



IHS Markit™

Q1 2020 Earnings

Supplemental Financials

March 24, 2020

Forward-looking statements

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Non-GAAP measures

Non-GAAP financial information is presented only as a supplement to IHS Markit’s financial information based on U.S. generally accepted accounting principles (“GAAP”). Non-GAAP financial information is provided to enhance the reader’s understanding of IHS Markit’s financial performance, but none of these non-GAAP financial measures are recognized terms under GAAP and should not be considered in isolation from, or as a substitute for, financial measures calculated in accordance with GAAP. Definitions of IHS Markit non-GAAP measures and reconciliations to the most directly comparable GAAP measures are provided within the schedules attached to IHS Markit’s quarterly earnings releases on the Investor Relations section of the company’s website (investor.ihsmarkit.com). This presentation also includes certain forward-looking non-GAAP financial measures. IHS Markit is unable to present a reconciliation of this forward looking non-GAAP financial information because management cannot reliably predict all of the necessary components of such measures. Accordingly, investors are cautioned not to place undue reliance on this information.

IHS Markit uses non-GAAP measures in its operational and financial decision making. IHS Markit believes that such measures allow it to focus on what it deems to be more a reliable indicator of ongoing operating performance and its ability to generate cash flow from operations. IHS Markit also believes that investors may find these non-GAAP financial measures useful for the same reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP financial measures or disclosures. None of these non-GAAP financial measures are recognized terms under GAAP and do not purport to be an alternative to any other GAAP measure.

Non-GAAP measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies comparable to IHS Markit, many of which present non-GAAP measures when reporting their results. These measures can be useful in evaluating IHS Markit’s performance against its peer companies because IHS Markit believes the measures provide users with valuable insight into key components of GAAP financial disclosures. However, non-GAAP measures have limitations as an analytical tool. Because not all companies use identical calculations, IHS Markit’s presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. They are not presentations made in accordance with GAAP, are not measures of financial condition or liquidity and should not be considered as an alternative to profit or loss for the period determined in accordance with GAAP or operating cash flows determined in accordance with GAAP. As a result, these performance measures should not be considered in isolation from, or as a substitute analysis for, results of operations as determined in accordance with GAAP.

Scenario macro and market assumptions

	Q3 Recovery	Q4 Recovery	2021 Recovery
Financial Services	Continued volatility driving demand for pricing and valuation services plus a 2H recovery of equity issuances	Continued volatility driving demand for our financial services solutions but new equity issuances closed for most of the year	Very challenging financial markets with our customers under continued profit pressures through 2020 with normal market conditions in 2021
Resources	Lower oil prices driving OPEC+ to an agreement in Q3 2020 and then Brent rising to the low \$30's by year end for an average in the upper \$20's	Oil markets remain highly uncertain and OPEC+ agreement delayed until end of the year and an average price of Brent in the mid \$20's	OPEC+ disintegrates with no sign of any agreement throughout the year. Average price of Brent in the low \$20's through 2021 and demand stabilizing in 2021.
Transportation	New and used car buying is impacted in Q2 but demand rebounds in Q3	The shutdown of auto sales in Q2 is followed by a U-shaped demand recovery with slow growth in the 2H	A sustained recession in the auto industry with sales of both new and used cars impacted through 2020

2020 scenarios

	2020 scenarios			<u>2021</u> <u>recovery</u>
	<u>Q3 recovery</u>	<u>Q4 recovery</u>		
Revenue				
Top end original guidance	4,590	4,590		4,590
Events	(50)	(50)		(50)
Change in Fx rates	(25)	(25)		(25)
Risk	(90)	(140)		(240)
Total	4,425	4,375		4,275
<i>Organic (ex Events)</i>	4%			1%
Expense				
Savings				
Permanent (\$50m annualized)	40	40		40
Variable	80	125		205
Total	120	165		245
Total Expense	2,575	2,531		2,450
Adjusted EBITDA				
Total	1,850	1,844		1,825
<i>Margin</i>	41.8%	42.1%		42.7%
<i>Bps expansion vs PY adj for A&D</i>	161	195		249
<i>Growth vs PY, adj for A&D and Events</i>	9%	8%		7%
Adjusted EPS				
Total	2.81	2.80		2.76
<i>Growth vs PY, adj for A&D and Events</i>	12%	12%		10%

