



4Q2018 Earnings Presentation

February 19, 2019

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Forward Looking Statements, Safe Harbor & Non-GAAP Financial Measures

Forward-Looking Statements

This release contains forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. This includes, but is not limited to, Verisk's expectation and ability to pay a quarterly cash dividend on its common stock in the future, subject to the determination by the board of directors, and based on an evaluation of company earnings, financial condition and requirements, business conditions, capital allocation determinations and other factors, risks and uncertainties. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "target," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue" or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements, because they involve known and unknown risks, uncertainties, and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements.

Other factors that could materially affect actual results, levels of activity, performance, or achievements can be found in Verisk's quarterly reports on Form 10-Q, annual reports on Form 10-K, and current reports on Form 8-K filed with the Securities and Exchange Commission. If any of these risks or uncertainties materialize or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement in this release reflects our current views with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.

Notes Regarding the Use of Non-GAAP Financial Measures

The company has provided certain non-GAAP financial information as supplemental information regarding its operating results. These measures are not in accordance with, or an alternative for, U.S. GAAP and may be different from non-GAAP measures reported by other companies. The company believes that its presentation of non-GAAP measures, such as organic constant currency revenue, organic constant currency adjusted EBITDA, adjusted EBITDA, organic constant currency adjusted EBITDA margin, adjusted net income from continuing operations, diluted adjusted EPS, and free cash flow, provides useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. In addition, the company's management uses these measures for reviewing the financial results of the company and for budgeting and planning purposes.



Business and Financial Highlights

- Normalizing for the revenue associated with exceptional storm activity in the prior year period, organic constant currency revenue grew 6.9% and organic constant currency adjusted EBITDA grew 7.3%
- Solid growth in our Insurance and Energy & Specialized Markets segments offset some headwinds in Financial Services
- Free cash flow increased 18.6% year-over-year in the fourth quarter
- Significant investments made across all our segments including remote imagery, telematics, and WoodMac 2.0 (Lens) to fuel future growth
- Returned \$156M of capital to shareholders through share repurchases
- Initiated a cash dividend of \$0.25 per share, the first in the company's history



Financial Summary

(in \$ millions, except per share amounts)	Three months ended December 31st		
	2018	2017	% change
Revenue	\$ 614	\$ 570	7.7%
Adjusted EBITDA	289	273	6.1
Net Income	146	205	(28.5)
Adjusted Net Income	174	223	(22.1)
Diluted GAAP EPS	0.87	1.22	(28.7)
Diluted Adjusted EPS	1.04	1.33	(21.8)
Adjusted EBITDA margin	47.1%	47.8%	(70) bps
Free Cash Flow	97	82	18.6

