

FactSet Research Systems Inc. FDS-US

28 Apr 21 Public Information Book

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18 FactSet Research Systems, Inc.(FDS-US), Q2 2021 Earnings Call, 30-March-2021 11:00 AM ET

Company Overview

Business Description

FactSet Research Systems Inc. provides integrated financial information and analytical applications to the investment and corporate communities in the Americas, EMEA, and the Asia Pacific.

Source: Compustat North America

Corporate Information

45 Glover Avenue, 7th Floor
Norwalk, Ct 06850
Usa

203-810-1000

<http://www.factset.com>

Source: Compustat North America

Financial Valuation Ratios

	08/2020A	02/2021LTM	08/2021E	08/2022E
EV/Sales	8.73	8.48	8.23	7.87
EV/EBITDA	25.38	24.41	23.17	21.76
EV/EBIT	28.59	27.52	25.47	24.21
EBITDA/Interest Expense	47.01	77.09	51.50	54.84
EBIT/Interest Expense	41.74	68.39	46.84	49.28
EBITDA-CapEx/Interest Expense	39.90	69.22	46.13	48.98
Total Debt/EBITDA	1.70	-	-	-
Total Debt/EV	0.07	-	-	-
Price to Earnings	34.98	33.62	30.28	28.47

EV and Price as of Latest Available in USD; Source: Compustat, IBES

Current Capitalization

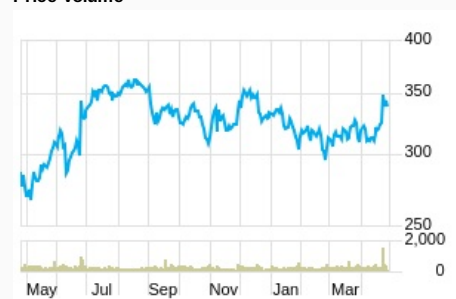
Price in USD as of 28 Apr '21	337.58
x Shares Outstanding (M)	37.85
Market Value	12,778.10
- Cash and ST Investments	620.45
+ Total Debt	883.79
+ Preferred Equity	0.00
+ Minority Interest	0.00
= Total Enterprise Value (TEV)	13,041.50

Source: Compustat North America; USD as of 26 Feb '21, millions

Financial Summary

	Feb '21Q	Feb '21LTM	Aug '19A	Aug '20A	Aug '21E	Aug '22E
Revenue	391.79	1,537.67	1,435.35	1,494.11	1,583.79	1,657.96
Growth (%)	6.0	4.9	6.3	4.1	-	4.7
Gross Income	196.26	799.78	771.90	798.66	-	-
Margin (%)	50.1	52.0	53.8	53.5	-	-
EBITDA	131.80	534.16	498.54	513.76	562.86	599.35
Margin (%)	33.6	34.7	34.7	34.4	35.5	36.1
EBIT	116.13	473.88	438.04	456.16	511.95	538.59
Margin (%)	29.6	30.8	30.5	30.5	32.3	32.5
Net Income	96.64	388.14	352.79	372.94	432.16	454.04
Margin (%)	24.7	25.2	24.6	25.0	27.3	27.4

Source: Compustat, IBES; USD, millions | Fundamental and estimate reporting standards may differ

Price Volume

Volume (Shrs. in K), USD

Top Institutional Holders

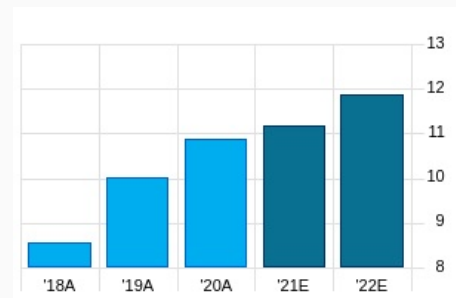
Holders	MV (MM)	%Out
The Vanguard Group, Inc.	1,258.0	9.7
Blackrock Fund Advisors	1,224.6	9.4
Banco, Inc.	923.4	7.1
Loomis, Sayles & Co. Lp	856.4	6.6
Kayne Anderson Rudnick Investment...	555.3	4.3
Wells Fargo Clearing Services Llc	504.9	3.9
Ssga Funds Management, Inc.	490.1	3.8
Ninety One Uk Ltd.	302.7	2.3
Other Institutions	5,706.2	43.9
Total Institutions	11,821.5	91.0

Source: FactSet Ownership; USD

Top Insiders/Stakeholders

Holders	MV (MM)	%Out
Hadley Philip Anson	136.9	1.1
Tikehau Investment Management	17.8	0.1
Mcgonigle James J	1.5	0.0
Snow Frederick Philip	1.3	0.0
Abrams Robin Ann	1.3	0.0
Skoko Goran	1.2	0.0
Zimmel Joseph R	0.8	0.0
Viens Daniel	0.7	0.0
Other Insiders/Stakeholders	0.8	0.0
Total Insiders/Stakeholders	162.3	1.2

Source: FactSet Ownership; USD

EPS Estimate Forecast

Source: IBES

Current Credit Ratings

	Date	Rating	Direction	Watch	Outlook
Moody's	-	-	-	-	-
S&P	-	-	-	-	-

Source: Moody's and S&P

Key Comps

Comp Name	Revenue	# of Employees	Market Value	EV	EV /EBITDA
FactSet	1,537.67	10,484	12,778.14	13,041.48	24.41
S&P Global	7,442.00	23,000	92,859.30	96,325.30	24.57
Morningstar	1,389.50	7,979	11,014.35	11,176.85	28.17
MSCI Inc A	1,695.39	3,633	40,012.81	42,254.10	43.49

Source: FactSet Revere, Compustat North America; USD, in millions except employees

Latest 5 Mergers & Acquisitions

Announce Date	Close Date	Buyer	Target	Deal Value	EV/EBITDA
20-Oct-2020	02-Nov-2020	FactSet Research Systems, I...	TruValue Labs, Inc.	-	-
26-Jul-2017	26-Jul-2017	Management Group	Rhetorik Ltd.	-	-
20-Mar-2017	20-Mar-2017	FactSet Research Systems, I...	BI-SAM Technologies SA	205.2	-
27-Jan-2017	03-Apr-2017	FactSet Research Systems, I...	Interactive Data Managed Solu...	20.0	-
20-Dec-2016	20-Dec-2016	FactSet Research Systems, I...	Vermilion Software Ltd.	65.8	-

Source: FactSet MergerStat; USD, millions

Latest Equity Deals

Offer Date	Offer Type	Exchange	Curr	Offer Price	Tot Shs Offered	% Over-Allot Excer.	Gross Proceeds
28-Jun-1996	IPO	NASDAQ	USD	17.00	3,593,750	100.00	61.09

Source: FactSet New Issues; Monetary values in millions except Price

Management & Board

Name	Position
Mr. Frederick Philip Snow	Chief Executive, Director
Ms. Robin A. Abrams	Chairman, Director
Ms. Helen L. Shan	Chief Finance Officer
Mr. Gregory T. Moskoff	Chief Accounting Officer, Controller

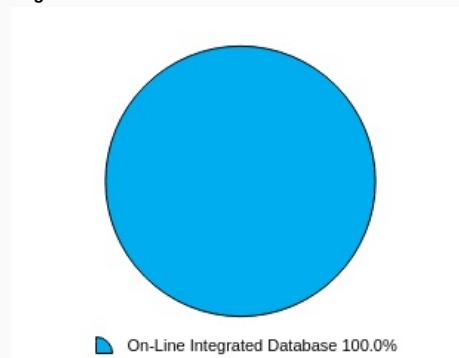
Source: Compustat North America

Latest StreetAccount News

Date	Headline
04/23/2021	FactSet Research Systems trading higher; DealReporter comments cited (\$343.30, +19.51)
04/20/2021	FactSet appoints CFO Helen Shan to additional role as Chief Revenue Officer, effective 3-May (\$317.34, 0.00)
10/20/2020	Michael Bloomberg held talks with Bill Ackman to sell minority stake in Bloomberg LP to Ackman's Pershing Sq...
10/20/2020	FactSet enters into agreement to acquire Truvalue Labs; financial terms undisclosed (\$333.93, 0.00)
06/24/2020	FactSet appoints Robin Abrams to succeed Phil Hadley as board chair (\$306.21, 0.00)

Source: FactSet StreetAccount

Segments



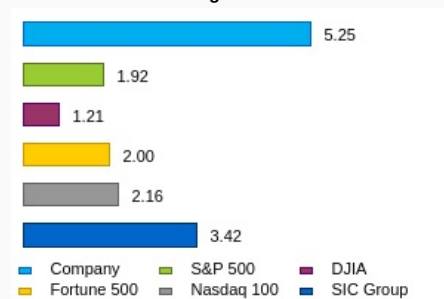
Source: Compustat North America

EPS Growth



Source: Compustat North America; IBES

Mean Bullet Proof Rating



Source: FactSet SharkRepellent - TrueCourse

Management & Board

TOTAL MEMBERS	Mgmt	17	INDEPENDENT DIRECTORS	AVERAGE AGE	Mgmt	55	AVERAGE TENURE	Mgmt	14	INSIDER OWNED	Mgmt	0.027%
25	Board	9	78%	58 YRS	Board	59	11 YRS	Board	6	0.056%	Board	0.038%

Management

Name	Position	Age	Company Tenure (Yrs)	Insider Holdings (%)	Salary	Total Comp.
Philip Snow, CFA	Chief Executive Officer & Director	57	25	0.010 ↑	\$525,846 ↑	\$4,719,062 ↑
Helen L. Shan, MBA	Chief Financial Officer & Executive Vice President	53	3	0.001 ↑	\$412,500 ↑	\$2,160,637 ↑
Gene D. Fernandez	Executive VP, Chief Technology & Product Officer	54	4	0.000	\$367,500 ↑	\$1,455,194 ↑
Demetry Zilberg	Chief Technology Officer	-	20	-	-	-
Rachel R. Stern	Chief Legal Officer, EVP & Secretary	56	20	0.000	\$345,000 ↑	\$1,431,948 ↑
Robert J. Robie	Executive VP, Head-Analytics & Trading Solutions	-	21	0.002	-	-
Jonathan Reeve	Senior VP & Head-Content Technology Solutions	-	1	-	-	-
Sara M. Dillon	SVP, Senior Director-Content & Private Markets	-	2	-	-	-
Lisa Knoll	Head-Marketing & Senior Vice President	-	21	-	-	-
Daniel Viens	Chief Human Resources Officer & Senior VP	-	23	0.006 ↓	-	-
Justin D. Strand	Chief Product Officer & Senior Vice President	-	23	-	-	-
Christopher Ellis, CFA	Senior VP & Head of Strategic Initiatives	-	27	-	-	-
Vinay Kapoor, MBA	Global Chief Diversity, Equity & Inclusion Officer	-	<1	-	-	-
John Costigan	Chief Content Officer	-	14	-	-	-
Goran Skoko	Head-Wealth Solutions	-	17	0.009 ↑	\$345,000	\$1,569,581
Kristina W. Karnovsky	Head-Research Solutions	-	20	-	-	-
Rima Hyder	Head-Investor & Media Relations	-	4	-	-	-

