

02-May-2018

# Verisk Analytics, Inc. (VRSK)

Q1 2018 Earnings Call

## CORPORATE PARTICIPANTS

Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

Mark V. Anquillare

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

---

## OTHER PARTICIPANTS

Andrew Charles Steinerman

*Analyst, JPMorgan Securities LLC*

Hamzah Mazari

*Analyst, Macquarie Capital (USA), Inc.*

Arash Soleimani

*Analyst, Keefe, Bruyette & Woods, Inc.*

Tim J. McHugh

*Analyst, William Blair & Co. LLC*

Toni M. Kaplan

*Analyst, Morgan Stanley & Co. LLC*

Manav Patnaik

*Analyst, Barclays Capital, Inc.*

Alex Kramm

*Analyst, UBS Securities LLC*

William A. Warmington

*Analyst, Wells Fargo Securities LLC*

---

## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day everyone, and welcome to the Verisk Analytics First Quarter 2018 Earnings Results Conference Call. This call is being recorded. At this time, for opening remarks and introductions, I would like to turn the call over to Verisk's Executive Vice President and Chief Financial Officer, Mr. Lee Shavel. Mr. Shavel, please go ahead.

---

Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

Thank you, Chris. And good day to everyone. We appreciate you joining us today for a discussion of our first quarter of 2018 financial results. With me on the call this morning are Scott Stephenson, Chairman, President and Chief Executive Officer, and Mark Anquillare, Chief Operating Officer.

Following comments by Scott, Mark and myself, highlighting some key points about our financial performance, we will open the call for your questions. The earnings release referenced on this call as well as the associated 10-Q can be found in the Investors section of our website, [verisk.com](http://verisk.com). The earnings release has also been attached to an 8-K that we have furnished to the SEC. We also filed an 8-K on April 26, 2018, with a description of our business segment recasting. A replay of this call will be available for 30 days on our website and by dial-in.

Finally, as set forth in more detail in today's earnings release, I will remind everyone that today's call may include forward-looking statements about Verisk's future performance. Actual performance could differ materially from

what is suggested by our comments today. Information about the factors that could affect future performance is contained in our recent SEC filings.

Now, I will turn the call over to Scott Stephenson.

---

## Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

Thanks, Lee. Good morning, everybody. The first quarter was another example of our team achieving a high level of organic revenue growth, which remains the most important measure of our vitality as an organization. This growth was a product of our traditional multilevel growth plan including, first, the development of new customers for existing solutions, such as was seen in our claims analytics platform; secondly, the cross-selling of our existing solutions to existing customers as seen in our imagery solutions and upstream oil and gas analytics; and thirdly, new products including insurance data hosting.

Over the last 90 days, I was particularly impressed by the quality of our engagement with many large leading customers resulting in real-time business wins and opportunities into the future. We continue to enjoy visits from the most senior leaders at some of our biggest customers who are looking to get closer to our pipeline of innovations. We held the largest gathering in our history for customers of our catastrophe analytics solutions and we're impressed again with the level of engagement and input from our clients. Our results in the Energy vertical in terms of renewals exceeded our expectations.

I'm pleased to have welcomed Lisa Hannan into leadership of our Verisk Financial Services vertical. Lisa has been making a difference at Argus for over eight years, having led many of the different departments over time. Her background in the cards industry having held senior positions at Chase and Citi gives her deep domain knowledge and high standing among our customers. I'm really excited about teaming with Lisa to take Verisk Financial to new heights.

The integration of our 2017 acquisitions continues apace. I was with the Sequel team a few weeks ago including executives from both London headquarters as well as the development team in Málaga, Spain. Sequel is well seeded into Verisk and already demonstrating new software capabilities, form through integration with other parts of Verisk Insurance.

PowerAdvocate is also well grounded in Verisk and there is a growing pipeline of cross-sell opportunities being actively pursued with WoodMac. Mark will comment at length about the Insurance vertical, so I want to take a moment now on the Energy and Financial Services verticals. In Energy, a generally positive set of near-term subscription renewals was dragged on by developments at one large customer, an investment bank, that has fundamentally rethought their participation in the Energy vertical. This development is entirely about their business, not ours.

In general, we are in investment mode as has been seen on the cost line in our reported segment results. The Energy space for all of its scale has not yet been transformed by the kind of data aggregation and modern analytic methods that characterize the other markets we serve, and the need has mounted since much of the recent news in the space has been around unconventional plays which have much shorter planning and execution cycles.

This is a unique moment in which Verisk is aspiring to an even greater leadership position in the space through our WoodMac 2.0 project, which is about transforming our data assets by more thoroughly integrating our existing data along with access to data sets we don't use today. By the end of 2019, WoodMac will be fundamentally more

capable at a dramatically higher level, in part by leveraging methods and resources from Verisk including our cloud-first tools.

