



IHS Markit™

# Q4 2020 Earnings

Supplemental Financials

January 13, 2021

## Forward-looking statements

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management’s current views concerning future business, events, trends, contingencies, financial performance, or financial condition, appear at various places in this communication and use words like “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “goal,” “intend,” “likely,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “see,” “seek,” “should,” “strategy,” “strive,” “target,” “will,” and “would” and similar expressions, and variations or negatives of these words. Examples of forward-looking statements include, among others, statements we make regarding: the completion of the merger with S&P Global Inc. (“S&P Global”) on anticipated terms and timing, including unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses, future prospects, business and management strategies for the management, expansion and growth of the combined company’s operations and other conditions to the completion of the merger; the ability of S&P Global and IHS Markit to integrate the business successfully and to achieve anticipated synergies; potential litigation relating to the proposed transaction that could be instituted against S&P Global, IHS Markit or their respective directors; the risk that disruptions from the proposed transaction will harm S&P Global’s and IHS Markit’s business, including current plans and operations; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the merger; rating agency actions; potential business uncertainty, including changes to existing business relationships, during the pendency of the merger that could affect IHS Markit’s financial performance; certain restrictions during the pendency of the merger that may impact IHS Markit’s ability to pursue certain business opportunities or strategic transactions; guidance and predictions relating to expected operating results, such as revenue growth and earnings; strategic actions such as acquisitions, joint ventures, and dispositions, the anticipated benefits therefrom, and our success in integrating acquired businesses; anticipated levels of capital expenditures in future periods; anticipated levels of indebtedness, capital allocation, dividends, and share repurchases in future periods; our belief that we have sufficient liquidity to fund our ongoing business operations; expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities, and governmental and regulatory investigations and proceedings; and our strategy for customer retention, growth, product development, market position, financial results, and reserves. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on management’s current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements are more fully discussed under the caption “Risk Factors” in our Annual Report on Form 10-K, along with our other filings with the U.S. Securities and Exchange Commission (“SEC”). However, those factors should not be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on our consolidated financial condition, results of operations, credit rating, or liquidity. Therefore, you should not rely on any of these forward-looking statements. Any forward-looking statement made by us in this communication is based only on information currently available to our management and speaks only as of the date of this communication. We do not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws. Please consult our public filings with the SEC or on our website at [investor.ihsmarkit.com](http://investor.ihsmarkit.com).

## 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](http://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.

# Updating 2021 Guidance for pause in share repurchases

\$ in millions, except for per share amounts	2021 IHS Markit Total		
	Low	Mid	High
<b>Revenue</b>	<b>\$4,535</b>	<b>\$4,585</b>	<b>\$4,635</b>
<i>Organic growth %</i>	<i>Approximately 6 to 8%</i>		
<b>Adjusted EBITDA</b>	<b>\$2,000</b>	<b>\$2,015</b>	<b>\$2,030</b>
<i>Margin %</i>	<i>Approximately 44%</i>		
<b>Adjusted EPS</b>	<b>\$3.11</b>	<b>\$3.14</b>	<b>\$3.16</b>
<i>Normalized EPS growth %</i>	<i>Approximately 10% Growth</i>		

## Additional guidance items:

- Per merger agreement, we are pausing share repurchases, which has a 3 cent impact on Adj EPS as reflected above
- Depreciation expense of **\$240 - \$250** million
- Amortization (acquisition related intangibles) expense of **\$370 - \$380** million
- Net interest expense of **\$220 - \$225** million
- Stock-based compensation expense of **\$235 - \$245** million
- GAAP effective tax rate of **14% - 16%**
- Adjusted effective tax rate of **18% - 20%**
- Weighted average diluted shares between **400 - 403** million (share repurchases limited to tax withholding requirements for share-based compensation)
- Capital expenditures to be approximately **6.0% - 6.5%** of revenue
- Free Cash Flow conversion (as a % of Adjusted EBITDA) in the **mid 60s%**