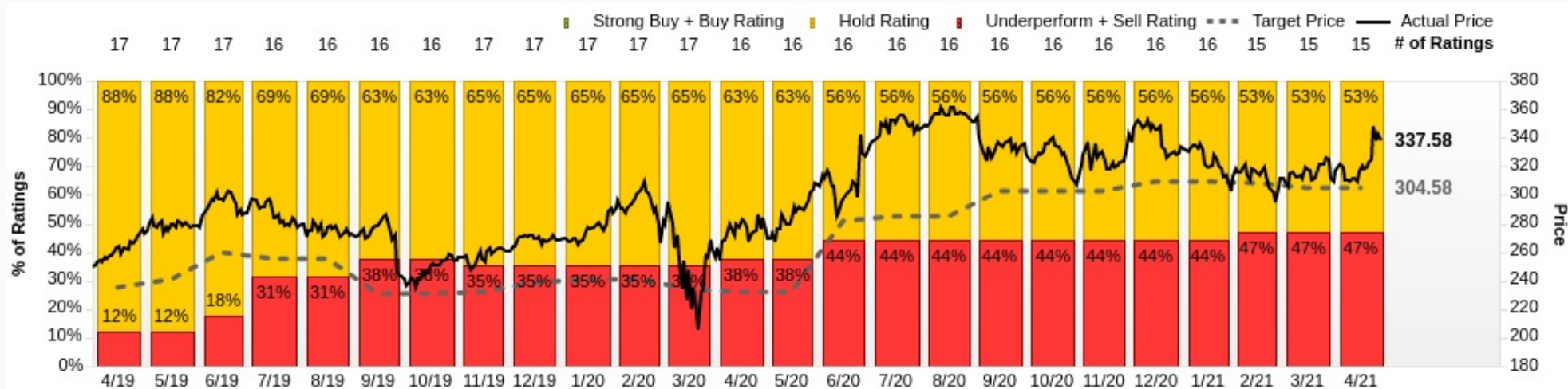
Source: FactSet People, Ownership

Board Members

Name	Position	Age	Board Tenure (Yrs)	Insider Holdings (%)	Salary	Total Comp.
Robin Ann Abrams	Chairman	68	10	0.010 ↑	-	-
Philip Snow, CFA	Chief Executive Officer & Director	57	6	0.010 ↑	\$525,846 ↑	\$4,719,062 ↑
■ Siew Kai Choy	Independent Director	55	<1	-	-	-
■ Lee M. Shavel	Independent Director	54	<1	-	-	-
■ Malcolm Frank	Independent Director	55	5	0.000	-	-
■ Sheila B. Jordan, MBA	Independent Director	57	5	0.000	-	-
■ Laurie A. Siegel, MBA	Independent Director	65	6	0.000	-	-
■ Joseph R. Zimmel, MBA	Independent Director	67	14	0.006 ↓	-	-
■ James J. McGonigle	Lead Independent Director	57	19	0.012 ↓	-	-

Source: FactSet People, Ownership

Estimates



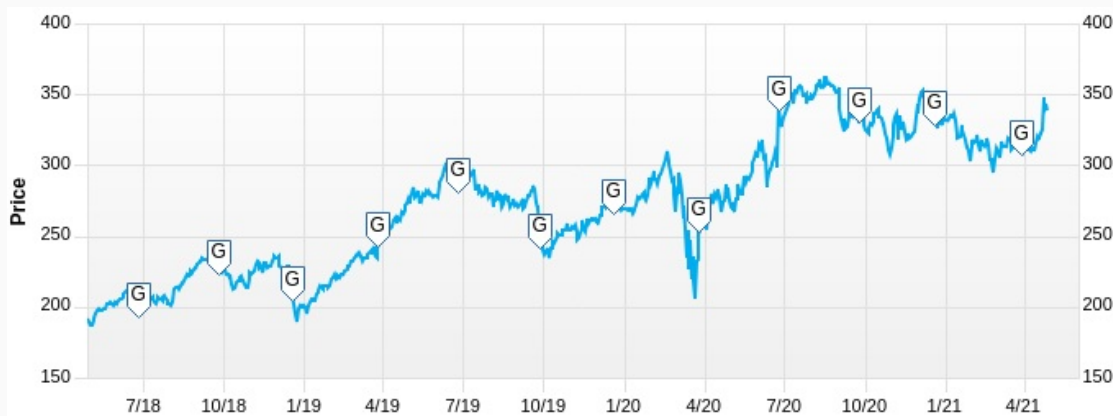
U.S. Dollar

Broker	Analyst	Rating Date	Rating (IBES)	Price on Rating Date	Tgt Price Date	Tgt Price	Price on Tgt Price Date	Tgt Price Implied Return (%)
Mean		28 Apr '21	Underperform (3.53)	337.58	28 Apr '21	304.58	337.58	-9.8
Northcoast Res	Housum,K	11 Jun '20	Sell ↓	284.20	22 Dec '20	300.00 ↑	331.00	-11.1
Jefferies	Mazari,H	21 Nov '19	Hold	257.89	24 Sep '20	351.00 ↑	334.36	4.0
D. A. Davidson & Co.	Heckmann,P	19 Nov '19	Hold	259.80	25 Jun '20	288.00 ↑	342.16	-14.7
Bofa Global Research	Chu,D	27 Sep '19	Underperform ↓	242.12	21 Dec '20	295.00 ↑	332.65	-12.6
Huber Research Partners	Huber,C	16 Jul '19	Underperform	283.06	22 Dec '20	270.00 ↓	331.00	-20.0
Morgan Stanley	Kaplan,T	16 Jul '19	Underperform ↓	283.06	30 Mar '21	261.00 ↓	311.34	-22.7
Goldman Sachs & Co.	Tong,G	27 Jun '19	Underperform ↓	285.41	30 Mar '21	276.00 ↑	311.34	-18.2
Credit Suisse - North America	Mcveigh,K	07 Dec '18	Hold	223.70	24 Sep '20	350.00 ↑	334.36	3.7
Barclays	Patnaik,M	07 Dec '18	Hold ↑	223.70	24 Sep '20	325.00 ↑	334.36	-3.7
Deutsche Bank	Sabadra,A	01 Oct '18	Hold	225.39	24 Sep '20	315.00 ↑	334.36	-6.7
Raymond James	O'shaughnessy,P	27 Sep '16	Underperform ↓	164.34	-	-	-	-
Stifel Nicolaus & Company, Inc.	Rosenbaum,S	15 Mar '16	Hold ↓	146.67	30 Mar '21	322.00 ↓	311.34	-4.6
Ubs (Us)	Kramm,A	10 Mar '16	Underperform ↓	151.44	31 Mar '21	302.00 ↓	308.59	-10.5
William Blair & Company, L.L.C.	Nicholas,A	26 Aug '12	Hold ↓	94.19	-	-	-	-

Oppenheimer & Co.	Lau,O	27 May '09	Hold	53.50	-	-	-	-
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U.S. Dollar

FQ End	Report Date	Actual	Mean	Surp Amt	Surp (%)	SUE (%)	Price Imp (%)	Num of Est	Std Dev
May '21	-	-	2.75	-	-	-	-	14	0.06
Feb '21	30 Mar '21	2.72	2.74	-0.02	-0.6	-0.2	-3.9	14	0.07
Nov '20	21 Dec '20	2.88	2.75	0.13	4.8	1.6	-4.1	15	0.08
Aug '20	24 Sep '20	2.88	2.54	0.34	13.2	3.2	1.1	16	0.11
May '20	25 Jun '20	2.86	2.43	0.43	17.6	7.2	15.1	15	0.06
Feb '20	26 Mar '20	2.55	2.49	0.06	2.6	2.1	10.7	17	0.03
Nov '19	19 Dec '19	2.58	2.42	0.16	6.6	1.8	0.3	16	0.09
Aug '19	26 Sep '19	2.61	2.47	0.14	5.8	4.0	-9.3	16	0.04
May '19	25 Jun '19	2.62	2.37	0.25	10.5	7.1	-2.8	17	0.04
Feb '19	26 Mar '19	2.42	2.33	0.09	3.7	2.1	5.5	-	0.04
Nov '18	18 Dec '18	2.35	2.29	0.06	2.4	2.4	-4.2	-	0.02
Aug '18	25 Sep '18	2.20	2.21	-0.01	-0.4	-0.2	-1.9	-	0.04
May '18	26 Jun '18	2.18	2.13	0.05	2.2	4.1	-5.2	-	0.01
Feb '18	27 Mar '18	2.12	2.06	0.06	2.9	1.2	-3.9	-	0.05
Nov '17	19 Dec '17	2.04	1.98	0.06	3.2	2.2	-8.4	-	0.03
Aug '17	26 Sep '17	1.90	1.89	0.01	0.4	0.8	5.3	-	0.01
May '17	27 Jun '17	1.85	1.84	0.01	0.6	1.1	-0.3	-	0.01
Feb '17	28 Mar '17	1.81	1.80	0.01	0.7	1.3	-5.7	-	0.01
Nov '16	20 Dec '16	1.75	1.70	0.05	2.8	5.2	-2.4	-	0.01
Aug '16	27 Sep '16	1.69	1.69	-0.00	-0.3	-0.4	-6.7	-	0.01
May '16	28 Jun '16	1.64	1.61	0.03	1.8	0.9	1.2	-	0.03



Guidance Accuracy

None In Range Beat Missed

EPS Guidance (3Yr Avg.)

SALES Guidance (3Yr Avg.)

