



Verisk Analytics

Lee Shavel
Chief Financial Officer

Raymond James Institutional Investor Conference
March 3, 2020

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Forward-Looking Statements, Safe Harbor, and 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 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, for budgeting and planning purposes, and for evaluating the performance of senior management.



A Leading Data Analytics Partner to Our Customers

Insurance



71%
of revenue

- Assess and price risk with more accuracy
- Improve and automate underwriting and claims outcomes
- Mitigate fraud
- Build resilience to extreme events

Energy



22%
of revenue

- Manage risk across the natural resources value chain
- Solve complex cost management challenges
- Improve environmental health and safety
- Analyze geopolitical and humanitarian risk

Financial Services



7%
of revenue

- Portfolio benchmarking
- Analyze consumer spend
- Identify fraud and abuse
- Manage regulatory and bankruptcy risk

We help our customers



Financially Sound, Data Rich, and Global



1971
Founded



30
Countries



\$27B
Market cap



~9,300
Employees



19PB
of information in
our data stores



Our Distinctives

What Sets Us Apart and Guides Our Company



**Unique
Data Assets**



**Deep Domain
Expertise**



**Deep Integration
into Customer
Workflows**



**Steady Stream
of First-to-Market
Innovations**



Strategy for Growth



**Increase Solution
Penetration**



**Develop New
Proprietary Data Sets**



**Leverage Our
Intellectual Capital**



**Pursue Strategic
Acquisitions**

**We help our customers improve operations,
decisions, and performance.**

Capitalizing on Megatrends That Affect Our Business



**Increasing Demand for
Data Analytics**



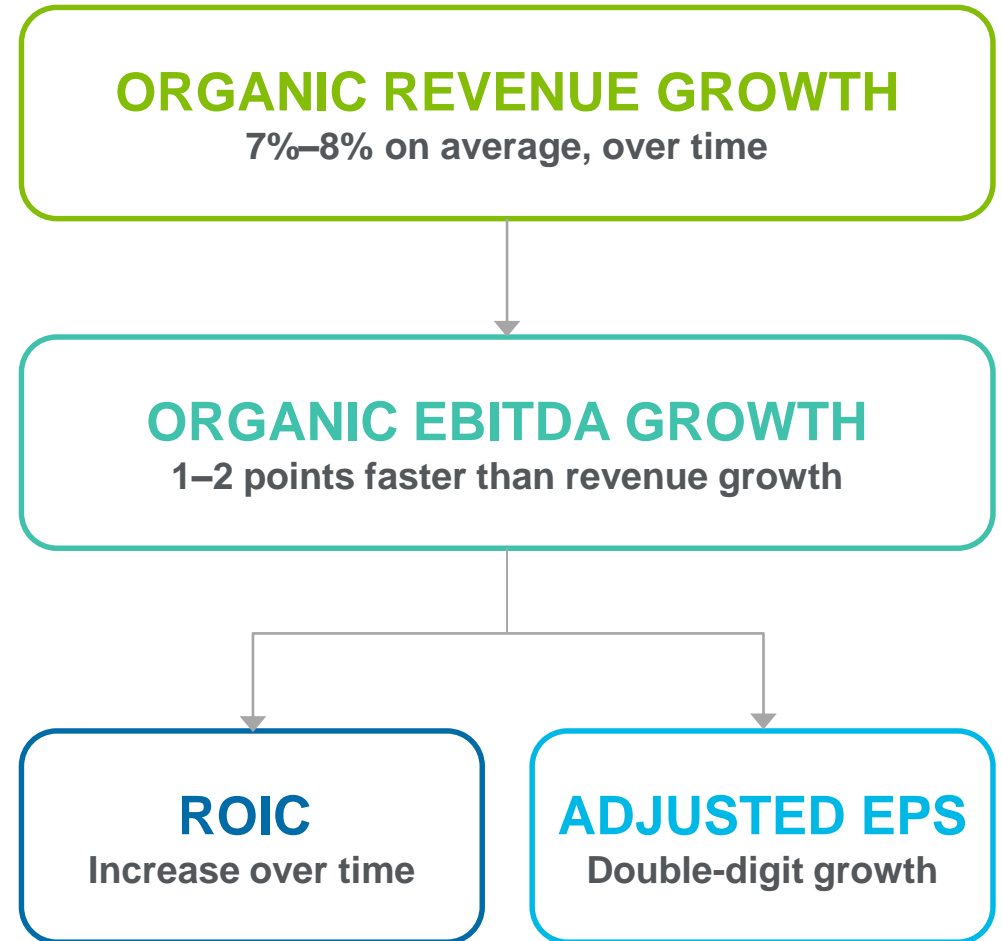
Automation



**Energy Transition Outlook:
Scalability Challenge**



Our Strategic Planning and Long-Term Financial Targets





Value Creation Strategy



- Organic revenue growth
- Operating leverage
- Expense discipline

- Investment opportunities (internal and external)
- Capital discipline



Capital Management Philosophy

Focused on value creation and improving ROIC

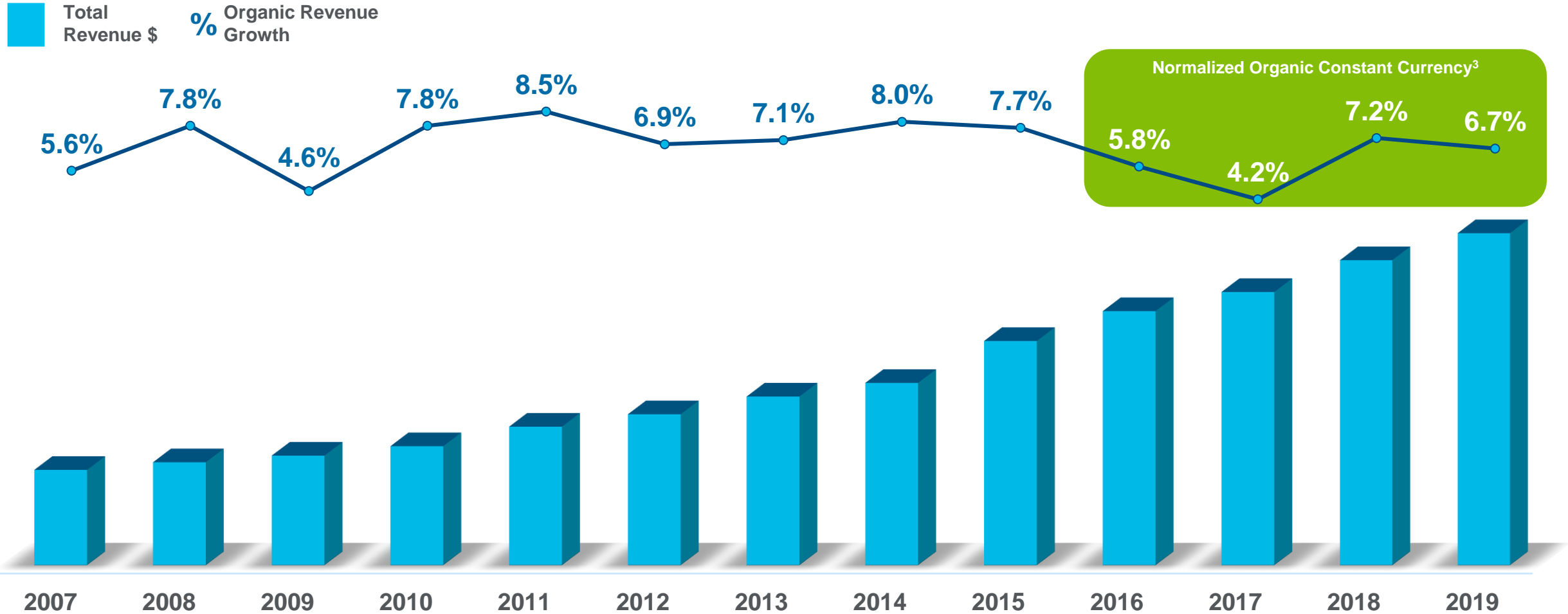
- Understand and optimize operating capital generation
- Identify internal and external investment opportunities
- Compare estimated returns on invested capital relative to risk-weighted WACC
- Allocate capital to attractive return opportunities
- Return excess capital through share repurchases and dividends
- Target leverage of 2x–3x to maintain investment grade rating



