Gartner Reports Fourth Quarter 2024 Financial Results

February 4, 2025

Contract Value $5.3 billion, +8% YoY FX Neutral

FOURTH QUARTER 2024 HIGHLIGHTS

- Revenues: $1.7 billion, +8% as reported and FX neutral.
- Net income: $399 million, +91%; adjusted EBITDA: $417 million, +8% as reported, +9% FX neutral.
- Diluted EPS: $5.11, +94%; adjusted EPS: $5.45, +79%.
- Operating cash flow: $335 million, +50%; free cash flow: $311 million, +59%.

FULL YEAR 2024 HIGHLIGHTS

- Revenues: $6.3 billion, +6% as reported and FX neutral.
- Net income: $1.3 billion, +42%; adjusted EBITDA: $1.6 billion, +5% as reported, +6% FX neutral.
- Diluted EPS: $16.00, +44%; adjusted EPS: $14.09, +24%.
- Operating cash flow: $1.5 billion, +28%; free cash flow: $1.4 billion, +31%.
- Repurchased 1.6 million common shares for $0.7 billion; 1% reduction in outstanding share count YoY.

STAMFORD, Conn.--(BUSINESS WIRE)--Feb. 4, 2025-- Gartner, Inc. (NYSE: IT), today reported results for the fourth quarter of 2024 and provided its financial outlook for the full year 2025. Additional information regarding the Company's results and 2025 financial outlook are provided in an earnings supplement available on the Company's Investor Relations website at https://investor.gartner.com.

Gene Hall, Gartner's Chairman and Chief Executive Officer, commented, "Fourth quarter financial results were ahead of expectations. Contract value growth accelerated. Gartner delivered another strong year, providing exceptional value for our clients and shareholders, driving high single digit growth in contract value and generating almost $1.4 billion of free cash flow. In 2025, we will continue to accelerate hiring, keeping us on a path to long-term, sustained, double-digit growth."

CONFERENCE CALL INFORMATION

The Company will host a webcast call at 8:00 a.m. Eastern time on Tuesday, February 4, 2025 to discuss the Company's financial results. Listeners can access the webcast live at https://edge.media-server.com/mmc/p/javwckmg. To participate actively in the live call via dial-in, please register at https://register.vevent.com/register/BI54c653c9732546a7a9b79804ca0afbbe. Once registered, participants will receive a dial-in number and a unique PIN to access the call. A replay of the webcast will be available on the Company's website for approximately 30 days following the call.

CONSOLIDATED RESULTS HIGHLIGHTS

(Unaudited; $ in millions, except per share amounts)	Three Months Ended December 31,			Inc/(Dec)
	2024	2023	Inc/(Dec)	FX Neutral
GAAP Metrics:				
Revenues	$ 1,715	$ 1,586	8%	8%
Net income	399	209	91%	na
Diluted EPS	5.11	2.64	94%	na
Operating cash flow	335	224	50%	na
Non-GAAP Metrics:				
Adjusted EBITDA	$ 417	$ 386	8%	9%
Adjusted EPS	5.45	3.04	79%	na
Free cash flow	311	196	59%	na

na=not available

CONTRACT VALUE HIGHLIGHTS

- Global Technology Sales Contract Value (GTS CV): $4.0 billion, +7% YoY FX Neutral
- Global Business Sales Contract Value (GBS CV): $1.2 billion, +12% YoY FX Neutral

SEGMENT RESULTS HIGHLIGHTS

Our segment results for the three months ended December 31, 2024 were as follows:

(Unaudited; $ in millions)

	Research	Conferences	Consulting
Revenues	$ 1,311	$ 251	$ 153
Inc/(Dec)	5%	17%	19%
Inc/(Dec) - FX neutral	6%	17%	19%
Gross contribution	$ 972	$ 120	$ 54
Inc/(Dec)	5%	11%	54%
Contribution margin	74%	48%	35%

Additional details regarding our segment results can be obtained in the earnings supplement and on our webcast call.

Certain financial metrics contained in this Press Release are considered non-GAAP financial measures. Definitions of these non-GAAP financial measures are included in this Press Release under “Non-GAAP Financial Measures” and the related reconciliations are under “Supplemental Information — Non-GAAP Reconciliations.” In this Press Release, some totals may not add due to rounding. The percentage changes are based on the unrounded whole number and recalculation based on millions may yield a different result.