Beat By +2.4% Accuracy Quarter FY Aug '18 Q1Q2Q3Q4

FY Aug '19 Q1Q2Q3Q4

FY Aug '20 Q1Q2Q3Q4

Beat By +0.1% Accuracy Quarter FY Aug '18 Q1Q2Q3Q4

FY Aug '19 Q1Q2Q3Q4

FY Aug '20 Q1Q2Q3Q4

U.S. Dollar

Date Issued	Period	Item	Guid (Low)	Guid (High)	Mean	Mean Surp (%)	Actual	Actual Surp (%)	Price Impact (%)
30 Mar '21	FYE Aug '21E	Operating Income - Non GAAP	507.0	518.0	521.7	-1.8	-	-	-3.9
30 Mar '21	FYE Aug '21E	Operating Income - GAAP	468.0	479.0	483.2	-2.0	-	-	-3.9
30 Mar '21	FYE Aug '21E	EPS - Non GAAP	10.75	11.15	11.19	-2.2	-	-	-3.9
30 Mar '21	FYE Aug '21E	Annual Subscription Value	1,634.2	1,649.2	1,644.8	-0.2	-	-	-3.9
30 Mar '21	FYE Aug '21E	Net Income - Non GAAP	415.0	430.0	427.0	-1.1	-	-	-3.9
30 Mar '21	FYE Aug '21E	Net Income - GAAP	386.0	402.0	406.7	-3.1	-	-	-3.9
30 Mar '21	FYE Aug '21E	EPS - GAAP	10.05	10.45	10.41	-1.5	-	-	-3.9
30 Mar '21	FYE Aug '21E	Operating Income	507.0	518.0	521.7	-1.8	-	-	-3.9
30 Mar '21	FYE Aug '21E	Sales	1,570.0	1,585.0	1,579.7	-0.1	-	-	-3.9
30 Mar '21	FYE Aug '21E	Net Income	415.0	430.0	427.0	-1.1	-	-	-3.9
30 Mar '21	FYE Aug '21E	EPS	10.75	11.15	11.19	-2.2	-	-	-3.9
21 Dec '20	FYE Aug '21E	Operating Income - Non GAAP	507.0	518.0	517.1	-0.9	-	-	-4.1
21 Dec '20	FYE Aug '21E	Operating Income - GAAP	468.0	479.0	481.5	-1.7	-	-	-4.1
21 Dec '20	FYE Aug '21E	EPS - Non GAAP	10.75	11.15	11.02	-0.6	-	-	-4.1
21 Dec '20	FYE Aug '21E	Annual Subscription Value	1,619.2	1,649.2	1,640.2	-0.4	-	-	-4.1
21 Dec '20	FYE Aug '21E	Net Income - Non GAAP	415.0	430.0	426.4	-0.9	-	-	-4.1
21 Dec '20	FYE Aug '21E	Net Income - GAAP	386.0	402.0	403.7	-2.4	-	-	-4.1
21 Dec '20	FYE Aug '21E	EPS - GAAP	10.05	10.45	10.33	-0.7	-	-	-4.1
21 Dec '20	FYE Aug '21E	Operating Income	507.0	518.0	517.1	-0.9	-	-	-4.1
21 Dec '20	FYE Aug '21E	Sales	1,570.0	1,585.0	1,577.5	0.0	-	-	-4.1
21 Dec '20	FYE Aug '21E	Net Income	415.0	430.0	426.4	-0.9	-	-	-4.1
21 Dec '20	FYE Aug '21E	EPS	10.75	11.15	11.02	-0.6	-	-	-4.1
24 Sep '20	FYE Aug '21E	Operating Income - Non GAAP	507.0	518.0	508.8	0.7	-	-	1.1
24 Sep '20	FYE Aug '21E	Operating Income - GAAP	468.0	479.0	477.7	-0.9	-	-	1.1
24 Sep '20	FYE Aug '21E	EPS - Non GAAP	10.75	11.15	10.83	1.1	-	-	1.1
24 Sep '20	FYE Aug '21E	Annual Subscription Value	1,619.2	1,649.2	1,609.6	1.5	-	-	1.1
24 Sep '20	FYE Aug '21E	Net Income - Non GAAP	415.0	430.0	413.7	2.1	-	-	1.1
24 Sep '20	FYE Aug '21E	Net Income - GAAP	386.0	402.0	392.6	0.4	-	-	1.1
24 Sep '20	FYE Aug '21E	EPS - GAAP	10.05	10.45	10.19	0.6	-	-	1.1
24 Sep '20	FYE Aug '21E	Operating Income	507.0	518.0	508.8	0.7	-	-	1.1
24 Sep '20	FYE Aug '21E	Sales	1,570.0	1,585.0	1,551.4	1.7	-	-	1.1
24 Sep '20	FYE Aug '21E	Net Income	415.0	430.0	413.7	2.1	-	-	1.1
24 Sep '20	FYE Aug '21E	EPS	10.75	11.15	10.83	1.1	-	-	1.1
25 Jun '20	FYE Aug '20	Operating Income - Non GAAP	490.1	499.2	479.5	3.1	503.4	1.8	15.1
25 Jun '20	FYE Aug '20	Operating Income - GAAP	445.5	454.5	438.9	2.5	439.7	-2.3	15.1
25 Jun '20	FYE Aug '20	EPS - Non GAAP	10.40	10.60	10.00	5.0	10.87	3.5	15.1
25 Jun '20	FYE Aug '20	Annual Subscription Value	1,541.0	1,556.0	1,531.1	1.1	1,564.2	1.0	15.1
25 Jun '20	FYE Aug '20	Net Income - Non GAAP	400.4	410.4	385.5	5.1	420.1	3.6	15.1
25 Jun '20	FYE Aug '20	Net Income - GAAP	370.0	380.0	354.6	5.8	372.9	-0.5	15.1
25 Jun '20	FYE Aug '20	EPS - GAAP	9.60	9.80	9.10	6.6	9.65	-0.5	15.1
25 Jun '20	FYE Aug '20	Operating Income	490.1	499.2	479.5	3.1	503.4	1.8	15.1
25 Jun '20	FYE Aug '20	Sales	1,485.0	1,490.0	1,490.5	-0.2	1,494.1	0.4	15.1
25 Jun '20	FYE Aug '20	Net Income	400.4	410.4	385.5	5.1	420.1	3.6	15.1
25 Jun '20	FYE Aug '20	EPS	10.40	10.60	10.00	5.0	10.87	3.5	15.1
26 Mar '20	FYE Aug '20	Operating Income - Non GAAP	469.4	487.5	483.8	-1.1	503.4	5.2	10.7
26 Mar '20	FYE Aug '20	Operating Income - GAAP	424.7	442.5	441.2	-1.7	439.7	1.4	10.7
26 Mar '20	FYE Aug '20	EPS - Non GAAP	9.85	10.15	10.02	-0.2	10.87	8.7	10.7
26 Mar '20	FYE Aug '20	Annual Subscription Value	1,531.0	1,556.0	1,542.4	0.1	1,564.2	1.3	10.7
26 Mar '20	FYE Aug '20	Net Income - Non GAAP	381.5	393.5	384.9	0.7	420.1	8.4	10.7
26 Mar '20	FYE Aug '20	Net Income - GAAP	337.0	349.0	353.2	-2.9	372.9	8.7	10.7
26 Mar '20	FYE Aug '20	EPS - GAAP	8.70	9.00	9.11	-2.8	9.65	9.0	10.7
26 Mar '20	FYE Aug '20	Operating Income	469.4	487.5	483.8	-1.1	503.4	5.2	10.7

