



IHS Markit™

# Q1 2019 Earnings

Supplemental Financials

March 26, 2019

### **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 report 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: 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; 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 presentation is based only on information currently available to our management and speaks only as of the date of this presentation. 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.

### **Non-GAAP measures**

Non-GAAP financial information is presented only as a supplement to IHS Markit’s financial information based on U.S. GAAP. Non-GAAP financial information is provided to enhance the reader’s understanding of the financial performance of IHS Markit, but none of these non-GAAP financial measures are recognized terms under U.S. GAAP and should not be considered in isolation from, or as a substitute for, financial measures calculated in accordance with U.S. GAAP. Definitions of IHS Markit non-GAAP measures to the most directly comparable U.S. GAAP measures are provided with the schedules to the most recent IHS Markit quarterly earnings release and are available on IHS Markit’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 reliable indicators 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 U.S. GAAP financial measures or disclosures. None of these non-GAAP financial measures are recognized terms under U.S. GAAP and do not purport to be an alternative to any other U.S. 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-U.S. GAAP measures when reporting their results. These measures can be useful in evaluating IHS Markit’s performance against its peer companies because it believes the measures provide users with valuable insight into key components of U.S. 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 U.S. 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 U.S. GAAP or operating cash flows determined in accordance with U.S. 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 U.S. GAAP.

# We are reaffirming 2019 Guidance

\$ in millions, except for per share amounts	IHS Markit Excluding Ipreo	Ipreo	2019 IHS Markit Total		
			Low	Mid	High
<b>Revenue</b>	<b>\$4,075 - \$4,130</b>	<b>\$350 - \$370</b>	<b>\$4,425</b>	<b>\$4,462</b>	<b>\$4,500</b>
<i>Organic growth %</i>			5%	to	6% <sup>(1)</sup>
<b>Adjusted EBITDA</b>	<b>\$1,635 - \$1,665</b>	<b>\$115</b>	<b>\$1,750</b>	<b>\$1,765</b>	<b>\$1,780</b>
<i>Margin %</i>	40.1% - 40.3%	31.1% - 32.9%	39.6%		
<b>Adjusted EPS</b>			<b>\$2.52</b>	<b>\$2.55</b>	<b>\$2.57</b>

<sup>(1)</sup> Reflects reported organic growth % including Ipreo for the 4 month stub period. Including Ipreo for 12 months would increase total organic growth to 6-7%. Ipreo is expected to grow in the low to mid-teen's.

## Additional items of the following:

- Depreciation expense of **\$220 - \$225** million
- Amortization (acquisition related intangibles) expense of **\$370 - \$380** million
- Net interest expense of **\$245 - \$250** million
- Stock-based compensation expense of **\$215 - \$225** million
- Adjusted effective tax rate of **18% - 20%**
- GAAP effective tax rate of **14% - 16%**
- Weighted average diluted shares between **410 - 415** million
- Capital expenditures to be approximately **6.0% to 6.5%** of revenue
- Free cash Flow (as a % of Adjusted EBITDA) in the **mid 60%**

# Quarterly Revenue by Reported Segment

For the period ended:		2018 Reported					2019
		Feb Q1 18	May Q2 18	Aug Q3 18	Nov Q4 18	Nov FY 18	Feb Q1 19
Recurring	Resources	183	183	184	187	738	192
	Transportation	199	207	211	213	829	215
	CMS	119	120	119	119	477	117
	Financial Services	182	189	204	243	817	243
	<b>Total Recurring Fixed</b>	<b>683</b>	<b>698</b>	<b>718</b>	<b>762</b>	<b>2,862</b>	<b>767</b>
	Recurring Variable - Financial Services	117	126	125	139	506	136
<b>Total IHS Markit Recurring Revenue</b>		<b>\$ 800</b>	<b>\$ 824</b>	<b>\$ 843</b>	<b>\$ 901</b>	<b>\$ 3,368</b>	<b>\$ 903</b>
Non-Recurring	Resources	22	54	27	36	138	25
	Transportation	71	90	86	84	331	73
	CMS	19	19	19	20	76	15
	Financial Services	20	22	27	28	96	30
	<b>Total IHS Markit Non-Recurring Revenue</b>	<b>\$ 132</b>	<b>\$ 184</b>	<b>\$ 158</b>	<b>\$ 167</b>	<b>\$ 642</b>	<b>\$ 143</b>
Total	Resources	205	237	212	223	877	217
	Transportation	270	296	297	297	1,160	288
	CMS	138	139	137	139	553	132
	Financial Services	319	336	355	409	1,420	409
	<b>Total IHS Markit Revenue</b>	<b>\$ 932</b>	<b>\$ 1,008</b>	<b>\$ 1,001</b>	<b>\$ 1,068</b>	<b>\$ 4,009</b>	<b>\$ 1,046</b>