ABOUT GARTNER

Gartner, Inc. (NYSE: IT) delivers actionable, objective insight to executives and their teams. Our expert guidance and tools enable faster, smarter decisions and stronger performance on an organization’s mission critical priorities.

FORWARD LOOKING STATEMENTS

Statements contained in this press release regarding the Company’s growth and prospects, projected financial results, long-term objectives, and all other statements in this release other than recitation of historical facts are forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, estimates, uncertainties and other factors that may cause actual results to be materially different. Such forward-looking statements involve known and unknown risks, estimates, uncertainties and other factors that may cause actual results to be materially different. Such factors include, but are not limited to, the following: the impact of general economic conditions, including inflation (and related monetary policy by governments in response to inflation), on economic activity and our operations; changes in macroeconomic and market conditions and market volatility, including interest rates and the effect on the credit markets and access to capital; the impact of global economic and geopolitical conditions, including inflation, and recession; our ability to carry out our strategic initiatives and manage associated costs; the timing of conferences and meetings, in particular our Gartner Symposium/Xpo series that normally occurs during the fourth quarter; our ability to achieve and effectively manage growth, including our ability to integrate our acquisitions and consummate and integrate future acquisitions; our ability to pay our debt obligations; our ability to maintain and expand our products and services; our ability to expand or retain our customer base; our ability to grow or sustain revenue from individual customers; our ability to attract and retain a professional staff of research analysts and consultants as well as experienced sales personnel upon whom we are dependent, especially in light of labor competition; our ability to achieve continued customer renewals and achieve new contract value, backlog and deferred revenue growth in light of competitive pressures; our ability to successfully compete with existing competitors and potential new competitors; our ability to enforce and protect our intellectual property rights; our ability to keep pace with technological developments in artificial intelligence (“AI”) and comply with evolving AI regulations; additional risks associated with international operations, including foreign currency fluctuations; the impact on our business resulting from changes in international conditions, including those resulting from the conflict in the Middle East, the war in Ukraine and current and future sanctions imposed by governments or other authorities; the impact of restructuring and other charges on our businesses and operations; cybersecurity incidents or other disruptions to our information systems; risks associated with the creditworthiness, budget cuts, and shutdown of governments and agencies; our ability to meet sustainability commitments and comply with applicable regulatory requirements; the impact of changes in tax policy (including global minimum tax legislation) and heightened scrutiny from various taxing authorities globally; changes to laws and regulations; and other risks and uncertainties described under “Risk Factors” in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, which can be found on Gartner’s website at https://investor.gartner.com and the SEC’s website at www.sec.gov. Forward-looking statements included herein speak only as of the date hereof and Gartner disclaims any obligation to revise or update such statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law.

NON-GAAP FINANCIAL MEASURES

Certain financial measures used in this Press Release are not defined by U.S. generally accepted accounting principles (“GAAP”) and as such are considered non-GAAP financial measures. We provide these measures to enhance the user’s overall understanding of the Company’s current financial performance and the Company’s prospects for the future. Investors are cautioned that these non-GAAP financial measures may not be defined in the same manner by other companies and, as a result, may not be comparable to other similarly titled measures used by other companies. Also, these non-GAAP financial measures should not be construed as alternatives, or superior, to other measures determined in accordance with GAAP. The non-GAAP financial measures used in this Press Release are defined below.

Adjusted EBITDA and Adjusted EBITDA Margin: Represents GAAP net income (loss) adjusted for: (i) interest expense, net; (ii) tax provision (benefit); (iii) gain on event cancellation insurance claims, as applicable; (iv) gain/loss on divestitures, as applicable; (v) other (income) expense, net; (vi) stock-based compensation expense; (vii) depreciation, amortization, and accretion; (viii) loss on impairment of lease related assets, net, as applicable; and (ix) acquisition and integration charges and certain other non-recurring items. Adjusted EBITDA Margin represents Adjusted EBITDA divided by GAAP Revenue. We believe Adjusted EBITDA and Adjusted EBITDA Margin are important measures of our recurring operations as they exclude items not representative of our core operating results.