26 Mar '20	FYE Aug '20	Sales	1,490.0	⇒	1,500.0	⇒	1,492.8	0.2	1,494.1	-0.1	10.7
26 Mar '20	FYE Aug '20	Net Income	381.5	⇒	393.5	⇒	384.9	0.7	420.1	8.4	10.7
26 Mar '20	FYE Aug '20	EPS	9.85	⇒	10.15	⇒	10.02	-0.2	10.87	8.7	10.7
19 Dec '19	FYE Aug '20	Operating Income - Non GAAP	469.4	⇒	487.5	⇒	480.3	-0.4	503.4	5.2	0.3
19 Dec '19	FYE Aug '20	Operating Income - GAAP	424.7	⇒	442.5	⇒	442.3	-2.0	439.7	1.4	0.3
19 Dec '19	FYE Aug '20	EPS - Non GAAP	9.85	⇒	10.15	⇒	10.00	-0.0	10.87	8.7	0.3
19 Dec '19	FYE Aug '20	Annual Subscription Value	1,546.0	↑	1,566.0	↑	1,550.7	0.3	1,564.2	0.5	0.3
19 Dec '19	FYE Aug '20	Net Income - Non GAAP	381.5	⇒	393.5	⇒	383.8	1.0	420.1	8.4	0.3
19 Dec '19	FYE Aug '20	Net Income - GAAP	337.0	⇒	349.0	⇒	354.4	-3.2	372.9	8.7	0.3
19 Dec '19	FYE Aug '20	EPS - GAAP	8.70	⇒	9.00	⇒	9.11	-2.9	9.65	9.0	0.3
19 Dec '19	FYE Aug '20	Operating Income	469.4	⇒	487.5	⇒	480.3	-0.4	503.4	5.2	0.3
19 Dec '19	FYE Aug '20	Sales	1,490.0	⇒	1,500.0	⇒	1,496.0	-0.1	1,494.1	-0.1	0.3
19 Dec '19	FYE Aug '20	Net Income	381.5	⇒	393.5	⇒	383.8	1.0	420.1	8.4	0.3
19 Dec '19	FYE Aug '20	EPS	9.85	⇒	10.15	⇒	10.00	-0.0	10.87	8.7	0.3
26 Sep '19	FYE Aug '20	Operating Income - Non GAAP	469.4	⇒	487.5	⇒	509.6	-6.1	503.4	5.2	-9.3
26 Sep '19	FYE Aug '20	Operating Income - GAAP	424.7	⇒	442.5	⇒	481.0	-9.9	439.7	1.4	-9.3
26 Sep '19	FYE Aug '20	EPS - Non GAAP	9.85	⇒	10.15	⇒	10.51	-4.8	10.87	8.7	-9.3
26 Sep '19	FYE Aug '20	Annual Subscription Value	1,545.9	⇒	1,565.9	⇒	1,556.0	-0.0	1,564.2	0.5	-9.3
26 Sep '19	FYE Aug '20	Net Income - Non GAAP	381.5	⇒	393.5	⇒	403.3	-3.9	420.1	8.4	-9.3
26 Sep '19	FYE Aug '20	Net Income - GAAP	337.0	⇒	349.0	⇒	383.9	-10.6	372.9	8.7	-9.3
26 Sep '19	FYE Aug '20	EPS - GAAP	8.70	⇒	9.00	⇒	9.93	-10.9	9.65	9.0	-9.3
26 Sep '19	FYE Aug '20	Operating Income	469.4	⇒	487.5	⇒	509.6	-6.1	503.4	5.2	-9.3
26 Sep '19	FYE Aug '20	Sales	1,490.0	⇒	1,500.0	⇒	1,504.5	-0.6	1,494.1	-0.1	-9.3
26 Sep '19	FYE Aug '20	Net Income	381.5	⇒	393.5	⇒	403.3	-3.9	420.1	8.4	-9.3
26 Sep '19	FYE Aug '20	EPS	9.85	⇒	10.15	⇒	10.51	-4.8	10.87	8.7	-9.3
25 Jun '19	FYE Aug '19	Operating Income - Non GAAP	461.5	↑	475.2	↑	464.9	0.7	476.2	1.7	-2.8
25 Jun '19	FYE Aug '19	Operating Income - GAAP	426.0	↑	439.2	↑	432.0	0.1	438.0	1.3	-2.8
25 Jun '19	FYE Aug '19	EPS - Non GAAP	9.80	↑	9.90	↑	9.59	2.7	10.00	1.5	-2.8
25 Jun '19	FYE Aug '19	Annual Subscription Value	1,484.7	↓	1,489.7	↓	1,493.4	-0.4	1,480.9	-0.4	-2.8
25 Jun '19	FYE Aug '19	Net Income - Non GAAP	380.8	↑	384.7	↑	369.7	3.5	388.9	1.6	-2.8
25 Jun '19	FYE Aug '19	Net Income - GAAP	345.8	↑	349.7	↑	341.2	1.9	352.8	1.4	-2.8
25 Jun '19	FYE Aug '19	EPS - GAAP	8.90	↑	9.00	↑	8.85	1.1	9.08	1.5	-2.8
25 Jun '19	FYE Aug '19	Operating Income	461.5	↑	475.2	↑	464.9	0.7	476.2	1.7	-2.8
25 Jun '19	FYE Aug '19	Sales	1,420.0	↑	1,440.0	↑	1,433.0	-0.2	1,435.4	0.4	-2.8
25 Jun '19	FYE Aug '19	Net Income	380.8	↑	384.7	↑	369.7	3.5	388.9	1.6	-2.8
25 Jun '19	FYE Aug '19	EPS	9.80	↑	9.90	↑	9.59	2.7	10.00	1.5	-2.8
25 Jun '19	FQE Aug '19	Annual Subscription Value	1,484.7	↓	1,489.7	↓	1,492.3	-0.3	1,480.9	-0.4	-2.8
26 Mar '19	FYE Aug '19	Operating Income - Non GAAP	444.2	⇒	471.3	⇒	464.1	-1.4	476.2	4.0	5.5
26 Mar '19	FYE Aug '19	Operating Income - GAAP	408.9	⇒	435.0	⇒	430.9	-2.1	438.0	3.8	5.5
26 Mar '19	FYE Aug '19	EPS - Non GAAP	9.50	↑	9.65	⇒	9.55	0.3	10.00	4.4	5.5
26 Mar '19	FYE Aug '19	Annual Subscription Value	1,489.7	⇒	1,504.7	⇒	1,468.8	1.9	1,480.9	-1.1	5.5
26 Mar '19	FYE Aug '19	Net Income - Non GAAP	364.5	↑	370.5	⇒	366.0	0.4	388.9	5.8	5.5
26 Mar '19	FYE Aug '19	Net Income - GAAP	333.5	⇒	339.5	↓	339.9	-1.0	352.8	4.8	5.5
26 Mar '19	FYE Aug '19	EPS - GAAP	8.70	⇒	8.85	↓	8.85	-0.8	9.08	3.5	5.5
26 Mar '19	FYE Aug '19	Operating Income	444.2	⇒	471.3	⇒	464.1	-1.4	476.2	4.0	5.5
26 Mar '19	FYE Aug '19	Sales	1,410.0	⇒	1,450.0	⇒	1,436.6	-0.5	1,435.4	0.4	5.5
26 Mar '19	FYE Aug '19	Net Income	364.5	↑	370.5	⇒	366.0	0.4	388.9	5.8	5.5
26 Mar '19	FYE Aug '19	EPS	9.50	↑	9.65	⇒	9.55	0.3	10.00	4.4	5.5
26 Mar '19	FQE Aug '19	Annual Subscription Value	1,489.7	⇒	1,504.7	⇒	1,468.8	1.9	1,480.9	-1.1	5.5
18 Dec '18	FYE Aug '19	Operating Income - Non GAAP	444.2	⇒	471.3	⇒	465.5	-1.7	476.2	4.0	-4.2
18 Dec '18	FYE Aug '19	Operating Income - GAAP	408.9	⇒	435.0	⇒	430.5	-2.0	438.0	3.8	-4.2
18 Dec '18	FYE Aug '19	EPS - Non GAAP	9.45	⇒	9.65	⇒	9.57	-0.2	10.00	4.7	-4.2
18 Dec '18	FYE Aug '19	Net Income - Non GAAP	362.6	⇒	370.5	⇒	368.2	-0.4	388.9	6.1	-4.2
18 Dec '18	FYE Aug '19	Net Income - GAAP	333.5	⇒	341.4	⇒	339.8	-0.7	352.8	4.5	-4.2
18 Dec '18	FYE Aug '19	EPS - GAAP	8.70	⇒	8.90	⇒	8.88	-0.9	9.08	3.2	-4.2
18 Dec '18	FYE Aug '19	Operating Income	444.2	⇒	471.3	⇒	465.5	-1.7	476.2	4.0	-4.2
18 Dec '18	FYE Aug '19	Sales	1,410.0	⇒	1,450.0	⇒	1,438.4	-0.6	1,435.4	0.4	-4.2
18 Dec '18	FYE Aug '19	Net Income	362.6	⇒	370.5	⇒	368.2	-0.4	388.9	6.1	-4.2
18 Dec '18	FYE Aug '19	EPS	9.45	⇒	9.65	⇒	9.57	-0.2	10.00	4.7	-4.2
25 Sep '18	FYE Aug '19	Operating Income - Non GAAP	444.2	⇒	471.3	⇒	467.8	-2.2	476.2	4.0	-1.9
25 Sep '18	FYE Aug '19	Operating Income - GAAP	408.9	⇒	435.0	⇒	436.1	-3.3	438.0	3.8	-1.9
25 Sep '18	FYE Aug '19	EPS - Non GAAP	9.45	⇒	9.65	⇒	9.61	-0.7	10.00	4.7	-1.9
25 Sep '18	FYE Aug '19	Net Income - Non GAAP	362.6	⇒	370.5	⇒	368.6	-0.6	388.9	6.1	-1.9
25 Sep '18	FYE Aug '19	Net Income - GAAP	333.5	⇒	341.4	⇒	348.7	-3.2	352.8	4.5	-1.9
25 Sep '18	FYE Aug '19	EPS - GAAP	8.70	⇒	8.90	⇒	9.01	-2.3	9.08	3.2	-1.9
25 Sep '18	FYE Aug '19	Operating Income	444.2	⇒	471.3	⇒	467.8	-2.2	476.2	4.0	-1.9
25 Sep '18	FYE Aug '19	Sales	1,410.0	⇒	1,450.0	⇒	1,438.0	-0.6	1,435.4	0.4	-1.9
25 Sep '18	FYE Aug '19	Net Income	362.6	⇒	370.5	⇒	368.6	-0.6	388.9	6.1	-1.9
25 Sep '18	FYE Aug '19	EPS	9.45	⇒	9.65	⇒	9.61	-0.7	10.00	4.7	-1.9
26 Jun '18	FYE Aug '18	Operating Income - Non GAAP	415.4	⇒	442.0	⇒	428.3	0.1	425.5	-0.7	-5.2
26 Jun '18	FYE Aug '18	Operating Income - GAAP	368.5	⇒	394.4	⇒	384.0	-0.7	366.2	-4.0	-5.2
26 Jun '18	FYE Aug '18	EPS - Non GAAP	8.37	↑	8.62	↑	8.48	0.1	8.53	0.4	-5.2
26 Jun '18	FYE Aug '18	Net Income - Non GAAP	326.2	⇒	336.2	⇒	335.2	-1.2	335.8	1.4	-5.2
26 Jun '18	FYE Aug '18	Net Income - GAAP	268.0	⇒	278.0	⇒	282.1	-3.2	267.1	-2.2	-5.2
26 Jun '18	FYE Aug '18	EPS - GAAP	6.92	↓	7.17	↑	7.13	-1.2	6.78	-3.8	-5.2
26 Jun '18	FYE Aug '18	Operating Income	415.4	⇒	442.0	⇒	428.3	0.1	425.5	-0.7	-5.2
26 Jun '18	FYE Aug '18	Sales	1,340.0	⇒	1,360.0	⇒	1,350.5	-0.0	1,350.1	0.0	-5.2
26 Jun '18	FYE Aug '18	Net Income	326.2	⇒	336.2	⇒	335.2	-1.2	335.8	1.4	-5.2
26 Jun '18	FYE Aug '18	EPS	8.37	↑	8.62	↑	8.48	0.1	8.53	0.4	-5.2

Corporate Releases

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 20, 2021

FactSet Research Systems Inc.

(Exact name of Registrant as specified in its charter)

Delaware	1-11869	13-3362547
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

**45 Glover Avenue
Norwalk, Connecticut 06850**

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: **(203) 810-1000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
Common Stock, \$0.01 Par Value	FDS	New York Stock Exchange LLC The Nasdaq Stock Market

Item 8.01 Other Events

On April 20, 2021, FactSet Research Systems Inc. ("FactSet" or the "Company") issued a press release announcing that Helen Shan, Executive Vice President and Chief Financial Officer ("CFO") of FactSet, has been appointed to the role of Chief Revenue Officer of the Company, effective May 3, 2021. Ms. Shan will continue to serve as CFO as the Company conducts an internal and external search for her successor. A copy of this press release is included as Exhibit 99.1 to this Form 8-K.

Item 9.01 Financial Statements and Exhibits**(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of FactSet Research Systems Inc. issued on April 20, 2021

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FACTSET RESEARCH SYSTEMS INC.
(Registrant)

Date: April 20, 2021

By: /s/ HELEN L. SHAN
Helen L. Shan
Executive Vice President and Chief Financial
Officer
(Principal Financial Officer)

Transcripts

30-Mar-2021

FactSet Research Systems, Inc. (FDS)

Q2 2021 Earnings Call

CORPORATE PARTICIPANTS

Rima Hyder

Head of Investor and Media Relations, FactSet Research Systems, Inc.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

OTHER PARTICIPANTS

Manav Patnaik

Analyst, Barclays Capital, Inc.

Toni M. Kaplan

Analyst, Morgan Stanley & Co. LLC

Hamzah Mazari

Analyst, Jefferies LLC

Owen Lau

Analyst, Oppenheimer & Co., Inc.

Kevin McVeigh

Analyst, Credit Suisse Securities (USA) LLC

Alex Kramm

Analyst, UBS Securities LLC

David Chu

Analyst, BofA Securities, Inc.