Financial Results



Long-Term Sustainable Growth^{1,2,3}

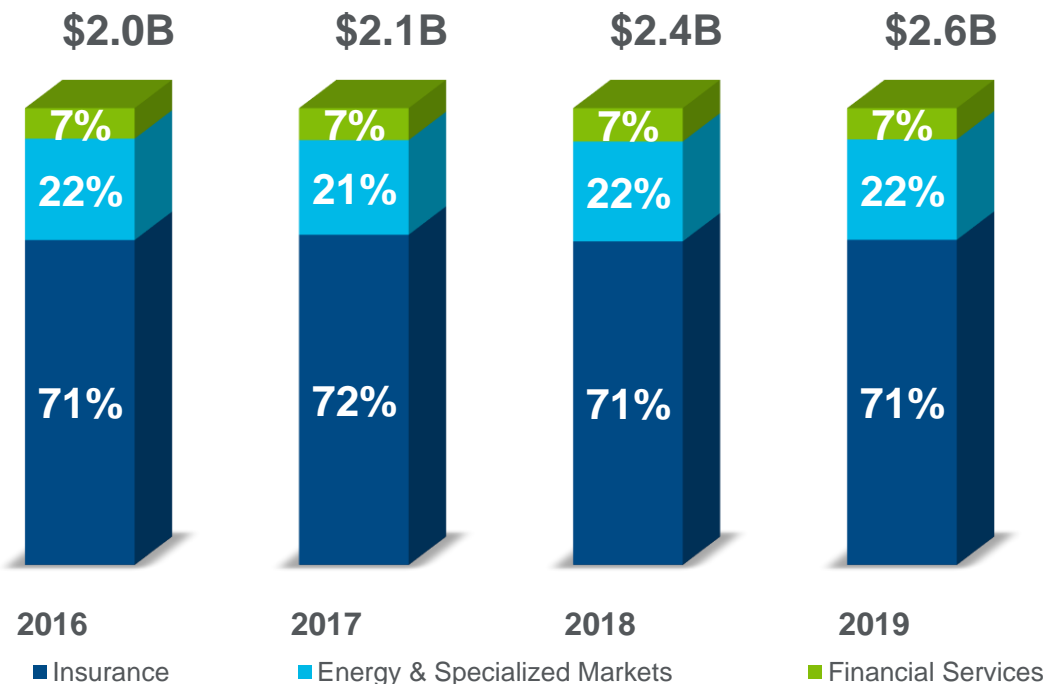


1. Organic growth includes businesses owned for a full year or more at measurement.
 2. Figures exclude discontinued operations.
 3. Normalized organic constant currency growth excludes the impact of nonrecurring revenue benefits in 2017.