Three year forward scenario

Profit protected even in worst case scenario (“2021 recovery scenario”)

	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>(\$'s millions except per share amounts)</i>			
Revenue	\$4,275	\$4,600	\$4,925
<i>Organic Growth (2021 ex events)</i>	1%	6%	7%
Expenses			
Total Expense	\$2,450	\$2,590	\$2,725
Cumulative Change in Variable Expense	(205)	(75)	20
	Maintain \$50m of permanent expense reductions		
Adjusted EBITDA	\$1,825	\$2,010	\$2,200
<i>Adjusted EBITDA Growth (1)</i>	7%	10%	9%
<i>Margin</i>	42.7%	43.7%	44.7%
Adjusted EPS	\$2.76	\$3.17	\$3.55
<i>Adjusted EPS Growth (1)</i>	10%	11%	12%

(1) Comparison is adjusted for A&D and Events

We are updating 2020 Additional Guidance Items

Additional guidance items:

- Depreciation expense of **\$220 - \$230** million
- Amortization (acquisition related intangibles) expense of **\$365 - \$375** million
- Net interest expense of **\$235 - \$245** million
- Stock-based compensation expense of **\$250 - \$260** million
- GAAP effective tax rate of **14% - 16%**
- Adjusted effective tax rate of **18% - 20%**
- Weighted average diluted shares between **400 - 405** million
- Capital expenditures to be approximately **6.0% - 6.5%** of revenue
- Free Cash Flow conversion (as a % of Adjusted EBITDA) of approximately **50%**

Quarterly Revenue by Reported Segment

For the period ended:		2019					2020
		Feb	May	Aug	Nov	Nov	Feb
		Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20
Recurring	Financial Services	243	253	259	259	1,014	267
	Transportation	215	225	230	238	907	228
	Resources	192	190	198	204	783	200
	CMS	117	118	114	109	459	109
	Total Recurring Fixed	767	785	800	810	3,162	804
	Recurring Variable - Financial Services	136	145	144	148	573	147
	Total IHS Markit Recurring Revenue	\$ 903	\$ 930	\$ 944	\$ 958	\$ 3,735	\$ 951
Non-Recurring	Financial Services	30	35	26	24	115	22
	Transportation	73	94	85	87	339	69
	Resources	25	60	33	34	151	25
	CMS	15	17	24	18	75	13
	Total IHS Markit Non-Recurring Revenue	\$ 143	\$ 205	\$ 168	\$ 163	\$ 679	\$ 130
Total	Financial Services	409	433	429	431	1,702	436
	Transportation	288	319	315	325	1,246	297
	Resources	217	249	230	238	934	226
	CMS	132	135	139	128	533	122
	Total IHS Markit Revenue	\$ 1,046	\$ 1,136	\$ 1,112	\$ 1,120	\$ 4,415	\$ 1,081

