
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): February 7, 2017

FORRESTER RESEARCH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-21433
(Commission
File Number)

04-2797789
(I.R.S. Employer
Identification Number)

60 Acorn Park Drive
Cambridge, Massachusetts 02140
(Address of principal executive offices, including zip code)

(617) 613-6000
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changes since Last Report)

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))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The information contained in this current report on Form 8-K is furnished pursuant to Item 2.02 of Form 8-K “Results of Operations and Financial Condition”. This information and the exhibits hereto are being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended. The information contained in this report shall not be incorporated by reference into any filing of Forrester Research, Inc. with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

On February 8, 2017, Forrester Research, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2016.

Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester’s ongoing business. Forrester uses pro forma financial information to manage its business, including use of pro forma financial results as the basis for setting targets for various compensation programs. Our pro forma presentation excludes the following, as well as their related tax effects:

Amortization of intangibles—we exclude the effect of the amortization of intangibles from our pro forma results in order to more consistently present our ongoing results of operations.

Gains and losses from investments—we have consistently excluded both gains and losses related to our investments in non-marketable securities and sales of marketable securities from our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Stock-based compensation expense—we exclude stock-based compensation from our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Reorganization costs associated with the Company’s reductions in force are not included in our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

However, these measures should be considered in addition to, not as a substitute for, or superior to, operating income or other measures of financial performance prepared in accordance with generally accepted accounting principles as more fully discussed in our financial statements and filings with the Securities and Exchange Commission.

ITEM 8.01 Other Events.

On February 8, 2017, the Company announced that its Board of Directors has approved an increase to its regular quarterly cash dividend to \$0.19 per share, to be paid on March 15, 2017 to shareholders of record on March 1, 2017.

(d) Exhibits

99.1 Press Release dated February 8, 2017 with respect to financial results for the quarter and year ended December 31, 2016 and the approval of an increase in the quarterly cash dividend.

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 hereunto duly authorized.

FORRESTER RESEARCH, INC.

By /s/ Michael A. Doyle

Name: Michael A. Doyle

Title: Chief Financial Officer

Date: February 8, 2017

Exhibit Index

<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
99.1	Press Release dated February 8, 2017	xx

Forrester Research Reports 2016 Fourth-Quarter And Full-Year Financial Results

Cambridge, Mass., February 8, 2017... Forrester Research, Inc. (Nasdaq: FORR) today announced its 2016 fourth-quarter and full-year financial results.

Fourth-Quarter Financial Performance

Total revenues were \$83.4 million for the fourth quarter of 2016, compared with \$81.0 million for the fourth quarter of 2015. Research revenues increased 1%, and advisory services and events revenues increased 7%, compared with the fourth quarter of 2015.

On a GAAP basis, net income was \$5.8 million, or \$0.31 per diluted share, for the fourth quarter of 2016, compared with net income of \$2.0 million, or \$0.11 per diluted share, for the same period in 2015.

On a pro forma basis, net income was \$7.1 million, or \$0.38 per diluted share, for the fourth quarter of 2016, which reflects a pro forma effective tax rate of 40%. Pro forma net income excludes stock-based compensation of \$2.2 million, amortization of acquisition-related intangible assets of \$0.2 million, and net investment gains of \$0.3 million. This compares with pro forma net income of \$4.3 million, or \$0.24 per diluted share, for the same period in 2015, which reflects a pro forma tax rate of 38%. Pro forma net income for the fourth quarter of 2015 excludes stock-based compensation of \$2.5 million, amortization of acquisition-related intangible assets of \$0.2 million, and net investment losses of \$0.3 million.

“Forrester attained revenue guidance for 2016 while exceeding its operating income and EPS guidance for the fourth quarter and full year,” said George F. Colony, Forrester’s chairman and chief executive officer. “In 2017, the company will complete the rollout of its new selling model and accelerate the digitization of its product lines. These efforts will enable the company to reach double-digit growth in 2018 and beyond.”

Year Ended December 31, 2016, Financial Performance

Total revenues were \$326.1 million, compared with \$313.7 million for the same period in 2015. Research revenues increased 2%, and advisory services and events revenues increased 7%, compared with 2015.