High-Quality Recurring Revenue across a Diversified Solution Set

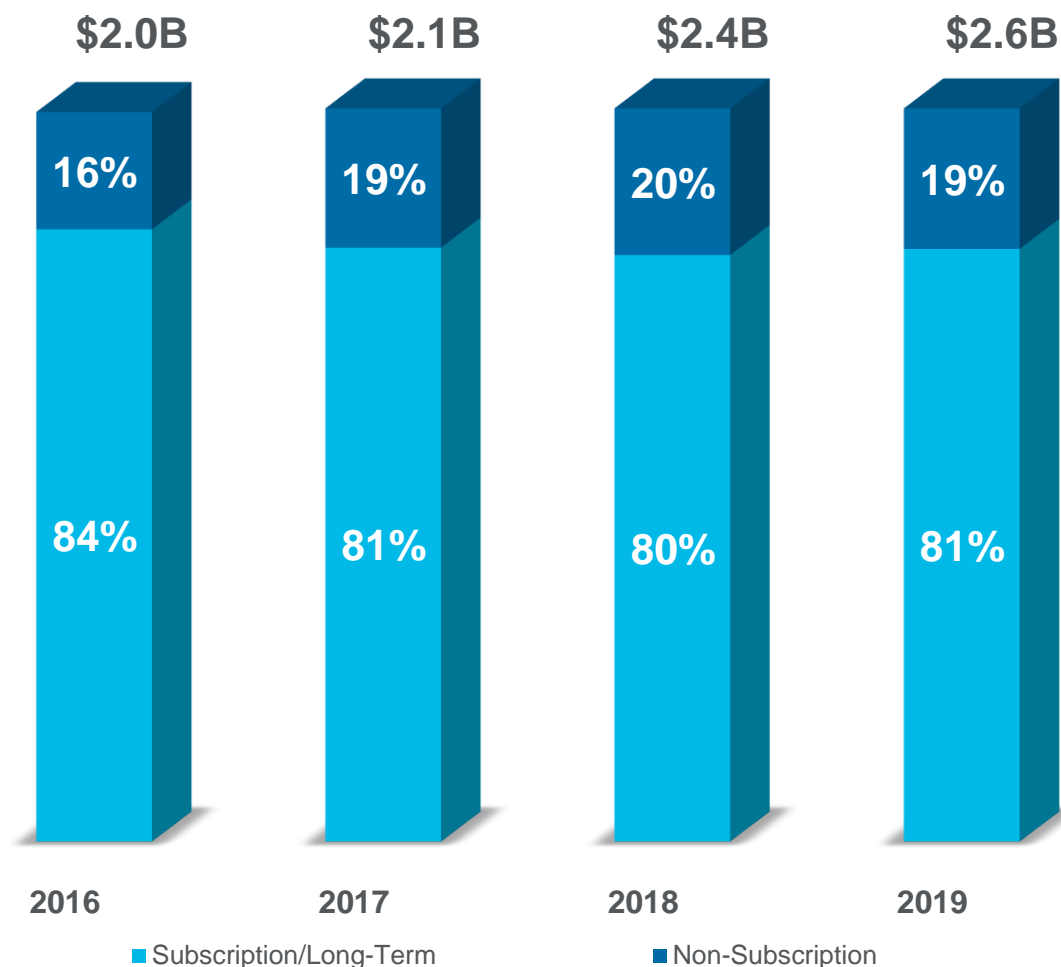
Revenue – Segment Breakdown



International Revenue



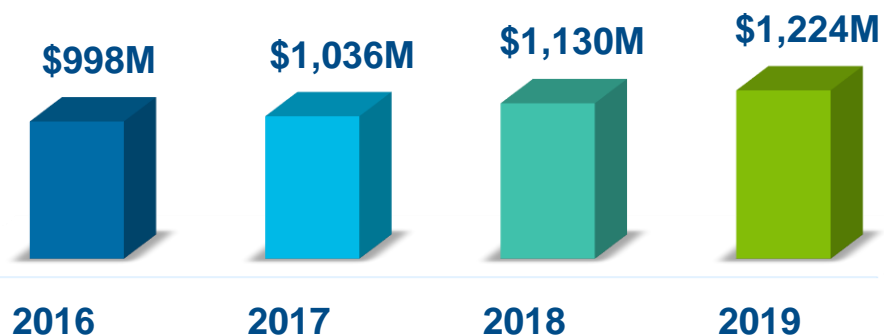
Revenue – Subscription vs. Non-Subscription