Quarterly Organic Growth

For the period ended:		2019					2020
		Feb Q1 19	May Q2 19	Aug Q3 19 ⁽¹⁾	Nov Q4 19	Nov FY 19 ⁽¹⁾	Feb Q1 20
Recurring	Financial Services	4%	4%	9%	8%	6%	10%
	Transportation	9%	10%	10%	12%	10%	12%
	Resources	5%	4%	5%	5%	5%	1%
	CMS	0%	0%	0%	1%	0%	1%
	Total Recurring Fixed	5%	5%	7%	7%	6%	7%
	Recurring Variable - Financial Services	3%	0%	5%	7%	4%	8%
	Total Recurring Organic Growth %	5%	4%	6%	7%	6%	7%
Non-Recurring	Financial Services	37%	31%	-15%	-13%	7%	-27%
	Transportation	4%	6%	0%	4%	4%	-1%
	Resources	16%	11%	15%	-7%	8%	2%
	CMS	-20%	-10%	41%	20%	8%	15%
	Total Non-Recurring Organic Growth %	8%	9%	4%	1%	6%	-5%
Total	Financial Services	6%	5%	6%	6%	6%	7%
	Transportation	8%	9%	7%	9%	8%	9%
	Resources	6%	6%	6%	3%	5%	1%
	CMS	-3%	-2%	5%	4%	1%	3%
	Total Organic Growth %	5%	5%	6%	6%	6%	6%

⁽¹⁾ Q3 19 and FY 19 Total Organic Growth % includes Ipreo for one month and four months respectively.

Quarterly Financial Services Revenue

For the period ended:		2019					2020
		Feb Q1 19	May Q2 19	Aug Q3 19 ⁽¹⁾	Nov Q4 19	Nov FY 19 ⁽¹⁾	Feb Q1 19
Product Offerings	Revenue \$						
	Information	184	189	190	191	754	195
	Solutions	165	180	176	178	699	177
	Processing	60	65	63	62	249	63
	Total Financial Services Revenue	\$ 409	\$ 433	\$ 429	\$ 431	\$ 1,702	\$ 436
	Total revenue growth %	28%	29%	21%	5%	20%	7%
Category	Organic Growth %						
	Information	5%	1%	7%	7%	5%	6%
	Solutions	12%	15%	6%	8%	10%	7%
	Processing	-3%	-3%	0%	-1%	-2%	6%
	Total Organic Growth %	6%	5%	6%	6%	6%	7%
	Category Revenue \$						
Recurring	243	253	259	259	1,014	267	
Recurring Variable	136	145	144	148	573	147	
Non-Recurring	30	35	26	24	115	22	
Total Financial Services Revenue	\$ 409	\$ 433	\$ 429	\$ 431	\$ 1,702	\$ 436	

(1) Q3 19, FY 19 Organic Growth % includes Ipreo for one month and four months respectively.

Approximately 60% of Ipreo revenue is now reported in Solutions and the remainder in Information.

2019 Revenue and Q3 19 and Q4 19 Organic Growth % has been updated to include Ipreo within Solutions and Information.

2019 FY Revenue Ipreo was \$345. In the table above it represents approximately 30% of Solutions revenue and 17% of Information revenue.

Quarterly Adjusted EBITDA View* by Reported Segment

For the period ended:		2019					2020
		Feb Q1 19	May Q2 19	Aug Q3 19	Nov Q4 19	Nov FY 19	Feb Q1 20
Adjusted EBITDA	Total Adjusted EBITDA						
	Financial Services	183	206	199	198	786	206
	Transportation	114	137	134	136	521	118
	Resources	93	109	101	100	404	90
	CMS	29	29	31	31	121	29
	Shared services	(12)	(16)	(12)	(13)	(53)	(11)
	Total IHS Markit Adjusted EBITDA	\$ 408	\$ 465	\$ 453	\$ 453	\$ 1,779	\$ 432
	Adjusted EBITDA Margin %						
	Financial Services	44.8%	47.5%	46.4%	46.1%	46.2%	47.1%
	Transportation	39.7%	42.9%	42.6%	41.8%	41.8%	39.7%
Resources	43.0%	43.8%	43.8%	42.2%	43.2%	40.0%	
CMS	22.2%	21.8%	22.4%	24.5%	22.7%	24.1%	
Total Adjusted EBITDA Margin %	39.0%	41.0%	40.7%	40.4%	40.3%	39.9%	
Total margin expansion reported (bps)	40	150	170	130	130	90	

*Refer to financial earnings releases on investor.ihsmarkit.com for definitions and reconciliations to the nearest GAAP reported measures