Subscription/Long-term Revenue

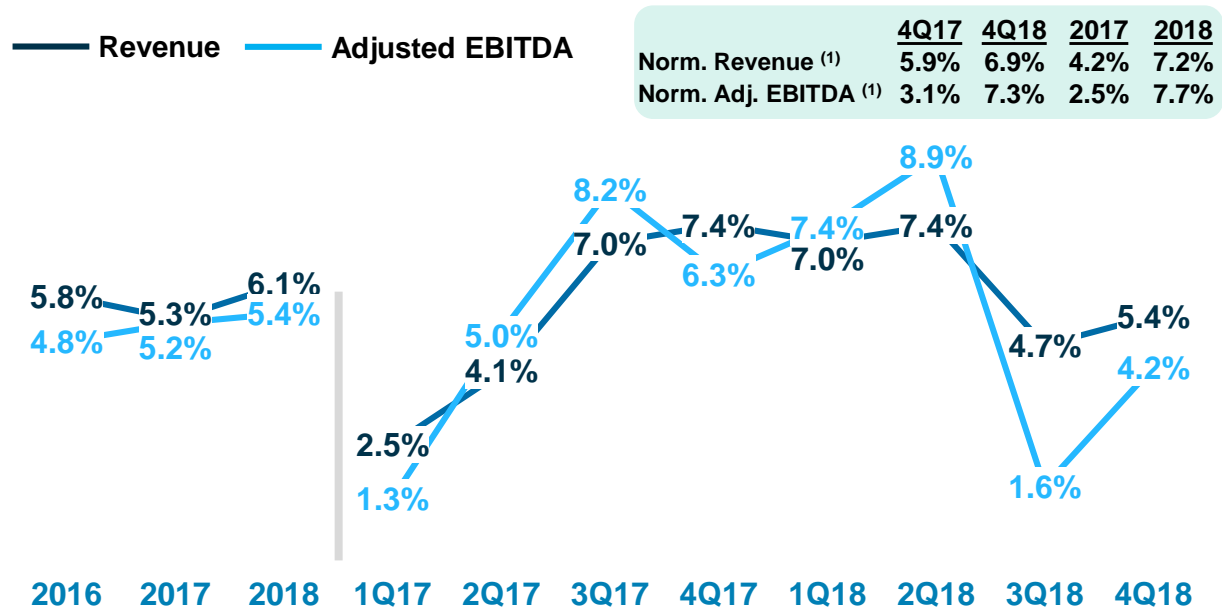


International Revenue





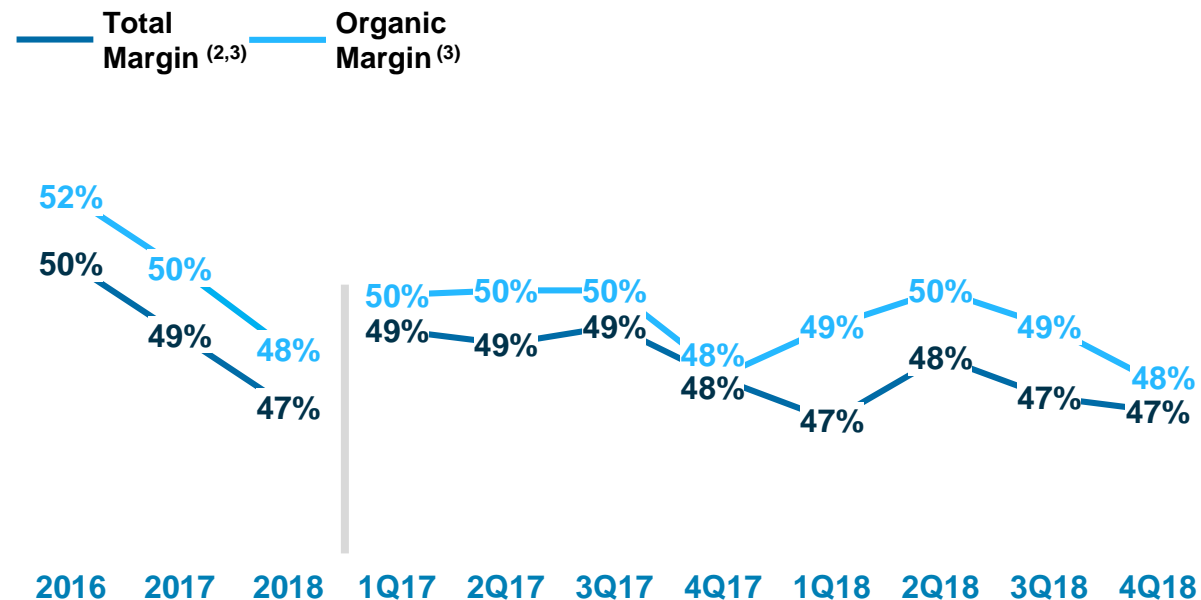
Organic Constant Currency Growth and Adjusted EBITDA Margins



Highlights

- Organic constant currency revenue growth was 6.9%, when normalized for \$8 million in storm-related revenues in 4Q17
- Organic constant currency adjusted EBITDA growth was 7.3% when normalized for \$8 million in storm-related revenues in 4Q17

Notes: 1. Normalized for revenue associated with exceptional storm activity and a nonrecurring project in 3Q17/4Q17.
 2. 2018 total margins are adjusted for acquisition-related earnout expense.
 3. Restates 3Q17 & 4Q17 margins to include businesses that became organic in 3Q18 and 4Q18, respectively.



Highlights

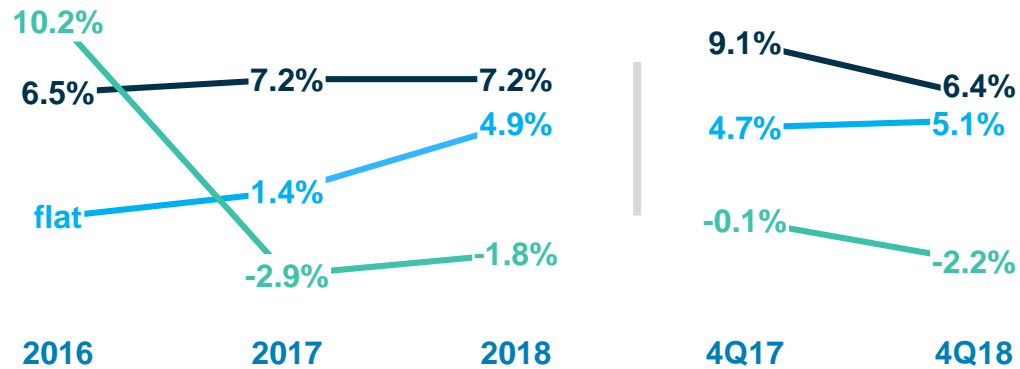
- 4Q18 organic constant currency adjusted EBITDA margin was 47.8%, up from 47.6% recorded in the prior year period when normalized for \$8 million in storm-related revenues in 4Q17
- Significant investments made across all our segments to fuel future growth