On a GAAP basis, net income was \$17.7 million, or \$0.97 per diluted share, for 2016, compared with net income of \$12.0 million, or \$0.66 per diluted share, for 2015.

On a pro forma basis, net income was \$24.8 million, or \$1.36 per diluted share, for 2016, which reflects a pro forma effective tax rate of 40%. Pro forma net income excludes stock-based compensation of \$8.0 million, amortization of acquisition-related intangible assets of \$0.8

million, reorganization costs of \$1.0 million, and net investment losses of \$0.8 million. This compares with pro forma net income of \$20.5 million, or \$1.13 per diluted share, for 2015, which reflects a pro forma tax rate of 38%. Pro forma net income for 2015 excludes stock-based compensation of \$8.3 million, amortization of acquisition-related intangible assets of \$0.9 million, and reorganization costs of \$4.4 million.

A reconciliation of GAAP results to pro forma results may be found in the attached financial tables.

2017 Guidance

Forrester is providing first-quarter 2017 financial guidance as follows:

First-Quarter 2017 (GAAP):

- Total revenues of approximately \$74.5 million to \$77.5 million.
- Operating margin of approximately 2.0% to 4.0%.
- Other income, net of zero.
- An effective tax rate of 40%.
- Diluted earnings per share of approximately \$0.05 to \$0.09.

First-Quarter 2017 (Pro Forma):

Pro forma financial guidance for the first quarter of 2017 excludes stock-based compensation expense of \$2.0 million to \$2.2 million, amortization of acquisition-related intangible assets of approximately \$0.2 million, and any investment gains or losses.

- Pro forma operating margin of approximately 5.0% to 7.0%.
- Pro forma effective tax rate of 40%.
- Pro forma diluted earnings per share of approximately \$0.12 to \$0.16.

Our full-year 2017 guidance is as follows:

Full-Year 2017 (GAAP):

- Total revenues of approximately \$324.0 million to \$332.0 million.
- Operating margin of approximately 7.8% to 8.8%.
- Other income, net of zero.
- An effective tax rate of 40%.
- Diluted earnings per share of approximately \$0.84 to \$0.91.

Full-Year 2017 (Pro Forma):

Pro forma financial guidance for full-year 2017 excludes stock-based compensation expense of \$7.8 million to \$8.3 million, amortization of acquisition-related intangible assets of approximately \$0.8 million, and any investment gains or losses.

- Pro forma operating margin of approximately 10.5% to 11.5%.
- Pro forma effective tax rate of 40%.
- Pro forma diluted earnings per share of approximately \$1.13 to \$1.20.

Quarterly Dividend

Forrester is announcing today that its board of directors has authorized a 6% increase to its regular quarterly dividend from \$0.18 per share to \$0.19 per share. The next dividend of \$0.19 per share is payable March 15, 2017, to shareholders of record on March 1, 2017.

About Forrester Research

Forrester Research is one of the most influential research and advisory firms in the world. We work with business and technology leaders to develop customer-obsessed strategies that drive growth. Forrester's unique insights are grounded in annual surveys of more than 500,000 consumers and business leaders worldwide, rigorous and objective methodologies, and the shared wisdom of our most innovative clients. Through proprietary research, data, custom consulting, exclusive executive peer groups, and events, the Forrester experience is about a singular and powerful purpose: to challenge the thinking of our clients to help them lead change in their organizations. For more information, visit forrester.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, Forrester's financial guidance for the first quarter of and full-year 2017, statements about the success of operational improvements, and statements about Forrester's future financial performance and financial condition. These statements are based on Forrester's current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual future activities and results to differ include, among others, Forrester's ability to retain and enrich memberships for its research products and services, technology spending, Forrester's ability to respond to business and economic conditions and market trends, the risks and challenges inherent in international business activities, competition and industry consolidation, the ability to attract and retain professional staff, Forrester's dependence on key personnel, the possibility of network disruptions and security breaches, and possible variations in Forrester's quarterly operating results. Financial guidance regarding shares outstanding and per-share amounts is based on certain assumptions that are subject to change, including as a result of the number of shares repurchased by Forrester under its announced share repurchase program. Dividend declarations are at the discretion of Forrester's board of directors, and plans for future dividends may be revised by the board at any time. Forrester undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information, please refer to Forrester's reports and filings with the Securities and Exchange Commission.