This major step forward in our capabilities will strengthen an already improving picture, as the end market continues to firm up and large customer relationships are yielding good results on renewal. We continue to expect that the Energy vertical will contribute meaningfully to achieving our corporate growth targets.

In Financial Services, we continue to view three parts of the mix as carrying a lot of our future growth, those being media effectiveness, data hosting, and regulatory solutions. There were several positive signs in Q1, first on the list being 14% growth in media effectiveness solutions. This category continues to carry a great deal of promise since there are many ways to repurpose our proprietary consortium data.

On the other fronts, in the quarter, there were a few factors that moderated growth, one being the [ph] TSYS (00:05:39) relationship we previously reported. The relationship is good, but the implementation leading to additional new sales will be completed one to two quarters later in 2018 than originally expected.

On the regulatory solutions front, banks are facing increased scrutiny of the models behind their compliance and so model governance processes have moved to require more productized solutions and we are quickly responding to this trend. In general, Financial Services presents attractive growth opportunities.

In addition to always looking for new opportunities to grow revenues and the business, we are also constantly evaluating ways to improve the company. To that end, you will have noticed recently two significant changes. First, as investors have seen in our proxy, this past quarter was our first under a new program of compensation for our senior executives. We have tightened the metrics used to set award levels to more directly track our key measures of organic revenue growth and organic EBITDA growth and have tied equity awards more closely to our achievement of shareholder returns over a multiyear period. These modifications are a further expression of our commitment to generating shareholder value.

Second, this is our first quarter reporting our results in a fully vertical mode. Our presentation represents current view of how we think about the business and I appreciate the work Lee and his team have done to get us to this point.

In general, we believe in the long-term potential of all three vertical markets to yield growth at or above our corporate target. Over the last five years ending in 2017, Insurance has grown at the corporate target, Financial Services has grown materially above the target, and Energy has been about 150 basis points below the corporate target in light of an historic cyclical downturn combined with the Brexit.

Over the same five years, our competitive position has strengthened. The essence of what we do every day has helped companies harness data and analytics to improve their operations, decisions and performance. This is one of the major themes of what is going on in the global economy and, in our view, will continue into the foreseeable future. We are swimming with a strong tide. And so as long as we remain close to our customers, add to the talent of our team and keep pushing to bring new value into the world, our business will continue to expand. I saw good evidence on all these fronts in the past quarter.

I will now hand it over to Mark for a few comments on the Insurance business.

---

**Mark V. Anquillare**

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

Thank you, Scott. In our Insurance business, we had another very strong quarter with all insurance-facing businesses, underwriting, rating and claims contributing to growth. Let me highlight a few areas that drove top line growth and update you on several initiatives that better position us for future growth.

Underwriting and rating consists of, one, our ISO business unit, including industry standard insurance programs, property-specific underwriting and rating information, and our personal lines underwriting solutions; two, our extreme event models from AIR; and three, our insurance software solutions from Sequel. During the quarter, underwriting and rating delivered strong organic growth across extreme event modeling, personal lines underwriting and industry standard insurance programs through a combination of cross-sell of existing solutions to new customers and the sale of new innovative solutions.

The insurance industry is driving towards automation. And the key to these efforts is high quality data and predictive analytics move forward to the point of sale in the process. We are leading the way in helping insurers achieve this goal of flow business in personal and increasingly commercial lines. This industry change has translated to growth in our personal and commercial underwriting solutions as well as our growing reputation as a thought leader in the industry.

Our announcement of SmartSource prefill to streamline property insurance quoting is an example of high-quality data and analytics at the point of sale, leading the industry towards a more automated future. This type of solution improves the initial quote for an agent or consumer when they solicit an insurance quote online. ISO also announced the addition of Hyundai to the Verisk Data Exchange, our growing data lake of telematics and IoT or Internet of Things data.

The proprietary telematics database now includes General Motors, Honda and Hyundai, representing 32% of the U.S. auto market. Again, the future of underwriting will be dependent on access to information on driving behavior and detailed ratings variable such as miles driven that can automate the insurance quote. This telematics data can also drive automation in the claims adjudication process.

AIR continues to extend its solution set beyond property catastrophe modeling to a broader set of extreme events. During the quarter, AIR announced our collaboration with RenaissanceRe to develop the first probabilistic model for extreme liability risks. In addition, our fund designation solution was selected by Hudson Crop to help manage and optimize the risk in their crop portfolio.