# Quarterly Organic Growth

For the period ended:		2018 Reported					2019	2018 Normalized
		Feb	May	Aug	Nov	Nov	Feb	Aug
		Q1 18	Q2 18	Q3 18	Q4 18	FY 18	Q1 19	Q3 18 <sup>(1)</sup>
Recurring	Resources	3%	3%	4%	4%	4%	5%	
	Transportation	11%	12%	10%	10%	11%	9%	
	CMS	3%	3%	3%	2%	3%	0%	
	Financial Services	6%	7%	8%	7%	7%	4%	
	<b>Total Recurring Fixed</b>	<b>6%</b>	<b>6%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	
	Recurring Variable - Financial Services	7%	6%	8%	3%	6%	3%	
	<b>Total Recurring Organic Growth %</b>	<b>6%</b>	<b>6%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	
Non-Recurring	Resources	8%	14%	8%	1%	8%	16%	
	Transportation	10%	19%	6%	9%	11%	4%	
	CMS	21%	10%	-25%	-11%	-5%	-20%	13%
	Financial Services	-9%	4%	4%	-12%	-4%	37%	
	<b>Total Non-Recurring Organic Growth %</b>	<b>8%</b>	<b>15%</b>	<b>1%</b>	<b>1%</b>	<b>6%</b>	<b>8%</b>	<b>6%</b>
Total	Resources	3%	5%	5%	4%	4%	6%	
	Transportation	10%	14%	9%	10%	11%	8%	
	CMS	5%	4%	-2%	0%	2%	-3%	4%
	Financial Services	6%	7%	8%	4%	6%	6%	
	<b>Total Organic Growth %</b>	<b>6%</b>	<b>8%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>5%</b>	<b>7%</b>

<sup>(1)</sup> Reflects normalization for the exclusion of Q3 2017 BPVC revenue within CMS of approximately \$8 million.

# Quarterly Financial Services Revenue

For the period ended:		2018					2019
		Feb Q1 18	May Q2 18	Aug Q3 18	Nov Q4 18	Nov FY 18	Feb Q1 19
Product Offerings	<b>Revenue \$</b>						
	Information	147	156	149	149	601	153
	Processing	63	68	64	63	259	60
	Solutions	109	112	118	119	457	120
	Ipreo			25	78	102	76
	<b>Total Financial Services Revenue</b>	<b>\$ 319</b>	<b>\$ 336</b>	<b>\$ 355</b>	<b>\$ 409</b>	<b>\$ 1,420</b>	<b>\$ 409</b>
	Total revenue growth %	8%	9%	16%	27%	15%	28%
	<b>Organic Growth %</b>						
	Information	9%	11%	6%	3%	7%	5%
	Processing	-2%	-3%	5%	-5%	-1%	-3%
Solutions	6%	7%	12%	10%	9%	12%	
<b>Total Organic Growth %</b>	<b>6%</b>	<b>7%</b>	<b>8%</b>	<b>4%</b>	<b>6%</b>	<b>6%</b>	
Category	<b>Category Revenue \$</b>						
	Recurring	182	189	204	243	817	243
	Recurring Variable	117	126	125	139	506	136
	Non-Recurring	20	22	27	28	96	30
	<b>Total Financial Services Revenue</b>	<b>\$ 319</b>	<b>\$ 336</b>	<b>\$ 355</b>	<b>\$ 409</b>	<b>\$ 1,420</b>	<b>\$ 409</b>

## Quarterly Adjusted EBITDA View\* by Reported Segment

For the period ended:		2018 Reported					2019
		Feb	May	Aug	Nov	Nov	Feb
		Q1 18	Q2 18	Q3 18	Q4 18	FY 18	Q1 19
Adjusted EBITDA	<b>Total Adjusted EBITDA</b>						
	Resources	85	101	85	99	369	93
	Transportation	110	125	128	117	479	114
	CMS	32	30	30	35	127	29
	Financial Services	145	156	156	179	637	183
	Shared services	(13)	(13)	(9)	(13)	(48)	(12)
	<b>Total IHS Markit Adjusted EBITDA</b>	<b>\$ 359</b>	<b>\$ 398</b>	<b>\$ 391</b>	<b>\$ 417</b>	<b>\$ 1,565</b>	<b>\$ 408</b>
	<b>Adjusted EBITDA Margin %</b>						
	Resources	41.4%	42.4%	40.2%	44.4%	42.1%	43.0%
	Transportation	40.7%	42.1%	43.1%	39.3%	41.3%	39.7%
CMS	23.1%	21.5%	22.1%	25.5%	23.0%	22.2%	
Financial Services	45.5%	46.4%	44.0%	43.9%	44.9%	44.8%	
<b>Total Adjusted EBITDA Margin %</b>	<b>38.6%</b>	<b>39.5%</b>	<b>39.0%</b>	<b>39.1%</b>	<b>39.0%</b>	<b>39.0%</b>	
Total margin expansion (bps)	70	60	20	40	40	40	

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