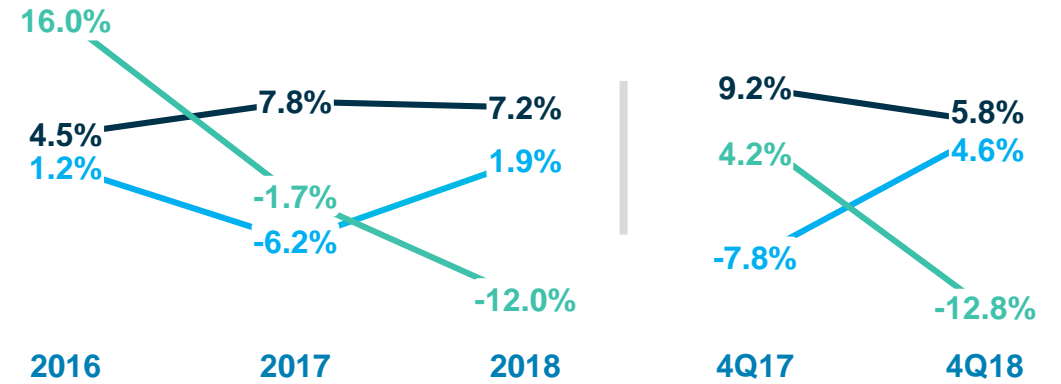
Segment Trends

Insurance Energy Financial

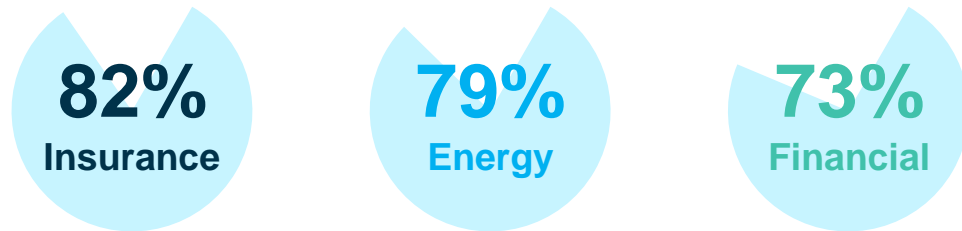
Organic Constant Currency Revenue Growth



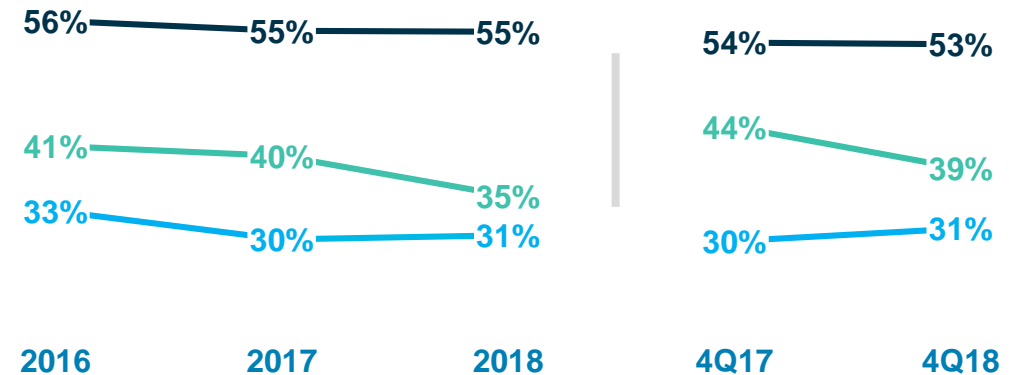
Organic Constant Currency Adjusted EBITDA Growth



2018, % Subscription/Long-term Contracts



Organic Adjusted EBITDA Margins ⁽¹⁾



Notes: 1. Restates 2017 & 4Q17 margins to include businesses that became organic in 2018 and 4Q18, respectively.

Segments



Insurance

Industry-leading data analytics and insights

Underwriting & Rating Solutions



Industry-standard insurance programs
Property-specific underwriting & rating info
Underwriting solutions



Catastrophe and extreme event models
covering natural and man-made risks
such as terrorism



Integrated suite of software that provides full
end-to-end management of all insurance and
reinsurance business

Claims Solutions



Claims
Analytics

Integrated analytics solutions for improving
claims outcomes and fighting fraud at every
step of the process



Xactware

Loss quantification and repair cost
estimating for professionals involved in
all phases of building and repair



Geomni

Multitier, multispectral aerial imagery,
dimensions, and structure history for
residential and commercial roofs and properties

Historical Performance (in \$ millions)