# Quarterly Revenue by Reported Segment

For the period ended:		2019					2020				
		Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov	Nov
		Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Recurring	Financial Services	243	253	259	259	1,014	267	262	270	274	1,073
	Transportation	215	225	230	238	907	228	187	227	238	879
	Resources	192	190	198	204	783	200	197	190	188	776
	CMS	117	118	114	109	459	109	109	109	110	437
	<b>Total Recurring Fixed</b>	<b>767</b>	<b>785</b>	<b>800</b>	<b>810</b>	<b>3,162</b>	<b>804</b>	<b>755</b>	<b>796</b>	<b>810</b>	<b>3,165</b>
	Recurring Variable - Financial Services	136	145	144	148	573	147	158	153	159	616
	<b>Total IHS Markit Recurring Revenue</b>	<b>\$ 903</b>	<b>\$ 930</b>	<b>\$ 944</b>	<b>\$ 958</b>	<b>\$ 3,735</b>	<b>\$ 951</b>	<b>\$ 913</b>	<b>\$ 949</b>	<b>\$ 968</b>	<b>\$ 3,782</b>
Non-Recurring	Financial Services	30	35	26	24	115	22	23	23	27	94
	Transportation	73	94	85	87	339	69	56	72	75	273
	Resources	25	60	33	34	151	25	22	18	22	87
	CMS	15	17	24	18	75	13	12	11	15	52
	<b>Total IHS Markit Non-Recurring Revenue</b>	<b>\$ 143</b>	<b>\$ 205</b>	<b>\$ 168</b>	<b>\$ 163</b>	<b>\$ 679</b>	<b>\$ 130</b>	<b>\$ 113</b>	<b>\$ 124</b>	<b>\$ 139</b>	<b>\$ 506</b>
		<b>Total IHS Markit Revenue</b>	<b>\$ 1,046</b>	<b>\$ 1,136</b>	<b>\$ 1,112</b>	<b>\$ 1,120</b>	<b>\$ 4,415</b>	<b>\$ 1,081</b>	<b>\$ 1,027</b>	<b>\$ 1,073</b>	<b>\$ 1,107</b>
Total	Financial Services	409	433	429	431	1,702	436	444	446	459	1,784
	Transportation	288	319	315	325	1,246	297	243	299	312	1,152
	Resources	217	249	230	238	934	226	219	208	210	863
	CMS	132	135	139	128	533	122	121	121	126	489
	<b>Total IHS Markit Revenue</b>	<b>\$ 1,046</b>	<b>\$ 1,136</b>	<b>\$ 1,112</b>	<b>\$ 1,120</b>	<b>\$ 4,415</b>	<b>\$ 1,081</b>	<b>\$ 1,027</b>	<b>\$ 1,073</b>	<b>\$ 1,107</b>	<b>\$ 4,288</b>
		<b>Total IHS Markit Revenue</b>	<b>\$ 1,081</b>	<b>\$ 1,027</b>	<b>\$ 1,073</b>	<b>\$ 1,107</b>	<b>\$ 4,288</b>				

# Quarterly Organic Growth

For the period ended:		2019					2020				
		Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov	Nov
		Q1 19	Q2 19	Q3 19 <sup>(1)</sup>	Q4 19	FY 19 <sup>(1)</sup>	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Recurring	Financial Services	4%	4%	9%	8%	6%	10%	4%	4%	5%	6%
	Transportation	9%	10%	10%	12%	10%	12%	-10%	5%	6%	3%
	Resources	5%	4%	5%	5%	5%	1%	1%	-5%	-8%	-3%
	CMS	0%	0%	0%	1%	0%	1%	2%	2%	2%	2%
	<b>Total Recurring Fixed</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>	<b>-1%</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>
	Recurring Variable - Financial Services	3%	0%	5%	7%	4%	8%	10%	6%	7%	7%
	<b>Total Recurring Organic Growth %</b>	<b>5%</b>	<b>4%</b>	<b>6%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>
Non-Recurring	Financial Services	37%	31%	-15%	-13%	7%	-27%	-33%	-13%	9%	-18%
	Transportation <sup>(2)</sup>	4%	6%	0%	4%	4%	-1%	-31%	-12%	-9%	-14%
	Resources <sup>(3)</sup>	16%	11%	15%	-7%	8%	2%	-15%	-39%	-32%	-23%
	CMS <sup>(4)</sup>	-20%	-10%	41%	20%	8%	15%	0%	-12%	-13%	-3%
	<b>Total Non-Recurring Organic Growth % <sup>(5)</sup></b>	<b>8%</b>	<b>9%</b>	<b>4%</b>	<b>1%</b>	<b>6%</b>	<b>-5%</b>	<b>-26%</b>	<b>-18%</b>	<b>-11%</b>	<b>-15%</b>
Total	Financial Services	6%	5%	6%	6%	6%	7%	3%	4%	6%	5%
	Transportation <sup>(2)</sup>	8%	9%	7%	9%	8%	9%	-16%	0%	2%	-2%
	Resources <sup>(3)</sup>	6%	6%	6%	3%	5%	1%	-1%	-9%	-11%	-5%
	CMS <sup>(4)</sup>	-3%	-2%	5%	4%	1%	3%	2%	1%	0%	1%
	<b>Total Organic Growth % <sup>(5)</sup></b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>-3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

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

(2) Q2 20 and FY20 Transportation non-recurring organic revenue growth including impact of cancelled events is -37% and -16% respectively and total organic revenue growth is -18% and -2% respectively.