Finally, the strong collaboration across ISO and AIR continues to expand our cyber solutions to a commercial cyber liability insurance market that we estimate will exceed \$6 billion by 2020. Our cyber extreme event models are gaining traction in the industry, while our industry standard insurance programs for cyber are now filed and implemented in 42 states. These new solutions allow our customers to grow and underwrite new risk in the fast-growing cyber insurance market.

I'm pleased with the synergy opportunities that have been generated from our acquisition of Sequel. At the recent AIR customer conference, we showcased our seamless integration between Touchstone and Sequel, demonstrating the power of combining the solutions and providing interesting cross-sell potential. In addition, Sequel has provided a great asset to illustrate the power of ISO data to the London Market syndicates. In fact, Sequel's business intelligence tool has provided powerful data visualization of the ISO data and analytics for UK syndicates who have been plagued with suboptimal information about their portfolio of risks. Our international ambitions will be more easily achieved by the exceptional solutions and London Market expertise of Sequel.

Our claims businesses include claims analytics, one; our fraud prevention solutions featuring ClaimSearch; two, Xactware, our suite of solutions focused on loss quantification and repair cost estimating; and three, Geomni, our cutting-edge remote imagery business. Claims experienced an exceptional quarter, with organic growth across all business units through a combination of cross-sell and the sale of new solutions. Like underwriting and rating, the insurance industry is focused on automating the claims process to drive towards right touch claims handling where less complex and smaller dollar claims are handled with limited manual intervention. Our claims business is on the forefront of this evolution. We have been successful expanding our insurance fraud prevention business, claims analytics, by broadening our use cases and licensing our anti-fraud analytic tools to automate our customers' claims processes.

As an example, Nationwide Insurance licensed and implemented ClaimsDirector (sic) [ph] ClaimDirector (00:13:08), our advanced fraud scoring tool that provides fraud indicators at the first notice of loss for each incoming claim and provides subsequent updates as new information is gathered. Tool also features an interactive business intelligence dashboard that provides key claims information to claims adjusters and managers. Xactware, our repair cost estimating solutions, continued to deliver strong organic growth, driven by new sales as well as continuing tailwinds from the extreme weather in 2017.

Our repair cost estimating tools have always driven automation in the claims workflow, and our ClaimsXperience (sic) [ClaimXperience] (00:13:48) solution takes automation and digital engagement to the next level. During the quarter, Hanover Insurance adopted ClaimsXperience (sic) [ClaimXperience] (00:13:54), a suite of online and mobile solutions that helps our insurers customers interact remotely with their policyholders to more efficiently settle claims.

During the quarter, Geomni, our business that harnesses remote sensing and machine learning technologies to provide information about residential and commercial structures, launched a new mobile app for ground imagery and drone inspections. The new app enables users to collect ground imagery and other data directly from their mobile devices or to conduct complete inspections. These images and resulting data packages seamlessly integrate with other Verisk offerings across claims, underwriting and catastrophe modeling.

We are winning customers and making strong progress because we deliver unparalleled image quality, improved accuracy and automation in a safer and cost-effective process. The exciting part of this mission is that these advanced analytics are applicable to larger markets beyond insurance. Across the board, both from a market and financial perspective, we're very pleased with the performance of the Insurance business.

With that, let me turn it over to Lee to cover the financial results.

---

## Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

Thank you, Mark. First, I'd like to bring to everyone's attention that we have introduced a quarterly earnings presentation that is available at our website. The presentation provides some background data, trends and analysis to support our conversation today, and I will refer to it throughout my comments. Secondly, we announced on April 26 a business segment recasting and provided historical revenue, EBITDA growth and margin information on the new segmentation basis. We have recast our prior two business segments of, one, Decision Analytics; and two, Risk Assessment into a more industry vertical-oriented segmentation of, one, Insurance; two, Energy and Specialized Markets; and three, Financial Services. Further within Insurance, we will provide revenue detail for underwriting and rating, and claims.

On page 3 of our business segment recast announcement, you will find a mapping of the primary businesses included in each business segment and the Insurance businesses within the underwriting and rating, and claims categories, which is also included in our earnings presentation.

I want to note that we have provided growth and margin information on the reported organic and organic constant currency basis for the past eight quarters and prior three full years. This provides a substantial historical context for the performance of the segments and goes beyond what is required from an SEC reporting standpoint. Consequently, with ample historical data on a comparable basis, we will not be providing individual segment growth or margin targets, but will rely on our previously communicated consolidated long-term financial targets of organic constant currency growth of 7% on average over time and organic constant currency EBITDA growth above revenue growth, reflecting EBITDA expansion – EBITDA margin expansion.