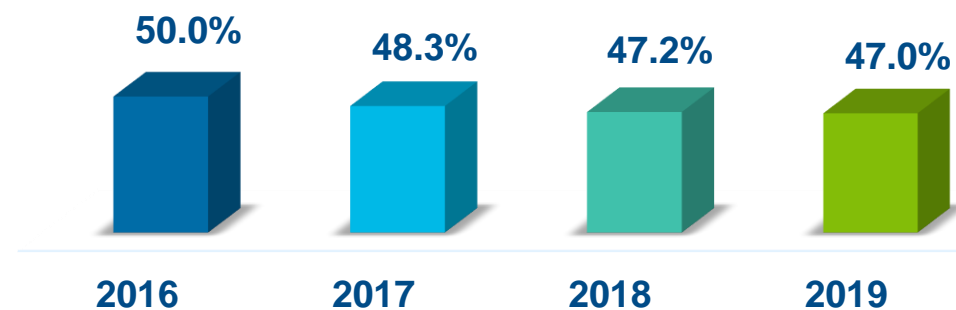


Healthy Margin Profile

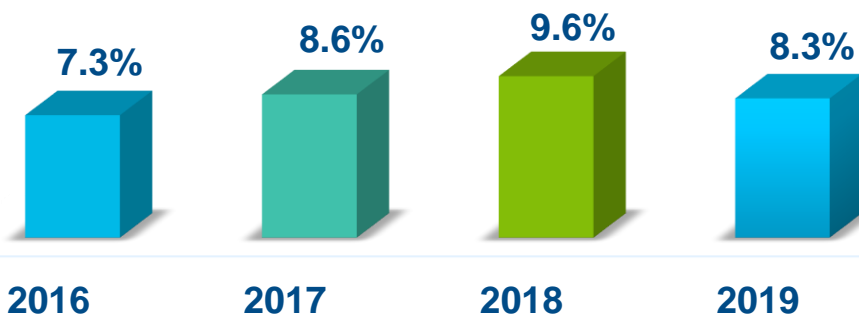
Adjusted EBITDA^{1,2}



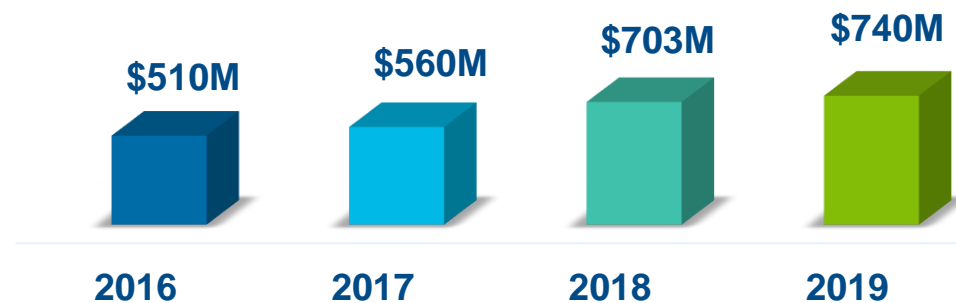
Adjusted EBITDA Margins^{1,2}



Capital Expenditures as a % of Revenue ¹



Free Cash Flow ^{1,3}



1. Figures exclude discontinued operations.

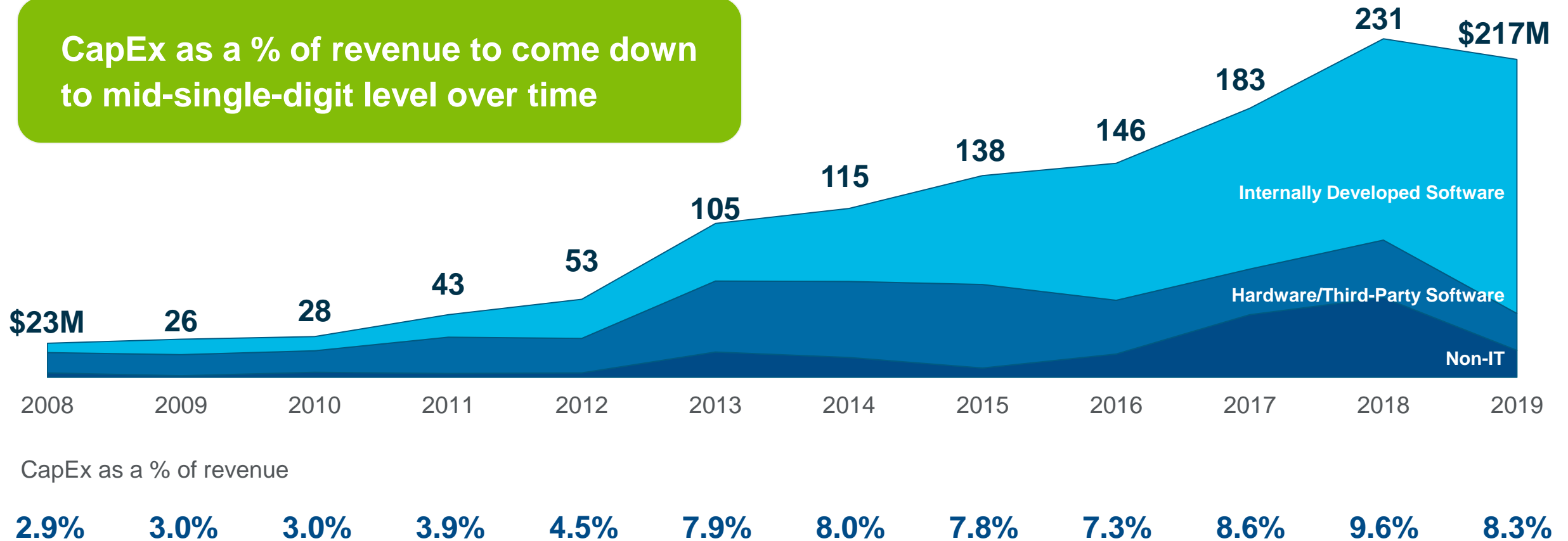
2. Adjusted EBITDA defined as EBITDA before nonoperating acquisition-related costs and nonrecurring items. See Appendix for itemized detail.

3. 2016 free cash flow is normalized for \$100M of taxes paid related to the divestiture of the healthcare business.



Capital Expenditures

CapEx as a % of revenue to come down to mid-single-digit level over time





Core Verisk Commitments

Commitments to our stakeholders—customers, employees, shareholders, and society

WE SUPPORT



Verisk Analytics is committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, the environment, and anti-corruption.