(3) Q2 20 and FY20 Resources non-recurring organic revenue growth including impact of cancelled events is -62% and -40% respectively and total organic revenue growth is -14% and -9% respectively.

(4) Q3 20 and FY20 CMS non-recurring organic revenue growth including BPVC is -41% and -14% respectively and total organic revenue growth is -5% and 0% respectively.

(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%. FY 2020 total non-recurring revenue growth including events and BPVC is -21% 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	Nov	Nov
	Q1 19	Q2 19	Q3 19 <sup>(1)</sup>	Q4 19	FY 19 <sup>(1)</sup>	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
<b>Revenue \$</b>										
Information	184	189	190	191	754	195	201	199	199	794
Solutions	165	180	176	178	699	177	174	189	196	736
Processing	60	65	63	62	249	63	69	58	64	254
<b>Total Financial Services Revenue</b>	<b>\$ 409</b>	<b>\$ 433</b>	<b>\$ 429</b>	<b>\$ 431</b>	<b>\$ 1,702</b>	<b>\$ 436</b>	<b>\$ 444</b>	<b>\$ 446</b>	<b>\$ 459</b>	<b>\$ 1,784</b>
Total revenue growth %	28%	29%	21%	5%	20%	7%	2%	4%	7%	5%
<b>Organic Growth %</b>										
Information	5%	1%	7%	7%	5%	6%	7%	4%	4%	5%
Solutions	12%	15%	6%	8%	10%	7%	-3%	7%	10%	5%
Processing	-3%	-3%	0%	-1%	-2%	6%	8%	-8%	1%	2%
<b>Total Organic Growth %</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>7%</b>	<b>3%</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>
<b>Category Revenue \$</b>										
Recurring	243	253	259	259	1,014	267	262	270	274	1,073
Recurring Variable	136	145	144	148	573	147	158	153	159	616
Non-Recurring	30	35	26	24	115	22	23	23	27	94
<b>Total Financial Services Revenue</b>	<b>\$ 409</b>	<b>\$ 433</b>	<b>\$ 429</b>	<b>\$ 431</b>	<b>\$ 1,702</b>	<b>\$ 436</b>	<b>\$ 444</b>	<b>\$ 446</b>	<b>\$ 459</b>	<b>\$ 1,784</b>

(1) 2019 Revenue and Q3 19 and Q4 19 Organic Growth % includes Ipreo within Solutions and Information for one month and four months respectively. In 2019 Approximately 60% of Ipreo revenue is reported in Solutions and the remainder in Information.

# Quarterly Adjusted EBITDA View\* by Reported Segment

For the period ended:

	2019					2020				
	Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov	Nov
	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
<b>Total Adjusted EBITDA</b>										
Financial Services	183	206	199	198	786	206	231	226	223	886
Transportation	114	137	134	136	521	118	102	154	141	515
Resources	93	109	101	100	404	90	96	86	85	357
CMS	29	29	31	31	121	29	35	31	31	127
Shared services	(12)	(16)	(12)	(13)	(53)	(11)	(10)	(11)	(16)	(48)
<b>Total IHS Markit Adjusted EBITDA</b>	<b>\$ 408</b>	<b>465</b>	<b>\$ 453</b>	<b>\$ 453</b>	<b>\$ 1,779</b>	<b>\$ 432</b>	<b>454</b>	<b>\$ 486</b>	<b>\$ 465</b>	<b>\$ 1,837</b>
<b>Adjusted EBITDA Margin %</b>										
Financial Services	44.8%	47.5%	46.4%	46.1%	46.2%	47.1%	52.2%	50.7%	48.7%	49.7%
Transportation	39.7%	42.9%	42.6%	41.8%	41.8%	39.7%	41.8%	51.4%	45.3%	44.7%
Resources	43.0%	43.8%	43.8%	42.2%	43.2%	40.0%	43.9%	41.5%	40.2%	41.4%
CMS	22.2%	21.8%	22.4%	24.5%	22.7%	24.1%	28.9%	25.7%	24.7%	25.9%
<b>Total Adjusted EBITDA Margin %</b>	<b>39.0%</b>	<b>41.0%</b>	<b>40.7%</b>	<b>40.4%</b>	<b>40.3%</b>	<b>39.9%</b>	<b>44.2%</b>	<b>45.3%</b>	<b>42.0%</b>	<b>42.8%</b>
Total margin expansion reported (bps)	40	150	170	130	130	90	320	460	160	250

\*Refer to financial earnings releases on [investor.ihsmarkit.com](http://investor.ihsmarkit.com) for definitions and reconciliations to the nearest GAAP reported measures