Moving to the financial results for the quarter and referring to page 4 of the earnings presentation, on a consolidated and GAAP basis, revenue grew 16% to \$581 million. We had adopted the new revenue recognition standard, ASC 606, in first quarter 2018 and the impact was immaterial to our results. Net income increased 22% to \$133 million for the quarter. And diluted GAAP EPS was \$0.79 for the first quarter 2018, an increase of 23% compared with the same period in 2017.

Having presented our summary GAAP results, I will now shift to a focus on our organic constant currency results for the next few minutes for all year-over-year revenue and EBITDA growth rates consistent with our financial targets and to eliminate the impact of currency fluctuations and recent acquisitions, for which we don't have full year-over-year comparisons.

Acquired revenue and EBITDA in the quarter from all deals that haven't moved into organic results were \$37 million and \$2 million respectively. As shown on page 5 of the earnings presentation, Verisk demonstrated very solid growth performance and momentum in the first quarter. Revenue growth of 7% was consistent with our long-term targets and was our third consecutive quarter at 7% or higher.

We also continue to remain disciplined in our expenditures, as EBITDA expenses grew 6.7%, below our revenue growth. Consequently, EBITDA grew 7.4% for the quarter on a year-over-year basis and reflected stable organic EBITDA margin of 49% in the first quarter including continued investment in several internal opportunities including Geomni most notably. Excluding just Geomni as one of our significant breakout investment opportunities, EBITDA grew 7.9%, demonstrating the operating leverage at Verisk before the impact of significant internal investments.

Let me now turn to our segment results on an organic constant currency basis as we've described. As you will see on page 11 of the earnings presentation, Insurance had a strong quarter with 8.7% revenue growth with underwriting and rating contributing 6.9% growth and claims contributing 12.6% growth. The positive financial impact of severe weather on our business in the fourth quarter spilled over into the first quarter and contributed about \$2.1 million in repair cost estimating revenue. EBITDA for Insurance grew 9.7%, reflecting an increased organic EBITDA margin of 56.3%, up from 55.8% in the prior year.

As shown on page 13 of the earnings presentation, Energy and Specialized Markets produced revenue growth of 3.1% for the quarter, as the Energy business continues to recover. Revenue growth represented stable research activity, continued strength in consulting, regulatory products at 3E and momentum in our breakout initiatives. EBITDA was down 5.9% due to investments we are making in the WoodMac 2.0 initiative and our chemicals, subsurface, power and renewables, and analytics breakout initiative that increased head count and associated

compensation expense. These areas represent opportunities to leverage Wood Mackenzie's data and industry expertise more broadly and deliver and develop products more swiftly and efficiently.

As I've come up the learning curve on the company and have listened to questions from investors on WoodMac, I've analyzed the current margin of the Energy and Specialized Markets segment of 27% relative to what I understand from investors was a reported pre-acquisition margin for WoodMac of approximately 47%. There are several components that drive this current differential that I will identify and try to quantify.

Starting with the reported Energy and Specialized Market (sic) [Markets] (00:20:37) of 27% for the first quarter, there was a nonoperational FX impact of approximately 3%, an impact of non-WoodMac businesses of approximately 3% included in that segment, and a first quarter timing impact for revenue and expense recognition relative to the full year of 2%, that would bring the fully allocated and normalized WoodMac margin to 35%. Eliminating the allocation of Verisk overhead to WoodMac would add another approximately 3% to 38%.

At acquisition, the accounting change from IFRS to GAAP added approximately 3% of EBITDA expenses from new treatments of CapEx and contractor expenses, and normalization of compensation and insurance expenses added approximately 2%, bringing us to 43%. Finally, the remaining 4% was primarily due to investments in the breakouts as we've described in acquisitions since the acquisition of WoodMac in 2015.

In summary, we see nonoperational impacts of 14% that include the FX, the non-WoodMac business components, the Verisk overhead allocation, accounting adjustments and the Q1 timing impact and 6% operational, which represent the breakouts, acquisitions made as well as the normalization of compensation and insurance expenses.

The Energy and Specialized Markets segment continues to enjoy core operating leverage and growth opportunities, as demand for data analytics in its constituent markets continues to expand and has been demonstrated in the growth of our breakout revenues and the early new contract wins at PowerAdvocate. In addition, we are also investing in WoodMac's product development and distribution platform to improve its operating leverage through our WoodMac 2.0 initiative and continue its development as a data analytics business.

Turning to page 15 of the earnings presentation, Financial Services contributed revenue growth of 1.5% in the quarter, a slight improvement from essentially unchanged year-over-year revenue in the fourth quarter of 2017, representing continued recovery from the contract transitions in 2017. Revenue results reflected continued strength in media effectiveness, offset by softness in regulatory and fraud products. EBITDA increased by 5.1%, reflecting an improved organic EBITDA margin of 36.1%, up from 35.5% in the prior year.