The Verisk Way



Statement on Long-Term
Value Creation



Code of Business
Conduct and Ethics



Statement on
Climate Change



Greenhouse Gas
Emissions Inventory



Statement on
Data Protection



Privacy Shield
Privacy Policies



Anti-Bribery and
Corruption Policy



Statement on
Modern Slavery



Our Commitment to Environmental Responsibility

For two consecutive years, we've balanced 100% of our Scope 1 and 2 emissions and 100% of our Scope 3 business air travel by investing in renewable energy certificates and carbon offsets.

SCOPE 1



Mobile
combustion



Stationary
combustion

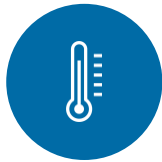


Fugitive
emissions

SCOPE 2



Purchased
electricity



Purchased
steam



Purchased
chilled water

SCOPE 3



Business
air travel

We continue to invest in purposeful energy reduction initiatives affecting our physical space and data management operations.



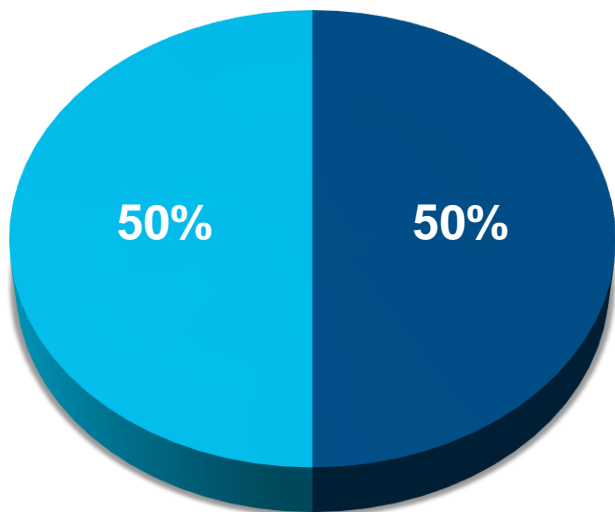
Governance

Quantitative, transparent, performance-based, and aligned with stakeholders

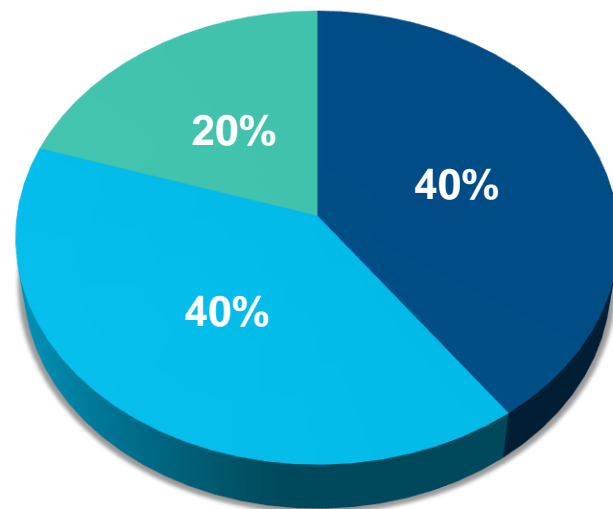
Short-Term Incentive

As of 2018

CEO



Other Named Officers

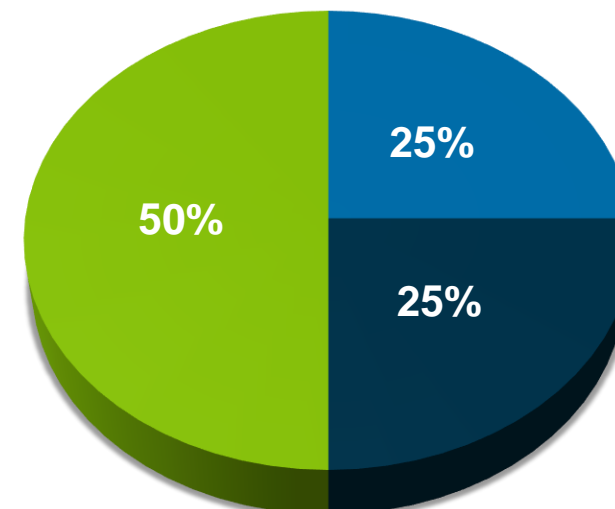


■ Adjusted organic revenue targets ■ Adjusted organic EBITDA targets ■ Individual performance