Adjusted Net Income: Represents GAAP net income (loss) adjusted for the impact of certain items directly related to acquisitions and other

non-recurring items. These adjustments include: (i) the amortization of acquired intangibles; (ii) acquisition and integration charges and other non-recurring items; (iii) gain on event cancellation insurance claims, as applicable; (iv) gain/loss on divestitures, as applicable; (v) loss on impairment of lease related assets, net as applicable; (vi) the non-cash (gain) loss on de-designated interest rate swaps, as applicable; and (vii) the related tax effect. We believe Adjusted Net Income is an important measure of our recurring operations as it excludes items that may not be indicative of our core operating results.

Adjusted EPS: Represents GAAP diluted EPS adjusted for the impact of certain items directly related to acquisitions and other non-recurring items. These adjustments include on a per share basis: (i) the amortization of acquired intangibles; (ii) acquisition and integration charges and other non-recurring items; (iii) gain on event cancellation insurance claims, as applicable; (iv) gain/loss on divestitures, as applicable; (v) loss on impairment of lease related assets, net as applicable; (vi) the non-cash (gain) loss on de-designated interest rate swaps, as applicable; and (vii) the related tax effect. We believe Adjusted EPS is an important measure of our recurring operations as it excludes items that may not be indicative of our core operating results.

Free Cash Flow: Represents cash provided by operating activities determined in accordance with GAAP less payments for capital expenditures. We believe Free Cash Flow is an important measure of the recurring cash generated by the Company's core operations that may be available to be used to repay debt obligations, repurchase our stock, invest in future growth through new business development activities, or make acquisitions.

Foreign Currency Neutral (FX Neutral): We provide foreign currency neutral dollar amounts and percentages for our contract values, revenues, certain expenses, and other metrics. These foreign currency neutral dollar amounts and percentages eliminate the effects of exchange rate fluctuations and thus provide a more accurate and meaningful trend in the underlying data being measured. We calculate foreign currency neutral dollar amounts by converting the underlying amounts in local currency for different periods into U.S. dollars by applying the same foreign exchange rates to all periods presented.

SUPPLEMENTAL INFORMATION - NON-GAAP RECONCILIATIONS

The tables below provide reconciliations of certain Non-GAAP financial measures used in this Press Release with the most directly comparable GAAP measure. See "Non-GAAP Financial Measures" above for definitions of these measures.

Reconciliation - GAAP Net Income to Adjusted EBITDA
(Unaudited; $ in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
GAAP net income	$ 399	$ 209	$ 1,254	$ 882
Interest expense, net	12	20	69	94
Gain on event cancellation insurance claims [(a)]	—	—	(300)	(3)
Other expense (income), net	4	4	(1)	(1)
Tax (benefit) provision	(97)	69	134	265
Operating income	318	301	1,156	1,237
Adjustments:				
Stock-based compensation expense [(b)]	30	26	155	130
Depreciation, amortization and accretion [(c)]	51	50	203	192
Loss on impairment of lease related assets, net [(d)]	8	1	11	20
Acquisition and integration charges and other non-recurring items [(e)]	10	9	30	39
Gain from sale of divested operation [(f)]	—	—	—	(135)
Adjusted EBITDA	$ 417	$ 386	$ 1,556	$ 1,483

(a) Consists of the gain on event cancellation insurance claims for events cancelled in 2020 and 2021.
(b) Consists of charges for stock-based compensation awards.
(c) Includes depreciation expense, amortization of intangibles and accretion on asset retirement obligations.
(d) Includes impairment loss for lease related assets, net of a reduction in lease liabilities.
(e) Consists of direct and incremental expenses related to acquisitions and divestitures, facility-related exit costs, and other non-recurring items.
(f) Consists of the gain on our February 2023 divestiture.

