions throughout the world.
- The profitability of D&B's International segment depends on its ability to identify and execute on various initiatives, such as the implementation of subscription plan pricing and successfully managing its D&B Worldwide Network, and its ability to identify and contend with various challenges present in foreign markets, such as local competition and the availability of public records at no cost.
- D&B's ability to successfully implement its growth strategy requires that it successfully reduce its expense base through its Financial Flexibility initiatives, and reallocate certain of the expense-base reductions into initiatives that produce desired revenue growth.
- D&B is involved in various tax matters and legal proceedings, the outcomes of which are unknown and uncertain with respect to the impact on D&B's cash flow and profitability. See the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and notes to the financial statements included therewith, for a more detailed description of these matters.
- D&B's ability to repurchase shares is subject to market conditions, including trading volume in its stock, and its ability to repurchase shares in accordance with applicable securities laws.
- D&B's projection for free cash flow is dependent upon its ability to generate revenue, its collection processes, customer payment patterns, the timing and volume of stock option exercises and the amount and timing of payments related to the tax and other matters and legal proceedings in which it is involved, as referenced above and as more fully described in the Company's filings with the SEC, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and notes to the financial statements included therewith.

For a more detailed discussion of the trends, risks and uncertainties that may affect D&B's operating and financial results and its ability to achieve the financial objectives discussed in this press release, readers should review the Company's most recent filings with the SEC, including the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Copies of the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q are available on its Web site at [www.dnb.com](http://www.dnb.com) and on the SEC's web site at [www.sec.gov](http://www.sec.gov). D&B cautions that the foregoing list of important factors is not complete and except as otherwise required by federal securities laws does not undertake any obligation to update any forward-looking statements.

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