Shifting briefly from organic constant currency results to reported results, I want to call out a specific nonrecurring expense associated with a final earn-out expense for Fintellix of approximately \$3.5 million that reduced the reported first quarter EBITDA growth rates and reported EBITDA margin.

Now returning to the GAAP numbers below EBITDA, depreciation and amortization was \$74 million in the quarter, up 31.4% from the prior year, reflecting the impact of acquisitions and increased capital expenditures in both periods. Interest expense was \$33 million in the quarter, up 15.4% from the prior year quarter due to the funding of acquisitions in 2017. Total debt was \$2.8 billion at March 31, down from \$3 billion at December 31, and our leverage at the end of the first quarter was 2.47 times. Our cash and cash equivalents were about \$154 million at the end of the quarter.



Our reported effective tax rate was 18% for the quarter compared to 32% in the prior-year quarter, primarily as the result of recent tax reform. Our effective tax rate was lower than our targeted range due to significant exercises of outstanding employee stock options that produced a favorable tax rate impact. As the result of recent and anticipated exercises and the current price of our stock, we are reducing our estimate of our effective tax rate in 2018 to be between 16% and 18%. However, the timing and impact of employee stock option exercises depends in part on the Verisk stock price and personal decisions. We expect that this impact will be more pronounced in 2018 and that we will revert to a higher effective tax rate in 2019.

Adjusted net income was \$159 million, up 27% from \$125 million in the prior-year quarter. Diluted adjusted EPS was \$0.94 for the first quarter, also up 27% from \$0.74 in the prior-year quarter. The increase reflects organic growth in the business, contributions from acquisitions, the impact of 2017 tax reform and lower share count. Equalizing the first quarter 2017 effective tax rate to that of the first quarter 2018, both adjusted net income and diluted adjusted EPS were up 6.8%. We repurchased 383,000 shares year-to-date for a total return of capital to shareholders of \$40 million at a weighted average price of \$104.22. At March 31, we had \$326 million remaining under our share repurchase authorization, and the average diluted share count was 169 million shares in the quarter. As of March 31, our diluted share count was also 169 million shares.

As shown on page 17 of the earnings presentation, net cash provided by operating activities was \$327 million year-to-date, up 2.9% from \$318 million in the prior year. Capital expenditures were \$43 million year-to-date, up 38.9% from \$31 million in the prior year, reflecting primarily increased investment in Geomni and software development for recent acquisitions.

Free cash flow was \$284 million year-to-date, a slight decrease of 1% from the prior year due to the timing of collections. And our free cash flow as a percentage of EBITDA was 106% for the quarter compared to 117% a year ago. And I would note that the first quarter is typically a seasonally high level for free cash flow as a percentage of EBITDA.

We continue to evaluate uses of capital across all internal and external investment opportunities as well as capital return alternatives on the basis of potential returns on capital and value creation. The first quarter consolidated results represented organic constant currency revenue and EBITDA growth consistent with our financial targets and stable organic EBITDA margins despite substantial investments in growth initiatives. Insurance performance remains consistently strong in both underwriting and ratings, and claims. And our Energy and Financial Services business continue to make progress towards their growth objectives. We are excited about the opportunities to invest in our business and remain focused on long-term profitable growth and solid returns on capital, and we remain confident that we have the financial strength and capital structure to support investment for the long term.

We continue to appreciate all the support and interest in Verisk as well as your patience today. We know we had more to cover than we typically do. Given the large number of analysts we have covering us, we ask that you limit your questions to one and one follow-up.

And with that, I'll ask the operator to open the line for questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] Your first question comes from the line of Andrew Steinerman with JPMorgan. Your line is open.

Andrew Charles Steinerman  
*Analyst, JPMorgan Securities LLC*

Q

Hi. This is Andrew. I just wanted to focus in on something Lee said at the beginning of the call that your team continues to target 7% organic revenue growth over time. I thought the target was more officially 7% to 8% as mentioned at Analyst Day in the five-year – or multiyear plan and discussed on the fourth quarter conference call. So my question is, is the company still talking about 7% to 8% for the medium term and are you within that range this year?

Lee M. Shavel  
*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

A

Yeah, so, Andrew, I think it's just we're saying over 7%. Obviously, 8% is over 7%. No change in the guidance. I think we just are looking at that 7% threshold. We certainly see the potential to be above that and to be at 8%. So there's no change in that. That is our long-term target. We aren't making – providing any guidance in terms of 2018. We would ask investors to look at the trends in the business, the momentum that we have in the various segments, and come to their own conclusions but our long-term targets remain consistent with what we've expressed in the past.

Andrew Charles Steinerman  
*Analyst, JPMorgan Securities LLC*

Q

Okay.