Long-Term Incentive

As of 2018

Named Officers

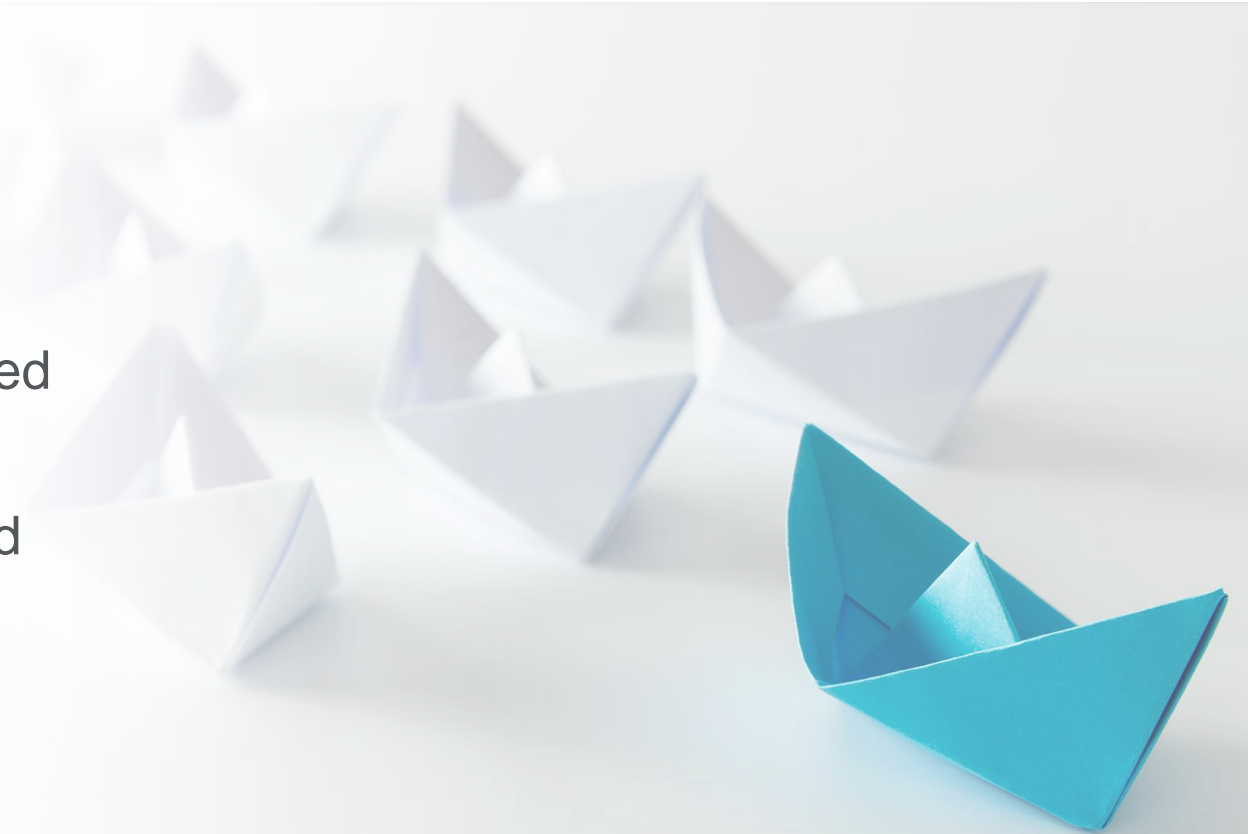


■ PSUs ■ Restricted stock ■ Options



A Differentiated Business Model

- Exceptional businesses with unique and defensible data sets
- Substantial growth opportunities capitalizing on megatrends across verticals
- Stable subscription revenue base with established organic growth record
- Scaled business model with leading margins and operating leverage
- Attractive returns through compounding growth and disciplined capital allocation
- Work with purpose to address risks faced by businesses, people, and communities



Appendix: Non-GAAP Reconciliations



Non-GAAP Reconciliations

Specified Metrics

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EBITDA, Adjusted EBITDA, and Adjusted EBITDA Expenses

EBITDA represents GAAP net income adjusted for (i) depreciation and amortization of fixed assets; (ii) amortization of intangible assets; (iii) interest expense; and (iv) provision for income taxes. Adjusted EBITDA represents EBITDA adjusted for acquisition-related costs (earnouts), gain/loss from dispositions (which includes businesses held for sale), nonrecurring gain/loss, and interest income on the subordinated promissory note. Adjusted EBITDA expenses represent adjusted EBITDA net of revenues. The company believes these measures are useful and meaningful because they allow for greater transparency regarding the company's operating performance and facilitate period-to-period comparison.