Revenue

Adjusted EBITDA

Contribution



2018 Revenue



2018 Adjusted EBITDA



Insurance Quarterly Performance

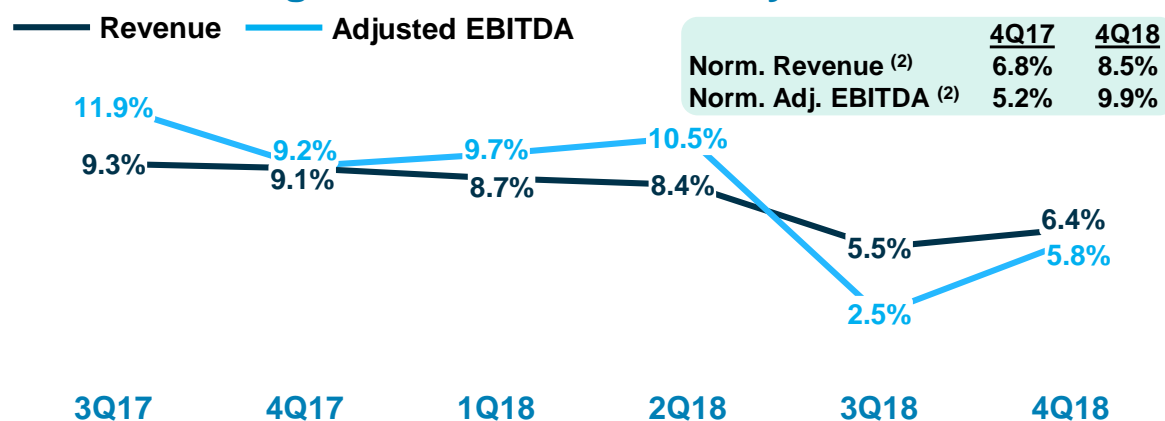
Financials

(in \$ millions)			% change		Organic CC
	4Q18	4Q17	Reported	Organic	
UW & Rating	\$ 289.9	\$ 269.8	7.4%	6.9%	7.0%
Claims	146.3	135.5	8.0	5.0	5.1
Revenue	436.2	405.3	7.6	6.2	6.4
Adjusted EBITDA	231.0	217.0	6.5	5.7	5.8
reported margin	53%	54%			
organic margin ⁽¹⁾	53	54			

Business Highlights

- UW & Rating growth driven by solid performance in commercial lines, personal lines and catastrophe modeling solutions
- Claims growth driven by Claims Analytics and repair cost estimating solutions
- Organic margins reflect investment in our breakout solutions which will fuel future growth

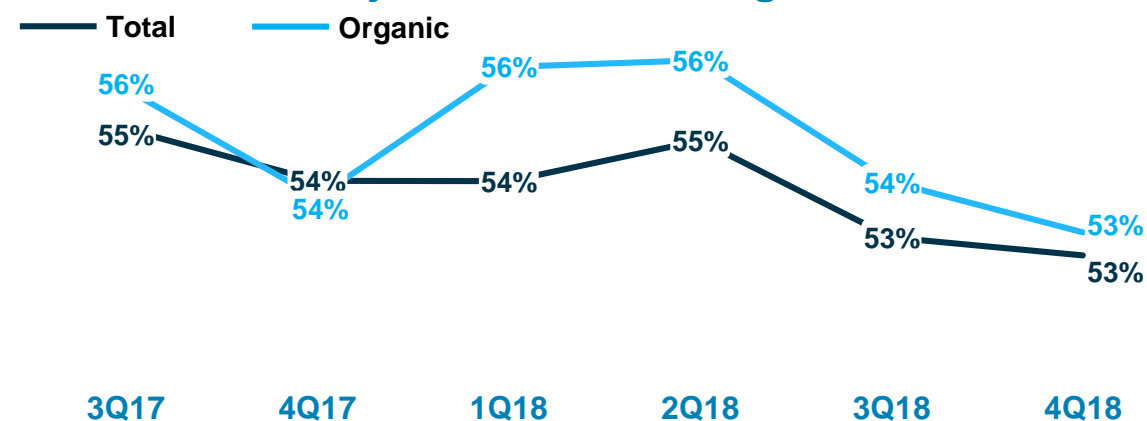
Organic Constant Currency Growth



Notes: 1. Restates prior year margin to include businesses that became organic in current year period.

2. Normalized for \$8 million in revenue associated with exceptional storm activity in 4Q17.

Adjusted EBITDA Margin ⁽¹⁾





Energy and Specialized Markets

Unique insight on the world's energy resources and intelligent compliance solutions

Energy



Energy and natural resources solutions across Research & Analytics and Advisory Services

Providing engaging digital platforms and tools to support objective decision making for the oil and gas, metals and mining, chemicals, subsurface, and power and renewables industries



Spend and cost data from millions of transactions across thousands of services, materials, and equipment categories

Specialized Markets



Improving our understanding of the global environment to enable better decision making in response to weather and climate-related risk



Country risk data, including information on terrorism, conflict, civil unrest, corruption, human rights violations, and natural hazards



Supports compliance with global environmental health and safety requirements

Historical Performance (in \$ millions)