**Operator:** Your next question comes from the line of Hamzah Mazari from Macquarie. Your line is open.

Hamzah Mazari  
*Analyst, Macquarie Capital (USA), Inc.*

Q

Good morning. Thank you. The first question is just on the margin gap between overall organic and reported margin. It's clearly gotten – the gap's gotten a lot larger. I realize there's acquisitions coming in at a lower margin, but there's also potentially investment spend. Could you maybe just break that down for us in terms of investment – how much investment spend is diluting the margin versus some of these acquisitions?

Lee M. Shavel  
*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

A

So, Hamzah, thanks. So the investments that we are making are included in the organic margins that we've reported. So in terms of thinking about those margins, you should assume that the organic margins reflect all of the investments that we are making, for instance, in Geomni, subsurface, power and renewables, all of those breakouts. And then the difference between that organic margin and the reported margin is the impact of those acquisitions that we have made, but for which we don't have a year-over-year comparison. And this is kind of consistent with how we report the organic revenue growth and the EBITDA growth.

Now, I'll make one qualification. In this first quarter impact, as you will see, there was a \$3.5 million earn-out expense associated with our Fintellix acquisition that would have impacted that reported margin. So, that contributed to that. In addition, if you will note in my comments the EBITDA from the reported acquisitions that are excluded from organic also include some nonrecurring deal expenses. And so, that is another contributor that I would describe as kind of a nonorganic component of that differential.

So hopefully, that gives you some context for the differential between the reported margin and the organic margin. Investments are included in that organic, and then the differential from a reported also includes some one-time deal expenses and earn-out payments that take that below what we would expect as kind of the normal operating margins for those businesses.

---

Hamzah Mazari

*Analyst, Macquarie Capital (USA), Inc.*

Q

Great. That's very helpful. And just a follow-up question. You've added significant new data sets over time through acquisitions as well as investments. You talked about WoodMac 2.0. Have you given any thought as to how you're thinking about pricing for your subscriptions and new data sets? And maybe how much pricing contributes to that 7%-plus organic growth metric target? Thanks.

---

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Yeah, so we're always thinking about how to present our products to our customers and in general you should understand our pricing to be value-based pricing. So we're trying to understand the ROIs that customers generate based on using our solutions and then essentially determine what fraction of that we can sustainably hold onto in terms of how we price into the customers. And so really it's a function of how much value the next data set, the next software solution is generating, and it's on that basis that we put the price out there.

There's always a price effect in everything that we do. It's seen across all the verticals and anything which is a multiyear subscription, it's generally the case that those contracts will have price escalation year-over-year. So pricing is a part of our overall organic rate of revenue growth. It's not the greatest part. It's a contributor. But it's well below 50% of what's going on in terms of our organic revenue growth.

---

Hamzah Mazari

*Analyst, Macquarie Capital (USA), Inc.*

Q

Great. Thank you.

---

**Operator:** Your next question comes from the line of Arash Soleimani from KBW. Your line is open.

---

Arash Soleimani

*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Hi. Wanted to know, to what extent do you find that some of your customers such as insurance brokers, to what extent are they getting into data analytics themselves where they actually end up having some overlap with you in terms of serving insurance carriers?

---

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Yeah, so – and Mark, please feel free to jump in if you have any additional thoughts. I'm going to broaden out your question just a little bit. It's true across essentially all of our customers that one of the options that they have, of course, and they usually take advantage of the opportunity, to build their own data analytics teams. And we are not in competition with those teams and we never have been. And so the advent of companies trying to improve what they do with data analytics is constructive for our business overall and we want to be best friends of the person who is the rocket scientist inside of any of our customer sets.

So you were referencing specifically brokers. Brokers are kind of doing the same thing that they've always done. I mean, some of the brokers have had some form of catastrophe models for a very long period of time. They always try to harness some element of the data that they've got. But there's just a fundamental difference between what we do and what the brokers do. The data that we have is so much more comprehensive and it's so much more granular that we just really don't end up overlapping what brokers do.

So I think your question was specifically about the influence of brokers. That's not new business. There's nothing that's really all that different there. The reinsurance broker community has changed demographically somewhat just because of changes in the reinsurance business. But in terms of kind of the value that they add and the value that we add, I don't really see very much change there at all.

---

**Mark V. Anquillare**

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

A

And maybe the only thing I will add – this is Mark – is clearly the brokers like everybody is trying to do more data analytics especially as brokering fees become a little bit squeezed. Their target market continues to be into corporates. We do some, but very little with corporates. We work and provide those analytics to insurers and the folks that are more in the insurance side of transaction.

---

**Arash Soleimani**

*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Okay. And I guess my second question is what would you say the minimum level of organic growth you need to achieve organic margin expansion?