The consolidated statements of income and the table of key financial data are attached.

Contact:

Michael Doyle
Chief Financial Officer
Forrester Research, Inc.
+1 617-613-6000
mdoyle@forrester.com

Meaghan Rhyasen
Public Relations
Forrester Research, Inc.
+1 617-613-6070
press@forrester.com

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Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Revenues:				
Research services	\$54,218	\$53,601	\$215,216	\$210,268
Advisory services and events	29,228	27,374	110,879	103,458
Total revenues	83,446	80,975	326,095	313,726
Operating expenses:				
Cost of services and fulfillment	32,746	33,718	128,175	126,261
Selling and marketing	29,408	30,509	116,898	116,081
General and administrative	10,220	10,477	40,579	39,041
Depreciation	1,830	1,941	7,812	8,192
Amortization of intangible assets	204	222	831	891
Reorganization costs	—	—	1,026	4,433
Total operating expenses	74,408	76,867	295,321	294,899
Income from operations	9,038	4,108	30,774	18,827
Other income, net	366	169	740	511
Gains (losses) on investments, net	334	(254)	(805)	(18)
Income before income taxes	9,738	4,023	30,709	19,320
Income tax provision	3,948	2,003	13,058	7,324
Net income	\$ 5,790	\$ 2,020	\$ 17,651	\$ 11,996
Diluted income per common share	<u>\$ 0.31</u>	<u>\$ 0.11</u>	<u>\$ 0.97</u>	<u>\$ 0.66</u>
Diluted weighted average shares outstanding	<u>18,572</u>	<u>17,879</u>	<u>18,269</u>	<u>18,143</u>
Basic income per common share	<u>\$ 0.32</u>	<u>\$ 0.11</u>	<u>\$ 0.98</u>	<u>\$ 0.67</u>
Basic weighted average shares outstanding	<u>18,248</u>	<u>17,750</u>	<u>17,984</u>	<u>17,927</u>
Pro forma data (1):				
Income from operations	\$ 9,038	\$ 4,108	\$ 30,774	\$ 18,827
Amortization of intangible assets	204	222	831	891
Reorganization costs	—	—	1,026	4,433
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,290	1,355	4,431	4,573
Selling and marketing	359	398	1,054	1,152
General and administrative	596	709	2,491	2,622
Pro forma income from operations	11,487	6,792	40,607	32,498
Other income, net	366	169	740	511
Pro forma income before income taxes	11,853	6,961	41,347	33,009
Pro forma income tax provision	4,741	2,645	16,539	12,543
Pro forma net income	\$ 7,112	\$ 4,316	\$ 24,808	\$ 20,466
Pro forma diluted income per share	<u>\$ 0.38</u>	<u>\$ 0.24</u>	<u>\$ 1.36</u>	<u>\$ 1.13</u>
Pro forma diluted weighted average shares outstanding	<u>18,572</u>	<u>17,879</u>	<u>18,269</u>	<u>18,143</u>

- (1) Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business, and are also used by Forrester in making compensation decisions. Our pro forma presentation excludes amortization of acquisition-related intangible assets, stock-based compensation, reorganization costs and net gains or losses from investments, as well as their related tax effects. The pro forma data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

Forrester Research, Inc.
Key Financial Data

(Unaudited, dollars in thousands)

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 138,105	\$ 101,106
Accounts receivable, net	\$ 58,812	\$ 67,355
Deferred revenue	\$ 134,265	\$ 140,676
	<u>Year Ended</u> <u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Cash flow data:		
Net cash provided by operating activities	\$ 41,858	\$ 32,466
Purchases of property and equipment	\$ (4,140)	\$ (3,931)
Repurchases of common stock	\$ (1,791)	\$ (20,931)
Dividends paid	\$ (12,987)	\$ (12,179)
	<u>As of</u> <u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Metrics:		
Agreement value	\$ 238,400	\$ 237,000
Client retention	75%	77%
Dollar retention	87%	89%
Enrichment	93%	98%
Number of clients	2,432	2,471
	<u>As of</u> <u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Headcount:		
Total headcount	1,378	1,345
Research and consulting staff	520	499
Sales staff	523	524