Revenue

Adjusted EBITDA

Contribution



2018 Revenue



2018 Adjusted EBITDA



Energy & Specialized Markets Quarterly Performance

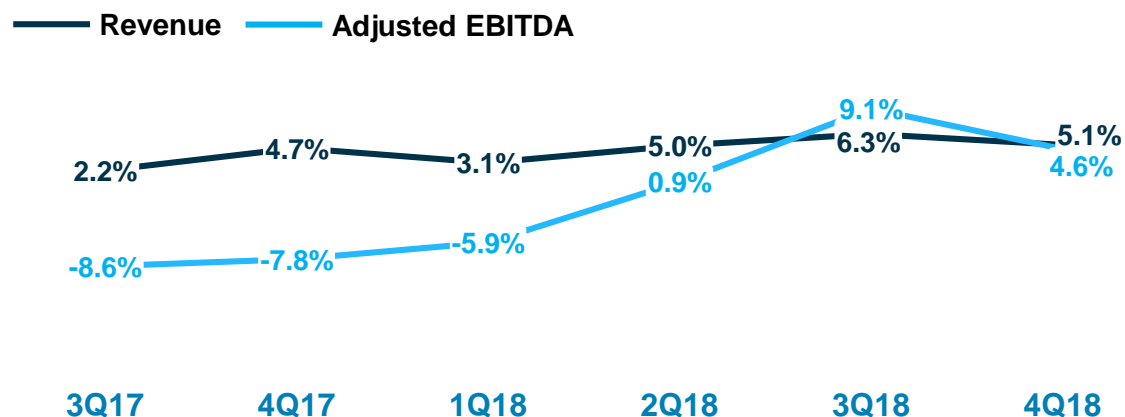
Financials

(in \$ millions)			% change		Organic CC
	4Q18	4Q17	Reported	Organic	
Revenue	\$ 130.2	\$ 116.6	11.7%	4.1%	5.1%
Adjusted EBITDA	40.1	34.5	16.1	9.2	4.6
reported margin	31%	30%			
organic margin ⁽¹⁾	31	30			

Business Highlights

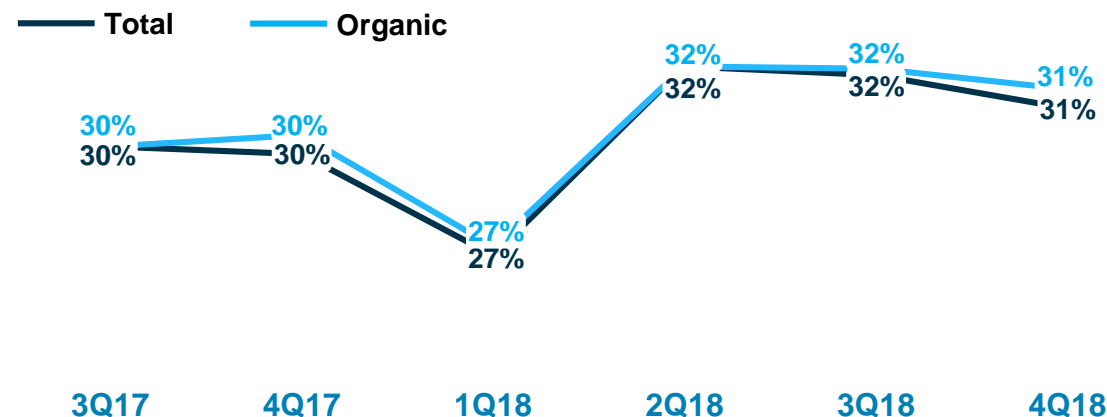
- Organic revenue growth driven by WoodMac consulting and research as well as our environmental health & safety and weather & climate analytics businesses
- Organic margins reflect growth in the core business, expense discipline and continued investment in WM 2.0, subsurface, chemicals, power & renewables and analytics

Organic Constant Currency Growth



Notes: 1. Restates prior year margin to include businesses that became organic in current year period.

Adjusted EBITDA Margin ⁽¹⁾





Financial Services

Powerful information, analytics, and data management solutions

Portfolio Analytics, Regulatory Data Management, and Marketing



Solutions for financial institutions, including competitive benchmarking, decisioning algorithms, and advisory services and data management platforms



Regulatory reporting solutions for the banking sector and data management platforms



Consumer spending analysis and insights

Credit Risk Management, Fraud, and Abuse



Risk management tools associated with bankruptcy management and debt collection



Solutions detecting illicit, fraudulent, and noncompliant merchant activity for e-commerce and payments companies



Systems and services to help retailers prevent loss, manage risk, and ensure compliance with laws and regulations

Historical Performance (in \$ millions)