---

**Scott G. Stephenson**

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

It has to be – I don't know – mid-single digits probably, 5-ish, 5-ish to 6-ish.

---

**Arash Soleimani**

*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Okay. Great. Thank you.

---

**Operator:** Your next question comes from the line of Tim McHugh with William Blair. Your line is open.

---

**Tim J. McHugh**

*Analyst, William Blair & Co. LLC*

Q

Thanks. Just following up on the comment about WoodMac 2.0 project, I guess can you talk to us about the – a little more on, I guess, the outcome of that? And is it an improved product that you hope drives growth or does it have a significantly different cost structure afterwards that impacts the margins as well as where are we in terms

of the – if you will, the peak investment necessary to drive that project? I mean does it go up from here or are we already absorbing that cost? Thanks.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Yeah, so maybe in reverse order, Tim. We're kind of right in the middle of it right now, so I think that we're sort of at the investment level that is required. It has both effects that you were talking about. So first of all, there's a – as you would image, a massive amount of data that's part of what Wood Mackenzie does. But one of the things that a modern data analytic company can do is actually more highly automate data extraction, data cleansing and then data integration so that all of the data sets come together in a way that they're easily presented to the analytic layer and you can build new products. And so there is an efficiency effect there which we expect to enjoy as we move through this 2.0 migration.

But then the other part of it is that – and I'm now alluding back to what I said in my comments, one of the big things that's happened in the energy space is that everything has sped up. If what you're trying to do is to harness competitive intelligence and make your investments and run your operations, everything has just sped up and that's largely the effect of the United States. Basically, sort of the old form was an offshore big development which would have hundreds of millions of dollars of investment and 5- to 10-year planning and execution cycles to get into business. Now in the unconventional and the Lower 48, you can basically move a rig and three days later have a 1,500-foot well. And so planning cycles in a world like that are measured in weeks.

And so one of the things that is necessary in that world, if you're going to stay on top of competitive intelligence and have really fresh and relevant solutions, is you've just got to speed up. And that will be one of the major effects of WoodMac 2.0. The other one is actually interacting even more deeply with customers' own decisioning platforms; more melding of their data with our data with other forms of data that we don't even use today. And so the – kind of the overall point, which is to help our customers make better decisions faster, that's always been the point and will continue to be the point. But by degrees, what we put out there will actually look different and be more valuable because of data integration, plus the deeper connectivity between our data sets and the customers' data sets.

Tim J. McHugh

*Analyst, William Blair & Co. LLC*

Q

Okay. Great. Thanks. And just – the follow-up on, the Insurance vertical, the growth rate, I guess, this quarter in particular because the boost from the hurricane activity wasn't really the dominant factor there. Can you – is something different about the environment in the last couple of quarters? I know you talked broadly about very specific items that impacted the business. But given how much the growth has improved, are we just at a point in time where you've had a lot of new products come to market or has the spending environment changed in your view? Can you kind of at a higher level talk about how you're viewing the growth there lately?

Mark V. Anquillare

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

A

Sure, Tim. This is Mark. I just want to make sure – we've been kind of reiterating the same that we feel that we're well positioned. We have a better set of assets and new products than we ever have, and those are coming to fruition. The other thing we've been trying to emphasize over the last several quarters, back probably the earlier 2017, was there were several industry consolidations both on the reinsurance side and the insurance side, and when that happens, sometimes that put pressure on us. There was this underlying headwind that we've been a little bit free from. So there's a combination of good elements that are contributing and I think that I would be

remiss if I didn't mention we're doing a very good job from a sales perspective of cross-selling and we're seeing good activity, good integration and good engagement with customers.

Tim J. McHugh

*Analyst, William Blair & Co. LLC*

Q

Thanks.

**Operator:** Your next question comes from the line of Toni Kaplan with Morgan Stanley. Your line is open.

Toni M. Kaplan

*Analyst, Morgan Stanley & Co. LLC*

Q

Hi. Good morning. Lee, you mentioned the 7% EBITDA growth target that you had also called out at Investor Day. Should we assume that really any incremental leverage that you get from growth in the business is reinvested over that level or could you basically allow that to have margins expand? And this is more of a long-term philosophy question than just a 2018 one.

Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

A

Yeah, thank you, Toni. I think – so, first of all, reiterating that our expectation is to grow organic revenue above 7% and that we would expect organic EBITDA margin to grow – I'm sorry, organic EBITDA to grow at a faster level than that. And so your question goes to, to what degree are we reinvesting that growth in the business. And the way I would approach that is to say we are looking at individual investment opportunities in each of the breakouts on their merits in terms of the growth potential and the return on capital for each of those and we would expect that each of those individually would demonstrate the operating leverage that we expect for Verisk as a whole and to contribute to that stronger EBITDA growth relative to our revenue growth.