Adjusted Net Income and Diluted Adjusted EPS

Adjusted net income represents GAAP net income adjusted for (i) amortization of intangible assets, net of tax; (ii) acquisition-related costs (earn-outs), net of tax; (iii) gain/loss from dispositions (which includes businesses held for sale), net of tax; (iv) nonrecurring gain/loss, net of tax; and (v) interest income on the subordinated promissory note, net of tax. Diluted adjusted EPS represents adjusted net income divided by weighted-average diluted shares. The company believes these measures are useful and meaningful because they allow evaluation of the after-tax profitability of the company's results excluding the after-tax effect of acquisition-related costs and nonrecurring items.

Free Cash Flow

Free cash flow represents net cash provided by operating activities determined in accordance with GAAP minus payments for capital expenditures. The company believes free cash flow is an important measure of the recurring cash generated by the company's operations that may be available to repay debt obligations, repurchase its stock, invest in future growth through new business development activities, or make acquisitions.

Organic Constant Currency (OCC)

The company's operating results, such as, but not limited to, revenue and adjusted EBITDA, reported in U.S. dollars are affected by foreign currency exchange rate fluctuations because the underlying foreign currencies in which it transacts change in value over time compared with the U.S. dollar; accordingly, it presents certain constant currency financial information to assess how the company performed excluding the impact of foreign currency exchange rate fluctuations. The company calculates constant currency by translating comparable prior-year-period results at the currency exchange rates used in the current period. The company defines "organic" as operating results excluding the effect of recent acquisitions and dispositions (which include businesses held for sale) that have occurred over the past year. An acquisition is included as organic at the beginning of the calendar quarter that occurs subsequent to the one-year anniversary of the acquisition date. Once an acquisition is included in its current-period organic base, its comparable prior-year-period operating results are also included to calculate organic growth. A disposition (which includes a business held for sale) is excluded from organic at the beginning of the calendar quarter in which the disposition occurs (or when a business meets the held-for-sale criteria under U.S. GAAP). Once a disposition is excluded from its current-period organic base, its comparable prior-year-period operating results are also excluded to calculate organic growth. The organic presentation enables investors to assess the growth of the business without the impact of recent acquisitions for which there is no prior-year comparison. A disposition's results are removed from all prior periods presented to allow for comparability. The company believes organic constant currency is a useful and meaningful measure to enhance investors' understanding of the continuing operating performance of its business and to facilitate the comparison of period-to-period performance because it excludes the impact of foreign exchange rate movements, acquisitions, and dispositions.



Non-GAAP Reconciliations

Adjusted EBITDA

	2019	2018	2017	2016	2015	2014	2013
Net income	\$449.9M	\$598.7M	\$555.1M	\$591.2M	\$507.6M	\$400.0M	\$348.4M
Depreciation and amortization of fixed assets	185.7	165.3	135.6	119.1	96.6	65.4	49.2
Amortization of intangible assets	138.0	130.8	101.8	92.5	70.4	30.1	36.2
Interest expense	126.8	129.7	119.4	120.0	121.4	70.0	76.1
Provision for income taxes	118.5	121.0	135.9	202.2	196.6	208.5	184.8
Litigation reserve	125.0	—	—	—	—	—	—
Acquisition-related costs (earn-outs)	74.0	5.1	—	—	—	—	—
Loss from disposition	6.2	—	—	—	—	—	—
Gain on derivative instruments	—	—	—	—	(58.6)	—	—
Gain and interest on subordinated promissory note receivable	—	(20.4)	(11.6)	(6.5)	—	—	—
Gain on sale of equity investments	—	—	—	(1.5)	—	—	—
Nonrecurring ESOP charge	—	—	—	(18.8)	—	—	—
Nonrecurring severance charges	—	—	—	2.1	—	—	—
Gain on warrant exercises	—	—	—	—	(15.6)	—	—
Income from discontinued operations	—	—	—	(139.7)	(20.1)	(46.0)	(29.5)
Adjusted EBITDA	1,224.1	1,130.2	1,036.2	998.2	898.3	728.0	665.2



Non-GAAP Reconciliations

Free Cash Flow

	2019	2018	2017	2016
Net cash provided by operating activities	\$956.3M	\$934.4M	\$743.5M	\$577.5M
Net cash provided by operating activities from discontinued operations	—	—	—	(21.4)
Capital expenditures	(216.8)	(231.0)	(183.5)	(156.5)
Capital expenditures from discontinued operations	—	—	—	10.6
Tax paid for the sale of business	—	—	—	100.0
Free cash flow	739.5	703.4	560.0	510.2



Verisk™

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