Shlomo H. Rosenbaum

Analyst, Stifel, Nicolaus & Co., Inc.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Ashish Sabadra

Analyst, Deutsche Bank Securities, Inc.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Keith Housum

Analyst, Northcoast Research Partners LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, and thank you for standing by. Welcome to the FactSet Second Quarter Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions]

I would now like to hand the conference to your speaker today, Rima Hyder, Head of Investor Relations. Please go ahead.

Rima Hyder

Head of Investor and Media Relations, FactSet Research Systems, Inc.

Thank you, Joelle. Thank you and good morning, everyone. Welcome to FactSet's second fiscal quarter 2021 earnings call. We continue to be in various remote locations today. We may have some audio quality issues and we really appreciate your patience should we experience a disruption.

Before we begin, I would like to point out that the slides we will reference during this presentation can be accessed via the webcast on the Investor Relations section of our website at factset.com. The slides will be posted on our website at the conclusion of this call. A replay of today's call will be available via phone and on our website. After our prepared remarks, we will open the call to questions from investors. To be fair to everyone, please limit yourself to one question, plus one follow-up.

Before we discuss our results, I encourage all listeners to review the legal notice on slide 2, which explains the risks of forward-looking statements and the use of non-GAAP financial measures. Additionally, please refer to our Forms 10-K and 10-Q for a discussion of risk factors that could cause actual results to differ materially from these forward-looking statements.

Our slide presentation and discussions on this call will include certain non-GAAP financial measures. For such measures, reconciliation to the most directly comparable GAAP measures are in the appendix to the presentation and in our earnings release issued earlier today.

Joining me today are Phil Snow, Chief Executive Officer; and Helen Shan, Chief Financial Officer.

I'd now like to turn the discussion over to Phil Snow.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

Thanks, Rima, and good morning, everyone. I'm pleased with our solid second quarter and overall first half results, and the investments we've made to further advance our offerings in both content and workflow solutions are resonating. Over the past 12 months, we have proven our resilience and our ability to strengthen our value to clients. And we begin the second half of this fiscal year with good momentum, greater visibility, and continued confidence in our ability to execute.

Our investments in content and technology are progressing at pace, and we see market validation of our strategy with some key wins this quarter. Our content advances, particularly in deep sector, are being well received by

clients, especially across the sell-side, supporting workstation growth. And our focus on digital transformation allows us to offer more personalized solutions and an increasing number of ways to deliver value to clients.

The market is looking for solutions that are both easy to integrate and unite the front, middle, and back office, and we are well positioned to capitalize on this trend. Our shift to the public cloud is progressing according to plan, with the majority of our news storage and collection centers successfully migrated.

This quarter, we are particularly pleased to see growth in our core workstation offering. The efforts we've made through our investment strategy are starting to drive our top line, and we delivered a strong first half due to our ability to execute on our pipeline with continued discipline.

In our second quarter, our organic ASV plus professional services growth rate accelerated to 5.5%. This acceleration was led by our sales team effectively growing wallet share with existing clients, as well as capturing a higher price increase in the Americas. This was partially offset by cancellations largely across asset management firms.

We're pleased that our performance resulted in increased adjusted operating margin and EPS, and we have good momentum going into our second half. We reaffirm our ability to deliver results within our guidance for fiscal 2021 and are raising the lower end of our full-year organic ASV growth range to \$70 million from \$55 million. Helen will explain in more detail shortly.

Turning now to the performance in our regions. The Americas growth accelerated to 6%, driven by strong sales of workstations in research and wealth solutions, and data feeds in CTS solutions. Our research solutions had a particularly good quarter, supported by our digital transformation and the expansion of our deep sector content offering.

This was evident from wins with our large existing banking clients who benefited from our tailored workflows, which allow them a more connected and personalized experience. CTS also had a successful quarter as clients bought more of our core and premium data feeds.

And in wealth, we're extremely pleased with the RBC win. This was an entirely virtual rollout, and I'm proud of how quickly and seamlessly our team integrated our Advisor Dashboard, workflow, and CRM solutions for RBC's entire wealth management team.

Asia Pac accelerated its growth rate to 9% due to strong performance in Hong Kong, Singapore, and Australia. We saw wins at institutional asset managers and data providers with our research and CTS solutions.

EMEA's growth remained at 4% with wins across the region, most notably in France and the Nordics. The region benefited from increased sales of CTS and wealth solutions to asset owners and institutional asset managers, as well as accelerating new business.

Our diversifying client base continues to seek mission critical data and we see strong demand for our growing content offering. We're pleased with the progress we are making in the ESG market as we further integrate our ESG products into clients' everyday workflows.

We've already expanded our ESG content suite with the launch of Truvalue's UN Sustainable Development Goals Monitor. This is in addition to a new joint offering with Ping An Insurance Group, which offers ESG metrics on companies incorporated in mainland China.

Overall, we see a long runway for growth as we execute more enterprise-wide deals and believe that every touchpoint with clients today represents an opportunity to cross-sell in the future. The conversations we are having, combined with our sales team's execution, make us optimistic that we will continue to grow our market share long-term.

In summary, our focus continues to be on achieving higher growth and providing clients with effective and efficient solutions across the entire investment workflow. We remain committed to our investment strategy and to living our purpose, which is to drive the investment community to see more, think bigger, and do their best work, and we are starting to see the rewards of the efforts we are making.

We continue to push ourselves to be a more diverse, inclusive, and impactful organization. To that end, I am pleased to say we recently hired our first Chief Diversity, Equity & Inclusion Officer as part of our strategy to strengthen our organizational accountability, increase diversity across all levels of our company, and ensure workforce equity. We know we have more work to do and remain committed to furthering our efforts.

I'm pleased with our progress as we strive to be the best place to work and give our employees the flexibility they need to thrive in the new normal. I'm proud of the ways in which we are showing up for one another and for our clients every day.

With that, I'll now turn things over to Helen, who will take you through the specifics of our second quarter and first half 2021 performance.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

Thank you, Phil, and hello, everyone. I hope that you and your loved ones continue to be safe and healthy. I am proud of the FactSet team for finding new ways this past year to support both our clients and each other. Today, I will share more details on our performance to date and provide an update to our annual outlook.

For the first half of fiscal 2021, we grew our revenue by 6%, expanded our adjusted operating margin by 60 (sic) [80] basis points, and increased our adjusted EPS by 9% year-over-year. Our multiyear investment plan is on track and beginning to materialize in top line growth.

Last quarter, we welcomed Truvalue Labs to FactSet. I am pleased to report that the integration of the team and of the ESG and technology assets is largely complete. As with our previous acquisitions, we will exclude any revenue and ASV associated with TVL while reporting out on organic-related metrics for the fiscal year 2021.

As Phil stated earlier, we grew organic ASV plus professional services at 5.5%, an acceleration from the first quarter that reflects the diligent execution of our pipeline, powered by healthy demand for workstations and data feeds.

Ongoing investments in our core solutions continue to resonate with clients, as reflected in our annual Americas price increase, which totaled \$14 million, \$2 million more than the prior year. As with previous years, our annual price increase is a contributor to ASV, and again this year, further accelerating our growth rate.

For the second quarter, GAAP revenue increased by 6% to \$392 million, while organic revenue, which excludes any impact from foreign exchange, acquisitions, and deferred revenue amortization, increased 5% to \$389 million. Growth was driven primarily by our analytics and CTS solutions.

For our geographic segments, revenue growth for the Americas was at 7%, EMEA at 3%, and Asia Pacific at 10%. All regions primarily benefited from increases in our analytics and CTS solutions.

GAAP operating expenses grew 5% in the second quarter to \$276 million, impacted by a higher cost of sales. Compared to the previous year, our GAAP operating margin expanded by 90 basis points to 30%, and our adjusted operating margin increased by 80 basis points to 33%.

These improvements are largely due to net savings from continued productivity through workforce mix and a reduction in discretionary expenses, including those related to travel, office, and professional services. These benefits were partially offset by higher spend in both compensation and technology.

As a percentage of revenue, our cost of sales was 230 basis points higher than last year on a GAAP basis and 170 basis points higher on an adjusted basis. This increase is driven by higher technology spend related to our shift to the public cloud and increased compensation expense for existing employees, as well as new talent to support our multiyear investment plan.

When expressed as a percentage of revenue, SG&A improved year-over-year by 320 basis points on a GAAP basis and 250 basis points on an adjusted basis. The primary drivers include materially lower travel and entertainment costs, and reduced spend due to office closures, offset in part by higher compensation costs. These results are in line with our expectations, as noted in our full year guidance.

As discussed on previous calls, we planned for an incremental investment spend of \$15 million each year starting in 2020 through 2022. While realizing some benefits from productivity and a delayed ramp-up in hiring last year, we are on track to spend around \$26 million in our fiscal FY 2021. As noted on last quarter's call, we are also using a portion of the pandemic savings to invest further in both sales and new product development.

Moving on, our tax rate for the quarter was 16%, compared to last year's rate of 14%, primarily due to lower tax benefits realized from stock option exercises this quarter.

GAAP EPS increased 9% to \$2.50 this quarter versus \$2.30 in the prior year. Adjusted diluted EPS grew 7% to \$2.72. Both EPS figures were largely driven by improved operating results, partially offset by a higher tax rate. A reconciliation of our adjustments to GAAP EPS is disclosed at the end of our press release.

Free cash flow, which we define as cash generated from operations less capital spending, was \$130 million for the quarter, an increase of 75% over the same period last year. This increase is primarily due to the timing of certain tax payments and lower capital expenditures, as we have completed the majority of our office build-outs.

In the first quarter, our ASV retention continued to be above 95%. We grew our total number of clients by 7% compared to the prior year, reaching over 6,000 clients for the first time in our history. This growth reflects the addition of more wealth and corporate clients as well as data providers and asset owners, an ongoing trend as we continue to diversify our client base. Our client retention improved to 90% year-over-year, which speaks both to the mission criticality of our solutions and the solid efforts of our sales teams.

Our user count grew 12% year-over-year and crossed the total of 150,000, largely due to additional wealth and research workstation users. As noted in our press release this morning, we revised the methodology for how we define our users to capture a more expansive set across all our solutions. We have provided revised user counts for the last eight quarters at the end of the press release.

For the second quarter, we repurchased over 221,000 shares of our common stock for a total of \$72 million at an average share price of \$322. Our board of directors recently authorized an additional \$206 million to our share repurchase program, bringing the total size to \$350 million, in-line with recent years. We remain disciplined in our buyback program and committed to returning long-term value to our shareholders.