Revenue

Adjusted EBITDA

Contribution



2018 Revenue



2018 Adjusted EBITDA



Financial Services Quarterly Performance

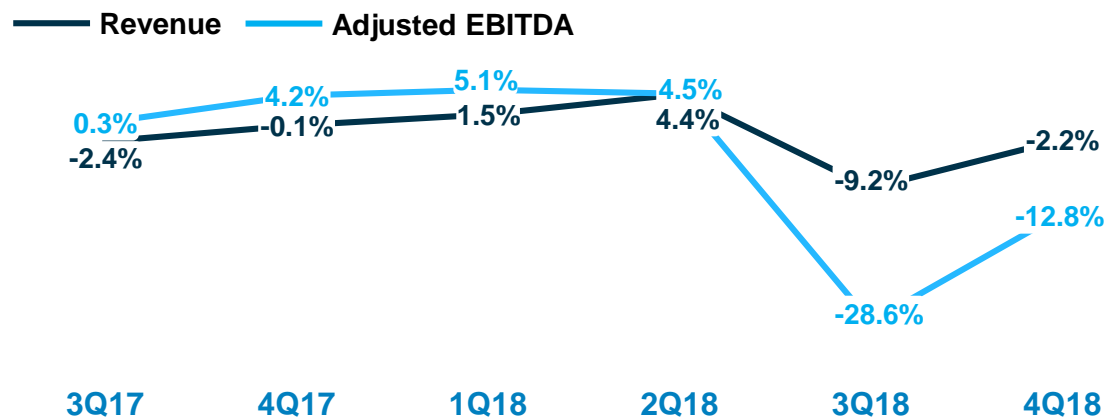
Financials

(in \$ millions)			% change		Organic CC
	4Q18	4Q17	Reported	Organic	
Revenue	\$ 47.5	\$ 48.4	-1.8%	-2.8%	-2.2%
Adjusted EBITDA	18.0	21.0	(14.4)	(13.8)	(12.8)
reported margin	38%	44%			
organic margin ⁽¹⁾	39	44			

Business Highlights

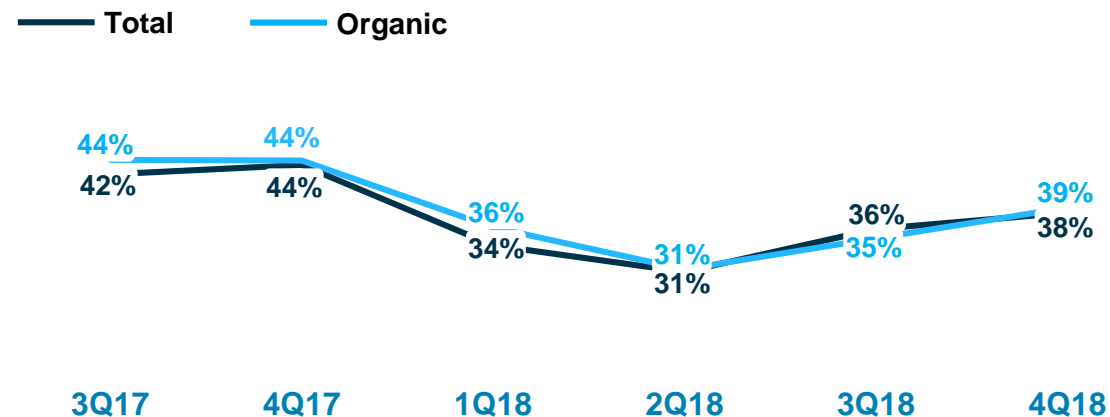
- Organic constant currency revenue declined 2.2% as growth in Portfolio Management solutions and Spend Informed Analytics were offset by headwinds from implementation revenues in the prior year and timing differences
- Continue to make progress on our initiative to reduce the variability of revenues in this vertical and feel confident in long term growth opportunity

Organic Constant Currency Growth



Notes: 1. Restates prior year margin to include businesses that became organic in current year period.

Adjusted EBITDA Margin ⁽¹⁾



Cash Flow and Capital



Cash Flow Utilization

(in \$ millions)	2015 ⁽¹⁾	2016 ^(1,2)	2017	2018	4Q17	4Q18
Net cash provided by operating activities	\$ 591M	\$ 656M	\$ 744M	\$ 934M	\$152M	\$173M
Capital expenditures	(139)	(146)	(184)	(231)	(70)	(76)
Free cash flow (FCF)	452	510	560	703	82	97
Acquisitions, net of cash acquired and gain on hedge	(2,856)	(74)	(915)	(153)	(210)	(85)
Proceeds from sale of sub and settlement of related note	--	715	--	121	--	--
Net debt borrowing/(repayment)	1,710	(771)	615	(300)	120	130
Repurchases of common stock	(20)	(327)	(276)	(439)	--	(156)

Notes: 1. 2015 and 2016 net cash provided by operating activities and free cash flow exclude those activities related to the divestiture of the healthcare business.

2. 2016 net cash provided by operating activities and free cash flow are normalized for \$100M of taxes paid related to the divestiture of the healthcare business.