Reconciliation - GAAP Net Income and GAAP income per share to Adjusted Net Income and Adjusted EPS
(Unaudited; $ in millions, except per share amounts)

	Three Months Ended December 31,			
	2024		2023	
	Amount	Per Share	Amount	Per Share
GAAP net income	$ 399	$ 5.11	$ 209	$ 2.64
Acquisition and other adjustments:				
Amortization of acquired intangibles [(a)]	22	0.28	23	0.29
Acquisition and integration charges and other non-recurring items [(b), (c)]	11	0.14	10	0.12

Loss on impairment of lease related assets, net [f]	8	0.10	1	0.02
Loss (gain) on de-designated interest rate swaps [g]	(2)	(0.02)	4	0.05
Tax impact of adjustments [h]	(13)	(0.16)	(6)	(0.07)
Adjusted net income and Adjusted EPS [i]	$ 425	$ 5.45	$ 241	$ 3.04

	Year Ended December 31,			
	2024		2023	
	Amount	Per Share	Amount	Per Share
GAAP net income	$ 1,254	$ 16.00	$ 882	$ 11.08
Acquisition and other adjustments:				
Amortization of acquired intangibles [a]	90	1.15	92	1.16
Acquisition and integration charges and other non-recurring items [b], [c]	35	0.45	44	0.55
Gain on event cancellation insurance claims [d]	(300)	(3.83)	(3)	(0.04)
Gain from sale of divested operation [e]	—	—	(135)	(1.70)
Loss on impairment of lease related assets, net [f]	11	0.14	20	0.26
Gain on de-designated interest rate swaps [g]	(4)	(0.05)	(4)	(0.05)
Tax impact of adjustments [h]	18	0.22	6	0.07
Adjusted net income and Adjusted EPS [i]	$ 1,103	$ 14.09	$ 903	$ 11.33

(a) Consists of non-cash amortization charges from acquired intangibles.

(b) Consists of direct and incremental expenses related to acquisitions and divestitures, facility-related exit costs, and other non-recurring items.

(c) Includes the amortization and write-off of deferred financing fees, which are recorded in Interest expense, net in the Company's accompanying Condensed Consolidated Statements of Operations and in the Adjusted EBITDA table above.

(d) Consists of the gain on event cancellation insurance claims for events cancelled in 2020 and 2021.

(e) Consists of the gain on our February 2023 divestiture.

(f) Includes impairment loss for lease related assets, net of a reduction in lease liabilities.

(g) Represents the fair value adjustment for interest rate swaps after de-designation.

(h) The blended effective tax rates on the adjustments were approximately 32% and 15% for the three months ended December 31, 2024 and 2023, respectively, and 10% and (39)% for the years ended December 31, 2024 and 2023, respectively.

(i) Adjusted EPS was calculated based on 78.0 million and 79.0 million diluted shares for the three months ended December 31, 2024 and 2023, respectively, and 78.3 million and 79.7 million diluted shares for the years ended December 31, 2024 and 2023, respectively.

Reconciliation - GAAP Cash Provided by Operating Activities to Free Cash Flow
(Unaudited; $ in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
GAAP cash provided by operating activities	$ 335	$ 224	$ 1,485	$ 1,156
Cash paid for capital expenditures	(24)	(28)	(102)	(103)
Free cash flow	$ 311	$ 196	$ 1,383	$ 1,053

GARTNER, INC.
Condensed Consolidated Statements of Operations
(Unaudited; in millions, except per share data)

	Three Months Ended December 31,	
	2024	2023
Revenues:		
Research	$ 1,310.6	$ 1,243.2
Conferences	251.3	214.4
Consulting	153.2	128.5
Total revenues	1,715.1	1,586.1
Costs and expenses:		
Cost of services and product development	574.9	529.8
Selling, general and administrative	771.2	703.8
Depreciation	29.1	26.5
Amortization of intangibles	22.1	22.8

Acquisition and integration charges	—	1.8
Total costs and expenses	1,397.3	1,284.7
Operating income	317.8	301.4
Interest expense, net	(12.3)	(20.5)
Other expense, net	(3.8)	(3.7)
Income before income taxes	301.7	277.2
(Benefit) provision for income taxes	(96.9)	68.6
Net income	$ 398.6	$ 208.6
Net income per share:		
Basic	$ 5.14	$ 2.66
Diluted	$ 5.11	$ 2.64
Weighted average shares outstanding:		
Basic	77.5	78.4
Diluted	78.0	79.0

Source: Gartner, Inc.

Gartner-IR

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