



IHS Markit™

Q3 2020 Earnings

Supplemental Financials

September 29, 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.

We are reaffirming 2020 Guidance

\$ in millions, except for per share amounts	2020 IHS Markit Total			
	Low	Mid	High	
Revenue	\$4,280	\$4,290	\$4,300	Trending toward mid-point
<i>Organic growth % excl Events ⁽¹⁾</i>	<i>Approximately 0% to 1%</i>			
Adjusted EBITDA	\$1,825	\$1,830	\$1,835	Trending toward mid-point
<i>Margin %</i>	<i>42.7%</i>			
Adjusted EPS	\$2.76	\$2.77	\$2.78	Trending toward high-end
<i>Normalized EPS growth % ⁽¹⁾</i>	<i>Approximately 10% Growth</i>			

⁽¹⁾ Q2 events cancellations reduces organic by approximately 1% and EPS by approximately \$0.09. Additionally normalized for divestiture of AD&S.

Additional guidance items:

- Depreciation expense of **\$220 - \$225 million** (*tightened range from \$220 - \$230*)
- Amortization (acquisition related intangibles) expense of **\$365 - \$375 million**
- Net interest expense of **\$235 - \$240 million** (*tightened range from \$235 - \$245*)
- Stock-based compensation expense of **\$245 - \$255 million**
- GAAP effective tax rate of **14% - 16%**
- Adjusted effective tax rate of **18% - 20%**
- Weighted average diluted shares between **400 - 403 million** (*tightened range from 400 - 405*)
- 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	May	Aug
		Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20
Recurring	Financial Services	243	253	259	259	1,014	267	262	270
	Transportation	215	225	230	238	907	228	187	227
	Resources	192	190	198	204	783	200	197	190
	CMS	117	118	114	109	459	109	109	109
	Total Recurring Fixed	767	785	800	810	3,162	804	755	796
	Recurring Variable - Financial Services	136	145	144	148	573	147	158	153
	Total IHS Markit Recurring Revenue	\$ 903	\$ 930	\$ 944	\$ 958	\$ 3,735	\$ 951	\$ 913	\$ 949
Non-Recurring	Financial Services	30	35	26	24	115	22	23	23
	Transportation	73	94	85	87	339	69	56	72
	Resources	25	60	33	34	151	25	22	18
	CMS	15	17	24	18	75	13	12	11
	Total IHS Markit Non-Recurring Revenue	\$ 143	\$ 205	\$ 168	\$ 163	\$ 679	\$ 130	\$ 113	\$ 124
Total	Financial Services	409	433	429	431	1,702	436	444	446
	Transportation	288	319	315	325	1,246	297	243	299
	Resources	217	249	230	238	934	226	219	208
	CMS	132	135	139	128	533	122	121	121
	Total IHS Markit Revenue	\$ 1,046	\$ 1,136	\$ 1,112	\$ 1,120	\$ 4,415	\$ 1,081	\$ 1,027	\$ 1,073

Quarterly Organic Growth

For the period ended:

		2019					2020		
		Feb	May	Aug	Nov	Nov	Feb	May	Aug
		Q1 19	Q2 19	Q3 19 ⁽¹⁾	Q4 19	FY 19 ⁽¹⁾	Q1 20	May Normalized Q2 20	Aug Normalized Q3 20
Recurring	Financial Services	4%	4%	9%	8%	6%	10%	4%	4%
	Transportation	9%	10%	10%	12%	10%	12%	-10%	5%
	Resources	5%	4%	5%	5%	5%	1%	1%	-5%
	CMS	0%	0%	0%	1%	0%	1%	2%	2%
	Total Recurring Fixed	5%	5%	7%	7%	6%	7%	-1%	2%
	Recurring Variable - Financial Services	3%	0%	5%	7%	4%	8%	10%	6%
	Total Recurring Organic Growth %	5%	4%	6%	7%	6%	7%	1%	2%
Non-Recurring	Financial Services	37%	31%	-15%	-13%	7%	-27%	-33%	-13%
	Transportation ⁽²⁾	4%	6%	0%	4%	4%	-1%	-31%	-12%
	Resources ⁽³⁾	16%	11%	15%	-7%	8%	2%	-15%	-39%
	CMS ⁽⁴⁾	-20%	-10%	41%	20%	8%	15%	0%	-12%
	Total Non-Recurring Organic Growth % ⁽⁵⁾	8%	9%	4%	1%	6%	-5%	-26%	-18%
Total	Financial Services	6%	5%	6%	6%	6%	7%	3%	4%
	Transportation ⁽²⁾	8%	9%	7%	9%	8%	9%	-16%	0%
	Resources ⁽³⁾	6%	6%	6%	3%	5%	1%	-1%	-9%
	CMS ⁽⁴⁾	-3%	-2%	5%	4%	1%	3%	2%	1%
	Total Organic Growth % ⁽⁵⁾	5%	5%	6%	6%	6%	6%	-3%	0%

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

(2) Q2 20 Transportation non-recurring organic revenue growth including impact of cancelled events is -37%, total organic revenue growth is -18%.