Given our solid first half performance and improved visibility for the rest of the year, we are bringing up the lower end of our organic ASV plus professional services growth guidance range from \$55 million to \$70 million, so our full range is now \$70 million to \$85 million. This raises our mid-point from when we first set this guidance six months ago. Client demand for our enhanced solutions, alongside the momentum built by our sales team, gives us greater conviction in our second half pipeline.

Based on the first half results, we are encouraged by the client response to our enhanced product suite, reflected in both growth in new clients, as well as increased expansion with existing clients. We do remain in an uncertain environment as different parts of the world begin to recover from this pandemic.

Our full year views take into account our clients continue to perform in current market conditions and that additional delays in decision-making and tightening client budgets could impact our short-term performance. The global environment will continue to present challenges, but we believe we are well positioned for the longer term.

With that, we are now ready for your questions. I'll turn this over to Joelle.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Manav Patnaik with Barclays. Your line is now open.

Manav Patnaik

Analyst, Barclays Capital, Inc.

Q

Yeah, hi. Good morning. So, I just wanted to ask, early in the call you talked about the move to public cloud is going well. And I just wanted to maybe take a step back and I was hoping you could help us just appreciate where FactSet today is in terms of its tech stack and how long do you think you get to where you want to be.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah. Thanks, Manav. Yeah, when we published our three-year plan six quarters ago, we have a three-year window to get 80% into the public cloud, which will just give us, I think, a lot of advantages in terms of speed and agility across how we develop products and how we deliver product to our clients. So, I'd say we're on pace. We're halfway through that journey. We're already beginning to see a lot of the benefits from being in the public cloud. So that is a major piece of the move from a technology standpoint.

I would say the second thing is opening up the platform. So, providing APIs to access FactSet content and analytics, whether or not you're our clients and you want to just program directly against our database or if you want to access it through some other means, through some other channel, we're making that available as well.

And it should also make FactSet easier to integrate with other third-party systems. So, that's another important aspect of that. So, overall we're pleased. I'd say we're halfway through that original plan. We're a technology company. So, of course, that never ends. But we are beginning to definitely see some of the benefits of the work that we've been doing.

Manav Patnaik*Analyst, Barclays Capital, Inc.*

Q

Okay. Got it. And then just on Truvalue Labs and the ESG integration you talked about. I guess, I just wanted to appreciate maybe better what the strategy there was. Or would Truvalue Labs be kind of like StreetAccount in many ways in terms of a good offering just integrated in your packages?

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Yeah. I would say it's little different than StreetAccount. So, we certainly have a fantastic product there that we can sell today as its own offering. That will continue. Very often, that's a feed these days. However, we've done a lot of work already to integrate the Truvalue Labs data through the FactSet workflows.

So, I think we all, sort of, recognize that ESG is very important and will be a piece of just about everybody's workflow in some way, shape, or form. So, for us, making sure that you can access ESG directly or as an overlay, whether you're a research analyst, you're a quant, maybe you want to look at your portfolios and group things a certain way or add in some metrics, we want to make sure that all of that's available through our platform.

And one of the advantages, again, of using FactSet is, you can seamlessly stitch together all those workflows. So, we've learned a lot in terms of integration during our lifetime and this has been one of the faster integrations of both the people and the technology and the content that I've seen. So, we're well on our way. We're very optimistic about ESG as a theme, and we think we'll begin to see the benefits of that before too long.

Manav Patnaik*Analyst, Barclays Capital, Inc.*

Q

Got it. Thank you so much.

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Sure, thanks.

Operator: Thank you. Our next question comes from Toni Kaplan with Morgan Stanley. Your line is now open.

Toni M. Kaplan*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you. I wanted to ask about wealth, and congratulations on the RBC win. Just in terms of the overall strategy and features there, I know you have the full-featured Web-deployed version that you created about two years ago. You've won some significant contracts. Just, I guess, how are you tracking versus your expectations in wealth? And how much opportunity is left there, just given that you've been sort of ramping up in wealth over the last few years?

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Thanks, Toni. We see a ton of opportunity in wealth. It's one of our fastest-growing firm types that we sell into. Obviously, these big wins are very important, because I think it gets us more notice in the marketplace. And as advisors move around from firm to firm over the years, I think they will get used to using FactSet as a tool. So, we think there's a ton of runway here. We see that there are a lot of interesting trends going on in the wealth space. And today, we own a small piece of the workflow.

One thing that we're excited about is our Advisor Dashboard product, which essentially helps an advisor think about what their next best action is. So we're beginning to introduce cognitive computing to look at the clients' portfolios and the news associated with the holdings they have to really help them organize their day and so on.

So, we think that's unique and good opportunity for us. And we just think that in terms of the wealth space, there are lots of other places over time that we could begin to move into that would be accretive to FactSet.

Toni M. Kaplan*Analyst, Morgan Stanley & Co. LLC*

Q

That's great. And can you also just hone in on the sort of differentiators that you're offering? Are you winning more now because of the quality of the product or price or service? Just trying to understand. You have some momentum there, so I wanted to get to the bottom of that.

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Yeah, sure. On the product side, we have very good search functionality. So, it's very easy for an advisor to come into our wealth offering and find what it is they're looking for very quickly. That has been a big winner. And our Web offering is seamless to navigate as well just in terms of sort of navigating from screen to screen. The speed of the product is really good. So, if you're an advisor and you're managing the assets of 200 families or individuals, being able to kind of get around quickly is important.

And service has been a big piece of this, Toni. So, as I mentioned in my opening remarks, we were able to virtually roll out this offering to, I think, 8,000 advisors really quickly. And in some ways, doing it virtually was easier than how we might have done it two years ago, which would be literally to fly around to almost every city we could to train people in person.

So, we've learned a lot about efficiency over the last year, and that's been a good experience on both sides. So, I think it's that classic FactSet combo of the product and the service that's really allowing us to win here. And it's the investments that we made in technology that I just spoke about that are allowing us to scale, upload more portfolios, and support more people than we might have been able to do on our old tech stack.

Toni M. Kaplan*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you.

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Thanks.

Operator: Thank you. Our next question comes from Hamzah Mazari with Jefferies. Your line is now open.

Hamzah Mazari

Analyst, Jefferies LLC

Q

Good morning. Just had a question on the ASV acceleration. Is that all – I know you touched on the prepared comments with pricing, but is that all the RBC win in the ASV acceleration or is there anything else in there? I know you touched on pricing. And then, as part of that, is there a reason why the low-end of the revenue guide wasn't raised, but you did raise the ASV guide on the low-end?

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah, sure. So, I'll try to answer both of those. And, Helen, please chime in on the second one, if there's more to be said. So, in terms of the acceleration, Hamzah, we're seeing very good performance from our research offering. So, the core workstation and core Web offerings are doing very well.

So, yes, RBC was a really nice win and a lot of the users you see there in terms of the increase were driven from that. But we're also doing exceptionally well with our large banking clients in terms of renewals and the adoption, just more usage through our deep sector offering so that certainly has been a driver. And we've seen, I think, good uplift in terms of buy-side as well in terms of the research offering. So I think it's that core FactSet workstation that is performing well in this environment, given the investments that we've made in some of the trends that are out there. So that's the main thing that I would attribute it to.

And revenue always takes a long time to catch up to ASV. So, a lot of our ASV comes in the second half. And the amount of revenue that we capture from that isn't as much as we would from stuff that we closed in Q1. And you knew that in the Q1, we were sort of minus \$7 million there on the ASV side.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

That's exactly right. Hamzah, thanks for your question. We are back half loaded, and I would say even within the second half, we typically have strong Q4s. That doesn't reflect or turn into revenue necessarily in year, so that's why we did not change our revenue guidance.

Hamzah Mazari

Analyst, Jefferies LLC

Q

That's very helpful. And just my follow-up question is just you had mentioned areas outside of wealth, whether it be corporates, insurance, maybe private equity, maybe other areas. Do you have to invest more in sales or go-to-market to be able to benefit some of those verticals or do you have enough capacity that you can penetrate those verticals with sort of the head count you have today?

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah. We can do it with the head count we have today. As I mentioned, on the RBC win, we were able to deploy a large number of users very virtually. So I think what we're learning is that for the non-enterprise-wide sales, sort of selling and supporting our clients for the core workstation is something that we can do very efficiently. And we're beginning to explore new ways of how to double down on that in terms of how we can get more of those

clients at the smaller end more efficiently, so that we can focus the rest of our resources on the larger, more enterprise-wide deployments.

Hamzah Mazari

Analyst, Jefferies LLC

Q

Got it. Thank you so much.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Thanks.

Operator: Thank you. Our next question comes from Owen Lau with Oppenheimer. Your line is now open.

Owen Lau

Analyst, Oppenheimer & Co., Inc.

Q

Good morning and thank you for taking my question. Could you please talk about your recent traction in the asset owner space? Do you have the ESG products you like to further penetrate into this area? And what other products you think can help you increase your penetration? Thank you.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah, thanks for the question. In the asset owner space, our analytics suite really plays a big part there. So very often, when we're working with asset owners, we'll be doing risk deployment or we'll be doing portfolio analytics across either their internally managed or externally managed assets.

So, we've done a lot of work, as you know, across the portfolio life cycle. We've done a lot of work to invest in multi-asset class offerings. So, we do have some good momentum across different types of asset owners, and it's a space that we're increasingly optimistic about.

Owen Lau

Analyst, Oppenheimer & Co., Inc.

Q

Got it. And then, could you please also talk about your partnership with Ping An? There are other ESG content providers in China. Can you talk about what is the value proposition of OneConnect? And also is this content exclusive to FactSet users? Thanks.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah. So, we have a good relationship with Ping An in China. And I think they've developed some very good ESG content and we just – we're a good channel partner for them. So, I think where you'll see this show up, first of all, is in the Open:FactSet Marketplace and then we should have plans to integrate that into the FactSet offering for the workflows that our clients care about. And I'm not in a position to sort of talk about whether or not it's an exclusive.

Owen Lau

Analyst, Oppenheimer & Co., Inc.

Q

All right. Thank you very much. That's it for me.

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Thanks. Yeah.

Operator: Thank you. Our next question comes from Kevin McVeigh with Credit Suisse. Your line is now open.

Kevin McVeigh*Analyst, Credit Suisse Securities (USA) LLC*

Q

Great. Thanks so much. Hey, I wonder, can you give us a sense of where you are in the three-year investment. I mean, it sounds like you're making good progress on the cloud, but maybe just a little more context within kind of analytic, CTS, wealth. I mean, it sounds like on the research side, you're starting to see some benefits for that. But any sense of kind of benchmarks we should think about as we continue the transition vis-à-vis the investments?

Helen L. Shan*Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.*

A

Sure. I'll take a – thank you, Kevin, for the question. Let me take a shot at that.