Capital Structure

as of 12/31/2018

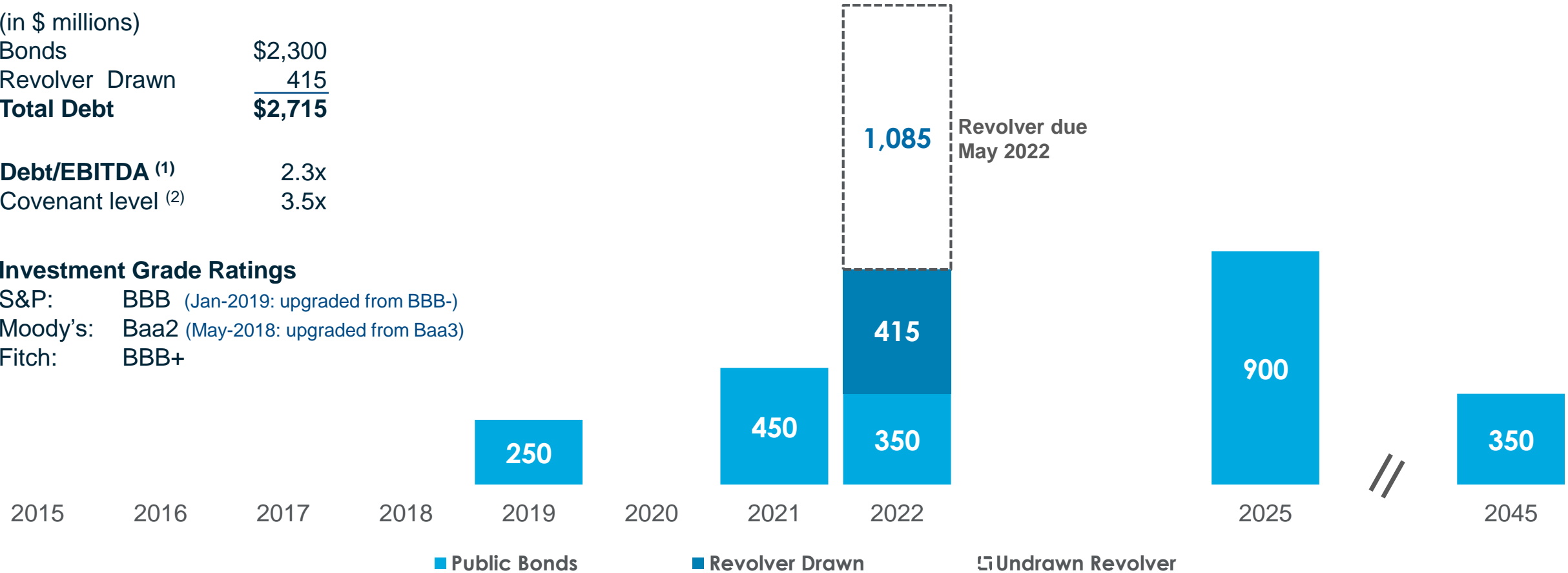
(in \$ millions)

Bonds	\$2,300
Revolver Drawn	<u>415</u>
Total Debt	\$2,715

Debt/EBITDA ⁽¹⁾	2.3x
Covenant level ⁽²⁾	3.5x

Investment Grade Ratings

S&P:	BBB (Jan-2019: upgraded from BBB-)
Moody's:	Baa2 (May-2018: upgraded from Baa3)
Fitch:	BBB+



Notes: 1. Per bank covenant. Leverage based on reported (face) EBITDA is 2.4x.
 2. At Verisk's election, covenant may increase to 4.0x for a period of up to 12 months twice in facility life.



Capital Management Philosophy

Focused on Value Creation and Improving ROIC

- Understand and optimize operating capital generation
- Identify internal and external investment opportunities
- Compare estimated returns on invested capital relative to risk-weighted WACC
- Compare operating cash flow growth and aggregate value creation opportunity
- Evaluate capital return alternatives
- Allocate capital to attractive return opportunities in excess of risk-adjusted WACC with highest value creation opportunity
- Determine capital return allocation



Appendix:

Supplemental Slides and Non-GAAP Reconciliations



Segment Mapping

Key Solutions	Previous Segmentation		New Segmentation		
	Decision Analytics	Risk Assessment	Insurance	Energy & Spec. Mrkts.	Financial Services
ISO Solutions		A	F		
Underwriting	C	B	F		
Claims Analytics	C		G		
AIR Worldwide	C		F		
Xactware	C		G		
Geomni	C		G		
Sequel	C		F		
AER	D			●	
Verisk 3E	D			●	
Verisk Maplecroft	D			●	
Wood Mackenzie	D			●	
PowerAdvocate	D			●	
Argus	E				●

Revenue Categories

- A. Industry-standard
- B. Property-specific
- C. DA-Insurance

- D. DA-Energy & Spec. Mrkts.
- E. DA-Financial Services

- F. Underwriting & rating
- G. Claims



Non-GAAP Reconciliations

Constant Currency Growth

Our operating results reported in U.S. dollars are affected by foreign currency exchange rate fluctuations because the underlying foreign currencies in which we transact change in value over time compared to the U.S. dollar; accordingly, we present certain constant currency financial information to provide a framework to assess how our businesses performed excluding the impact of foreign currency exchange rate fluctuations. We use the term “constant currency” to present results that have been adjusted to exclude foreign currency impact. Foreign currency impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. dollar. This impact is calculated by translating comparable prior period year results at the currency exchange rates used in the current period, rather than the exchange rates in effect during the prior period.