(3) Q2 20 Resources non-recurring organic revenue growth including impact of cancelled events is -62% and total organic revenue growth is -14%.

(4) Q3 20 CMS non-recurring organic revenue growth including BPVC is -41% and total organic revenue growth is -5%.

(5) Q2 20 total non-recurring organic revenue growth including impact of cancelled events is -40% and total organic revenue growth is -7%. Q3 20 total non-recurring revenue including BPVC is -22% and total organic revenue growth is -1%.

Quarterly Financial Services Revenue

For the period ended:		2019					2020		
		Feb	May	Aug	Nov	Nov	Feb	May	Aug
		Q1 19	Q2 19	Q3 19 ⁽¹⁾	Q4 19	FY 19 ⁽¹⁾	Q1 20	Q2 20	Q3 20
Product Offerings	Revenue \$								
	Information	184	189	190	191	754	195	201	199
	Solutions	165	180	176	178	699	177	174	189
	Processing	60	65	63	62	249	63	69	58
	Total Financial Services Revenue	\$ 409	\$ 433	\$ 429	\$ 431	\$ 1,702	\$ 436	\$ 444	\$ 446
	Total revenue growth %	28%	29%	21%	5%	20%	7%	2%	4%
	Organic Growth %								
Information	5%	1%	7%	7%	5%	6%	7%	4%	
Solutions	12%	15%	6%	8%	10%	7%	-3%	7%	
Processing	-3%	-3%	0%	-1%	-2%	6%	8%	-8%	
Total Organic Growth %	6%	5%	6%	6%	6%	7%	3%	4%	
Category	Category Revenue \$								
	Recurring	243	253	259	259	1,014	267	262	270
	Recurring Variable	136	145	144	148	573	147	158	153
	Non-Recurring	30	35	26	24	115	22	23	23
	Total Financial Services Revenue	\$ 409	\$ 433	\$ 429	\$ 431	\$ 1,702	\$ 436	\$ 444	\$ 446

- (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	May Q2 20	Aug Q3 20
Total Adjusted EBITDA								
Financial Services	183	206	199	198	786	206	231	226
Transportation	114	137	134	136	521	118	102	154
Resources	93	109	101	100	404	90	96	86
CMS	29	29	31	31	121	29	35	31
Shared services	(12)	(16)	(12)	(13)	(53)	(11)	(10)	(11)
Total IHS Markit Adjusted EBITDA	\$ 408	465	\$ 453	\$ 453	\$ 1,779	\$ 432	\$ 454	486
Adjusted EBITDA Margin %								
Financial Services	44.8%	47.5%	46.4%	46.1%	46.2%	47.1%	52.2%	50.7%
Transportation	39.7%	42.9%	42.6%	41.8%	41.8%	39.7%	41.8%	51.4%
Resources	43.0%	43.8%	43.8%	42.2%	43.2%	40.0%	43.9%	41.5%
CMS	22.2%	21.8%	22.4%	24.5%	22.7%	24.1%	28.9%	25.7%
Total Adjusted EBITDA Margin %	39.0%	41.0%	40.7%	40.4%	40.3%	39.9%	44.2%	45.3%
Total margin expansion reported (bps)	40	150	170	130	130	90	320	460

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

2021 forward range

Strong growth and profitability

(\$'s millions except per share amounts)

	2020 Guidance Midpoint	2021 Range (Q2 Supplement)		Events Impact	2021 Range (Updated Q3)	
Revenue	4,290	4,575	4,675	40	4,535	4,635
Organic Growth (from 2020 midpoint)		7%	9%		6%	8%
Financial Services		6 to 8%			6 to 8%	
Transportation		14 to 16%			12 to 15%	
Resources		down 2% to up 2%			down low single digits	
CMS		mid single digits			mid single digits	
Total Expense	2,460	2,575	2,645		2,535	2,605
Adjusted EBITDA	1,830	2,000	2,030	-	2,000	2,030
Adjusted EBITDA Growth (from 2020 midpoint)		9%	11%		9%	11%
Adjusted EPS	2.77	3.14	3.19	-	3.14	3.19
Adjusted EPS Growth Reported (from 2020 midpoint)		13%	15%		13%	15%

Total org growth: 1% impact from physical events

No changes

Growth rate adjusted for improved FY20 performance

Impact of moving events to a virtual model

No change

Assumptions

- Financial Services returns to longer-term organic revenue
- Core Transportation growth of high single digits plus catch up from 2020 discounts
- Resources continued downstream strength somewhat offset by Upstream lower bookings in 2020
- CMS with solid mid-single digit organic growth