Kevin McVeigh*Analyst, Credit Suisse Securities (USA) LLC*

Q

Sure. Thanks, Helen.

Helen L. Shan*Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.*

A

First – yeah, sure. So first, we've made some really solid progress, as we've discussed. And we're very confident in the strategy in moving forward on content and technology. And discussions that we've had over the past 12 months, if anything, has really only reaffirmed that the investments that we're making is key for them, that's in content, digital transformation, and on the personalization front.

So in terms of where we're beginning to see some of that impact, we're seeing that in our workstation growth. We're going to talk a bit more. So, the investments we're making in each sector is really resonating with banking clients, for example. And, in fact, some of the digital improvements we've made has been part of one of the key wins in the availability that they've got through the cloud and the integration there.

And then when you talk about CTS, as well as on the analytics front, we're seeing pickup in APIs, in our Signals and CRM APIs, and concordance. And then the benefit from the cost perspective, some of the improvements we've made is helping us on the automation, on content collection, for example.

So, those are what we would look at as some of the real key deliverables that are beginning to come through this year, and why we make the comment that the impact is happening as we expected, and we're going to just continue through as we invest for the rest of the year on to 2022.

Kevin McVeigh*Analyst, Credit Suisse Securities (USA) LLC*

Q

And just real quick, it seems like you picked up about 100 basis points of client retention. Was that some of the actions you took as a result of COVID? Or just any thoughts as to what's driving that retention improvement.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Yeah, sure. I think there's probably a mix. I mean, that number can move a little bit around, but it's pretty stable at that 90%. What we tend to focus on more is on the ASV retention as well. But it really is – we've been able to do some of the good renewals.

I think the points that Phil made earlier on how we've been able to continue to service folks very well with the faster implementation that we've done on our new products, it's really been the expansion that has really resonated. So, I think those are all those reasons on why we've been able to maintain, if not improve our client retention.

Kevin McVeigh

Analyst, Credit Suisse Securities (USA) LLC

Q

Great. Thank you.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Welcome.

Operator: Thank you. Our next question comes from Alex Kramm with UBS. Your line is now open.

Alex Kramm

Analyst, UBS Securities LLC

Q

Yeah, hey, good morning, everyone. Just coming back to the earlier question on ASV outlook and what changed there, it sounded to me like you said, you're more confident in some of those deals coming through. But could you talk about the pipeline as well, has the pipeline grown? And given some of the wins that you've had so far this year, like what was missing to maybe get a little bit more aggressive on the high end of the range as well?

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Hey, Alex. Yeah, we're very happy with the pipeline for the second half. So, we do have a healthy pipeline. I would say, for us to – and we certainly have a pipeline that could support the top end of our range. So the things that I think would need to go right there would be the banking hiring in Q4. That's always a big variable for us.

So, I think if the banks are having good hiring this year, that bodes well for us, just sort of given about some of the trends we already talked about on the sell-side. We're optimistic that we'll be able to execute on our Q3 price increase in EMEA and Asia Pac, which comes after the Q2 price increase in the Americas.

The one area of our business that slowed a little bit is analytics. It has, I think, the highest absolute ASV contribution in most years. And what's happening there, I believe, is that because of the COVID environment, these longer sales cycle, more complicated implementations are taking a little bit longer. The analytics pipeline is very healthy. It's comparable to last year. So, if we're able to execute on that well, I'm optimistic about what that means in terms of ASV for the full year.

Alex Kramm

Analyst, UBS Securities LLC

Q

Okay, great. And then just maybe, Helen, for you. Can you give us an update on the margin trajectory here? I mean, I think you had a fairly good start to the year. I think you had said before that the margins should trickle down lower. But I think given what you've done so far and you didn't change anything with the guidance there, it still suggests a decent step down in the second half. So, maybe just refresh us on where that's coming from and if there could be any upside to what you've currently laid out. Thanks.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Sure, will do and thanks for the question. I'll touch a bit on Q2, and then talk about H2, which will be more of the same, so it might be helpful. So, we've been very pleased with the improvement that we've driven year-over-year as it relates to the operating results. Part of that is clearly due to higher revenue as well. But if we think about the uptick on the costs, it reflects in a couple of different ways.

The increased investments that we've made in our deep sector of content collection, digital capabilities, those are coming through in higher salary and technology costs. We also have made additional hiring in sales and product development, as we talked about last quarter, and that's reflected in the 8% growth in our head count year-over-year.

In terms of headwind that we had this quarter was a bit on FX, which impacted our margin about 30, 35 basis points. And then offsetting all of that is the continued efficiency that we're getting through the workforce mix. We moved – shift again to lower cost countries by another 1%. We've had reduced professional fees this quarter – services cost this quarter. We do expect that to pick back up in the second half. So that is more of a timing issue.

And, of course, we're getting the benefit of being out of the office and T&E. Although, after this quarter, we're going to start to lap the previous year. So, when we think about the second half, you're exactly right, Alex, we do expect costs to ramp up further. And that's in part driven by the investment plan, for sure.

As I mentioned in my remarks, we believe we'll have around \$26 million of costs related to our investment plan this year versus more like \$15 million last year. And we're seeing that salary run rate start to really pick up and a lot of the investments that we're needing are more specialized, so they tend to be in the more higher cost countries. So, we see that pick up.

Professional fees, we believe, as we're employing others to help us on the execution, implementation front, that's going to pick up. And we're still having the double carrying costs between the cloud and the data centers. And then we also have the full absorption of the dilution from the TVL acquisition as well.

We will see what kind of costs we'll have to have as it relate to the offices, hopefully, reopening as business starts to get closer to whatever that level of normal is, so that could be an offset. And we continue to be focused, of course, on managing the spend and any discretionary costs that we have. So, we will be focused on driving that as we have over the past two and a half years.

Alex Kramm

Analyst, UBS Securities LLC

Q

Great color. Thank you very much.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

You're welcome.

Operator: Thank you. Our next question comes from David Chu with Bank of America. Your line is now open.

David Chu

Analyst, BofA Securities, Inc.

Q

Hi. Thanks. So, subscriber count was up roughly like 6,700 versus the first quarter. And I think RBC brought over about 8,000 users. So, just wondering if user count fell on a quarter-over-quarter basis on an underlying basis ex the RBC users.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Sure. I'll take a shot at that one. Thanks for your question. So, the total number of subscribers, I think we talked about how we have recaptured in some case of that. Yes, RBC is a piece of that or a big piece of that. But overall, user counts were up, subscribers were up in both wealth and in corporate. So that is – and corporates, while they are a smaller number in terms of each firm, there's been quite a few of them. So, both of them are driving the increase on the subscriber side.

David Chu

Analyst, BofA Securities, Inc.

Q

Okay. And if I can focus on margins more broadly over like the next few years. So, just given the recent strong performance, and it feels like an increased focus on cost since, Helen, you've been there, taken over as CFO, just wondering if there's any reason you can't get above the historical 33% to 34% range. Just wondering if there's anything structurally that would suggest that that's the long-term range go forward.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Yeah. As you know, we don't necessarily talk about our long-term margin. Right now, if you take a look at our history, especially back when we were able to do a pretty material expansion in our margins, we took the opportunity to reinvest, and reinvesting is what we're doing in 2020, as well as in 2021. Part of the drivers of margin, as you know, will be top line growth, and that's exactly what we're doing. So, I don't look at what we have as a structural issue as much as we're investing. And as we get the top line to grow, given the benefit that we're providing for that – for our clients, we would expect our margins to be improving as we continue to drive more the top line growth.

David Chu

Analyst, BofA Securities, Inc.

Q

Okay. Thank you.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Sure.

Operator: Thank you. Our next question comes from Shlomo Rosenbaum with Stifel. Your line is now open.

Shlomo H. Rosenbaum*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Hi. Good morning. Thank you for taking my questions. Hey, Phil and Helen, I thought I would just circle back to one of the questions you touched on before just in terms of the validation of moving to the cloud. I apologize if I missed this, but were there specific examples of products, or something like that, that you're seeing the uptake in sales on – or new products that were generated because you were moving to the cloud that gave you the faster product development, they're able to point to in terms of that validation? If you can talk about that a little bit, and then I'll have a follow-up after that.

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Sure. Thanks, Shlomo. So one of the things that I mentioned in my comments was moving our content collection efforts to the cloud. So we've been working on sort of refactoring how we collect content and how we store content, so that we can onboard content more quickly. So, when you talk about deep sector, private markets, very often these data sets can be orders of magnitude more than we've been used to collecting in the past. So, that was a very important piece of work that we've been undergoing.

So, we're beginning to see some of the benefits of that. More will come later, I believe, on both the products and the cost side as we complete that work. So that's one good example. The APIs and the endpoints that we're setting up, those are also getting some pretty good adoption, particularly in analytics. So that's a great example.

And then I think when you consider some of the work we're doing with firms like Snowflake, for example, where we're able to sort of work with them and provide our data feeds and our concordance as a service, all of this is wrapped up into our digital transformation efforts. So, there's a lot of foundational work here, a lot of costs associated with moving, but the real payoff will come when the work is completed over the next year or two.

Shlomo H. Rosenbaum*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Okay. Thank you. And then, just the European organic growth at 1.5%, is that kind of a legacy thing from some of the client cancellations in a quarter or two ago that you just need to work through? Or how should we think about that?

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Yeah, we saw a slowdown in Europe. We did have one pretty large cancellation this quarter actually that had to do with the digital offering. So, it was – remember, we acquired IDMS a few years back, and this was a pretty large bank in Europe that had a big digital offering there. So it was a legacy product that we ended up losing, which contributed to some of that slowdown. But I'd characterize that as more of a one-off.

Shlomo H. Rosenbaum*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Okay. Thank you.

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

Thanks.

Operator: Thank you. Our next question comes from Andrew Nicholas with William Blair. Your line is now open.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Q

Thanks. Good morning. It seems like there's been quite a bit of M&A in the portfolio management space, particularly of late. And so I'm wondering if you could update us on how you're thinking about your product suite there, how it stacks up competitively, and whether there are any product gaps or opportunities that you'd like to address in the near to medium term, whether it's organically or via M&A.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

So the question is around consolidation within the asset management space? Just to clarify.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Q

Yeah, that and just the portfolio management kind of technology space as well and how that kind of – if other players are kind of moving up the chain or adding pieces to their suite, if that's changed, how your offering stacks up competitively.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah, good question. So consolidation, obviously, has been going on for a long time in our end markets. And I've mentioned this on previous calls, but we are having more and more exciting conversations with our asset management clients at the C level. So, very often now we'll be talking to CTOs, CIOs about FactSet's overall offering from research all the way through the client reporting.