Non-GAAP Reconciliations

Segment Results and EBITDA | Current and Prior Year Period

Segment Results Summary and EBITDA Reconciliation	4Q18	4Q17	Change
Organic Insurance revenues	\$430.4	\$405.1	6.2%
Organic Energy & Specialized Markets revenues	121.3	116.6	4.1%
Organic Financial Services revenues	47.1	48.4	-2.8%
Revenues from acquisitions	15.1	0.2	N/A
Revenues	613.9	570.3	7.7%
Organic Insurance EBITDA	229.7	217.2	5.7%
Organic Energy & Specialized Markets EBITDA	38.0	34.8	9.2%
Organic Financial Services revenues EBITDA	18.1	21.0	-13.8%
Adjusted EBITDA from acquisitions	3.3	-0.5	N/A
Adjusted EBITDA	289.1	272.5	6.1%
Depreciation and amortization of fixed assets	(43.7)	(36.2)	20.8%
Amortization of intangible assets	(32.3)	(28.1)	14.9%
Interest expense	(32.7)	(32.1)	1.6%
Provision for income taxes	(33.3)	25.3	-231.5%
Acquisition-related liabilities (earn-out)	(0.9)	0.2	N/A
Gain and interest income on subordinated promissory note receivable	N/A	3.0	-100.0%
Net Income	146.2	204.6	-28.5%
Organic constant currency adjustment EBITDA margin	47.8%	48.4%	
Organic EBITDA margin	47.7%	47.9%	
EBITDA margin	47.1%	47.8%	
Net income margin	23.8%	35.9%	



Non-GAAP Reconciliations

Adjusted Net Income/EPS and Free Cash Flow | Current and Prior Year Period

Adjusted Net Income and EPS	4Q18	4Q17	Change
Net income	146.2	204.6	-28.5
plus: Amortization of intangible assets	32.3	28.1	
less: Tax effect on amortization of intangible assets	(6.7)	(7.3)	
plus: Acquisition-related liabilities (earn-out)	2.2	(0.2)	
less: Income tax effect on acquisition-related costs and interest expense (earn-out)		0.1	
less: Interest income and gain on subordinated promissory note receivable		(3.0)	
less: Income tax effect on interest income and gain on subordinated promissory note receivable		1.1	
Adjusted net income	174.0	223.4	-22.1%
Basic adjusted EPS	\$1.06	\$1.36	-22.1%
Diluted adjusted EPS	\$1.04	\$1.33	-21.8%
Weighted average shares outstanding			
Basic	164.3	164.7	
Diluted	167.3	168.3	

Free Cash Flow	4Q18	4Q17	Change
Net cash provided by operating activities	\$173.4M	\$151.4M	14.5%
less: Capital expenditures	(76.5)	(69.7)	9.8%
Free cash flow	96.9	81.7	18.6%



Non-GAAP Reconciliations

Adjusted EBITDA and Free Cash Flow | Historical Full Year Periods

Adjusted EBITDA	2018	2017	2016
Income from continuing operations	\$598.7M	\$555.1M	\$451.5M
Interest expense	129.7	119.4	120.0
Provision for income taxes	121.0	135.9	202.2
Depreciation and amortization of fixed assets and intangible assets	296.1	237.4	211.6
less: Nonrecurring items related to the Wood Mackenzie acquisition	--	--	--
plus: Nonrecurring severance charges	--	--	2.1
plus: Nonrecurring ESOP charge	--	--	18.8
less: Gain on sale/exercise of equity investments/warrants	--	--	(1.5)
less: Interest income and gain on subordinated promissory note receivable	(20.4)	--	--
plus: Acquisition-related liabilities (earn-out)	5.1	--	--
Adjusted EBITDA from continuing operations ⁽¹⁾	1,130.2	1,047.8	1,004.7
Free Cash Flow	2018	2017	2016
Net cash provided by operating activities	\$934.4 M	\$743.5 M	\$577.5 M
less: Net cash provided by operating activities from discontinued operations	--	--	(21.4)
less: Capital expenditures	(231.0)	(183.5)	(156.5)
plus: Capital expenditures from discontinued operations	--	--	(10.6)
plus: Taxes paid related to the sale of the healthcare business	--	--	99.9
Free cash flow	703.4	560.0	510.1

Notes: 1. Adjusted EBITDA as reported in historical period.



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