And as these firms are consolidating, the equation for them gets more and more complicated in terms of how do they rationalize their spend across a large number of vendors and how do they make sense out of their technology stack and how they are managing their own data throughout their workflows. So, we are so well positioned for these conversations now, given the offerings we have all the way across the portfolio life cycle and the integration that we've done and our move to the cloud.

So, when we sit down with our clients now and talk about the trends in the marketplace that they're dealing with, which in some ways are the same trends we're dealing with as a technology company, we're having really good conversations about how we can help them. So there's a big push, I believe, within the asset management space for these larger asset managers, particularly that are stitching together different entities to really simplify their lives, which means simplify the number of technology providers they deal with and simplify the number of data providers they deal with.

So, we're running towards those conversations and these are longer-term efforts with our clients, but I'm very encouraged by the level of conversations that our sales and technology teams are having with clients on the buy-side.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Q

Okay. Thanks. And then for my follow-up...

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah. The second part of your question is these larger asset managers really only want to deal with sort of one or maybe two major partners to build their ecosystem around. And there's a pretty short list, frankly, of firms that are able to do that for them, and FactSet is one of the firms on those shortlist. So, there's some consolidation, there are other people kind of moving into the space, as you mentioned, but in terms of firms that have the number of workflows and a critical mass of content for the clients, that's a pretty short list.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Q

That's helpful.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

And maybe I could just add. When we talk about adding on capabilities, you can do that via the acquisition of, I think, what you're saying more of a technology type of asset. But often, the assets that we have seen, even with Truvalue, come with their own [ph] – well, it's more (00:48:33) content or feed, they actually have a lot of their own proprietary capabilities, which adds quite a lot to us as well. So, I wouldn't look at purely technology capabilities as having to be obtained purely from technology acquisitions.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Q

Got it, got it. That's all very helpful. Thank you. And then for my follow-up, and variations of this question have been asked and you've answered some of them. I guess, I'm just wondering, you announced the three-year investment program in 2019. Obviously, a lot has happened since then. But I'm wondering, given what seems like a bit more stable sales environment, how you're thinking about that high single-digit ASV growth target. I know it was originally estimated to be 2022. But how has that timeline evolved or changed and how are you thinking about that over the next couple of years? Thank you.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Yeah, I'll take that one. Right now, we've been catching up. The world has changed, but we are on plan, as you noted, in terms of our hiring and development milestones as we expected for this fiscal year. And our focus right now is executing and determining any changes that we'll adapt to in the macro environment as we think about next year.

We're committed to our multiyear plan. And as I said from the beginning, we really reaffirmed in some sense on our strategy. But the environment continue to be uncertain, so we're taking a continued measured approach. And our goal is to get to, what we talked about, a longer-term growth rate. And the timing may have [ph] shut (00:50:15) but once we've got better visibility on our progress [ph] and the markets, (00:50:20) then we'll be able to provide greater clarity and an update. But for now, we're very pleased with where we stand as it relates to [indiscernible] (00:50:29) FY 2021.

Andrew Nicholas*Analyst, William Blair & Co. LLC*

Got it. Thanks again.

Q

Helen L. Shan*Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.*

You're welcome.

A

Operator: Thank you. Our next question comes from Ashish Sabadra with Deutsche Bank. Your line is now open.**Ashish Sabadra***Analyst, Deutsche Bank Securities, Inc.*

Thanks for taking my question. Congrats on the RBC win. Just a quick clarification on the RBC. Is all of the RBC ASV included in the second quarter 2021, or is there anything more coming in the out quarters? Thanks.

Q

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

Helen, do you have the details on that? I believe it may be spread out over a couple of quarters, as are the users.

A

Helen L. Shan*Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.*

Yeah. No. I think some of it was in Q1, but most of it now is in, so I wouldn't necessarily look towards that as a material change in the back half of the year.

A

Ashish Sabadra*Analyst, Deutsche Bank Securities, Inc.*

Okay. That's very helpful color. And then just on the pricing increases, this time it was \$2 million more, \$14 million of pricing increases from Americas, if I got that right.

Q

Helen L. Shan*Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.*

Yeah.

A

Ashish Sabadra*Analyst, Deutsche Bank Securities, Inc.*

Just wanted to better understand what's driving that higher price increases. Phil, you mentioned the deep sector strategy driving a lot of sales. Is that also driving better prices? And if that's the case, just any incremental color on the deep sector strategy of where are you in the process of fully building it out and which sectors have been built out and which are still in progress. Thanks.

Q

Philip Snow*Chief Executive Officer, FactSet Research Systems, Inc.*

A

I think, generally on the price increase – and, Helen, chime in if you've got more color here – I think it was just very good execution within this environment and clients recognizing the value within the FactSet product. And I'm sorry, what was the second part of your question?

Ashish Sabadra

Analyst, Deutsche Bank Securities, Inc.

Q

Oh, sorry. The second part was just on the deep sector. You talked about that driving pretty good sales. So my question there was on the deep sector, if you could just provide us an update on which verticals have – yeah, details on that front. Thanks.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah. So we've done work on financials, insurance, and real estate. Those are the three that we're talking about now. But as part of our three-year plan, we actively have plans to do more than those three sectors.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

And as it...

Ashish Sabadra

Analyst, Deutsche Bank Securities, Inc.

Q

That's very helpful color. Thanks.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

Yeah. As it relates...

Ashish Sabadra

Analyst, Deutsche Bank Securities, Inc.

Q

Sorry, go ahead, go ahead.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

...to price increase, I think that Phil is exactly right. We have spent a lot – and it's part of our core culture of focusing on enhancements and making the service as best we can for the client. And I think, if anything, during this period, during the pandemic, that has really come through, really shown through with clients and it resonates. So, I don't want to say that's exactly, therefore, drives the higher prices, but it does reaffirm the value that we're bringing to them.

Ashish Sabadra

Analyst, Deutsche Bank Securities, Inc.

Q

Thanks. Thank you very much.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

You're welcome.

Operator: Thank you. Our next question comes from George Tong with Goldman Sachs. Your line is now open.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Q

Hi. Thanks. Good morning. I wanted to dive deeper into the ASV growth guidance for the full year. At the midpoint, the ASV guide was increased by \$7.5 million. So, to what extent was that increase attributable to the new RBC contract versus other factors?

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Hey, George, it's Phil. I think it's a lot more than the RBC win. As I mentioned earlier, the confidence that we have in our research products and the performance that we're seeing there is very encouraging, because the core workstation and Web offering can be sold to all different client types.

And when you see the number of net new clients that we added this quarter, even though they were on the smaller side for the net new business, it was a really healthy mix across asset managers, hedge funds, asset owners, private equity, corporates. So, pretty much across the board we're adding new names, which I think is a great indication of the strength there.

And then you're seeing it, as already described, within the existing clients in terms of just adding more seats. And when we've got a seat, we're able to cross-sell more of our analytics products, we're able to go in and sell CTS. So, I would say that is the main thing that's driving the optimism there on the full year.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Q

Got it.

Helen L. Shan

Chief Financial Officer & Executive Vice President, FactSet Research Systems, Inc.

A

And, George, I would add to that. When we started off back in September providing our guidance, it obviously was wide with given the uncertainty. And so what we wanted to see and what's come through, which gives us a better perspective for the back half of the year, is the fact that our retention has remained stable.

New business, which one didn't know how that was going to come through in FY 2021, has also been in-line with the past quarters, and what's really been the driver is the expansion. So we are selling more to existing clients. And I think that just helps us feel better, certainly around the lower half of that range, and that's why we moved it up. So it's not attributable to a deal, but rather the momentum we're seeing across the way we're executing.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Q

Got it. That's helpful. Your net client count increased by 164 over the past three months, primarily driven by an increase in wealth management and corporate clients. Can you discuss how net client count is performing among buy-side clients?

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yeah. So, I think I just mentioned that. So we added a number of new names, institutional asset managers, asset owners, and hedge funds, which is most of the firms that we have on the buy-side.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Q

Got it. So just to clarify, on a net basis, buy-side clients went up in the quarter?

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Correct. Yes, they definitely did, yeah.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Q

Got it. Very helpful. Thank you.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Sure.

Operator: Thank you. And our next question comes from Keith Housum with Northcoast Research. Your line is now open.

Keith Housum

Analyst, Northcoast Research Partners LLC

Q

Good morning, guys. Question for you regarding the remainder of the year, how are you guys kind of thinking about bringing employees back, and perhaps returning more to a life of normalcy assuming we head in that direction now. Obviously, just trying to think about how expenses are going to unfold through the rest of the year.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Yes, that's a great question. So we just had a couple of really good calls with our leadership team globally to talk about that. There's still a lot of factors out there. But we're optimistic, particularly in the US, that we can begin to reopen offices on a phased basis starting in June. So we, like many companies, will step our way in and make sure that we do any things correctly.

So we certainly won't be going back to 100%, I believe, until sometime towards the end of this fiscal year or early next year in terms of the Americas. And even when we do that, I think we're going to be working in a hybrid environment. So, a lot of employees have benefited from the balance, both from a work and life standpoint. So we're, like every company, trying to make sure that we figure out what that balance is best for everybody.

Other countries that we operate in, vaccines are less readily available. But I'm sure over the next 12 months, we're going to be in a really good position. So, I think the short answer is, you'll begin to see us head back into the offices in locations where vaccines are readily available in the beginning of June, and it'll just ramp up from there.

Keith Housum

Analyst, Northcoast Research Partners LLC

Q

Okay. And then switching over to the sales side. Obviously, it's been a challenge as everybody has adjusted their sales structure to the virtual world. Have you seen any pent-up demand though or expectations of pent-up demand for when things do get a little bit more back to normal just because some things weren't able to be done virtually? Or do you think everybody is converted over and is it pretty much sales [ph] as you expectation (00:58:36) should be more as we've seen them?

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

For the larger and more complicated enterprise deals, being face-to-face for some of that sales cycle, as well as the implementation, will have some degree of importance. But on the – I think for the smaller deals that are more easily done virtually, we've learned a lot there. But I think there should be some pent-up demand of some sort, I think, for the larger, more complicated deals that we have out there.

Keith Housum

Analyst, Northcoast Research Partners LLC

Q

Great. Thank you. Appreciate it.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

A

Thanks.

Operator: Thank you. This concludes today's question-and-answer session. I would now like to turn the call back over to Phil Snow for closing remarks.

Philip Snow

Chief Executive Officer, FactSet Research Systems, Inc.

Well, thanks everyone for joining us today. We look forward to speaking to you next quarter. And in the meantime, please call Rima Hyder with additional questions. Operator, that ends today's call.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

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