And so in terms of the timing impacts of that, it depends upon those opportunities and when we put capital into them. Overall, over that long-term objective, we are going to expect to see operating EBITDA growth in excess, implying that margin expansion and that operating leverage. And so I think the variances around that will have more to do with the timing of specific projects and I'll tie that to a specific example. Geomni, for instance, is clearly an opportunity that we have been investing heavily in from a CapEx and from a compensation standpoint. That clearly has an impact, as I indicated today in my remarks, on our EBITDA growth.

We are expecting 2018 to be the peak level of investment as we've said before on that and so that will moderate over time, and so that should demonstrate more expanded margin as that tails off. Now there may be other investments that we're making beyond that, but overall we are expecting that margin to express itself and we will try to provide some context between how the investment levels are impacting that growth. Hopefully, that gives you a little bit of clarity in terms of how we think about it.

Toni M. Kaplan

*Analyst, Morgan Stanley & Co. LLC*

Q

Very helpful. Then my follow-up is on Argus. Not sure if Lisa's there or not, but just any sort of changes made to how Lisa will run the business versus how Nana was running it, how basically the plan to maybe kick start growth up again. Scott mentioned in the beginning of the call the isolated example of the [ph] TSYS (00:45:53) relationship and basically being one to two quarters later than expected. So should we start to see the growth again maybe in the back half of the year? Because I know you mentioned that the subscription base was up pretty

significantly at the Investor Day. So just wanted to get a sense of how confident we are in Financial Services growth in the next couple of quarters and if there's a change in strategy. Thank you.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Right. So, Lisa is not here, but I feel comfortable answering on her behalf. We, as you would imagine, spend a lot of time together talking about all this. The path to growth is going to be the same as it has been. I called out in my remarks that three of the streams – revenue streams at Argus that will be particularly meaningful are media effectiveness, regulatory solutions, and data hosting, and so to really be a function of each of those streams finding their mark.

At this point, 25 of the top 25 credit card issuers in the English-speaking world are in our data consortium and customers for our solutions. And so just the building of the consortium now – it's really down to additional countries, I guess is the way that I would put it, and we're having some success there. But there had been moments over the course of the last five years where a pretty good contributor to growth was more issuers coming into the consortium. At this point, that's a little more established. So, that part of the revenue stack can grow, but it won't grow quite as fast. And so it's those other three components, and that's not really a change from where we've been.

So we're really down to execution, and I referenced, a, timing effect as it related to the first quarter of 2018. But as I mentioned, the long-term view is that this is a business which for five years through 2017 grew in the low- to mid-teens. The depth and the power of our data asset is greater in 2018 than it was in 2012 at the beginning of that time period. The customer demography has not really changed, so we see a lot of opportunity for this business to grow.

Toni M. Kaplan

*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you.

**Operator:** Your next question comes from the line of Manav Patnaik with Barclays. Your line is open.

Manav Patnaik

*Analyst, Barclays Capital, Inc.*

Q

Thank you. Good morning, guys. My first question is around the Energy investments and opportunity. I mean you've called out, I guess breakout is the word you've used a lot of times for the opportunities and why you're investing there. We appreciate the bridge you had on the margins, but I guess the question is I'm still surprised that you still have another two years of investments to go before a lot of this is done. And maybe just a little bit more color on how these breakout opportunities are going to phase in? Like, do we have to wait two years for these margins to start getting better? I think that's the big question on my mind here.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Yeah, so there are actually two things here, Manav, and you kind of put them together a little bit. So let me pull them apart for you. WoodMac 2.0 and the breakout solutions are not the same thing. Breakout solutions are things that we're presenting to customers that they find valuable, which operate in their environments and help them to run their businesses and make progress, and Lee referenced those at some length.

Those are relatively large categories of spending. The good news is that each of those, whether it's subsurface or it's power and renewables, we actually find good growth associated with those. We're very happy. Having sort of launched these things and given where they are in their progress, the margins will improve as they grow. The margins are not as high as the other things that we do today, and so you have both of those effects at work.

WoodMac 2.0 is something different. That's about capabilities. That's about WoodMac being a 21st century, fully-equipped modern data analytic machine. And the data analytic work that WoodMac has done historically has been very unique and the content has been very unique, but the actual data analytic methods have not really been as strong or as advanced as those and other parts of Verisk. So our thesis, even when we got started and here we are now, is that the rest of Verisk could apply methods and help make progress. It's taken a while, and I referenced that 2019 would be sort of a moment of milestones with regard to all of that, but that will be the ongoing work. So you just need to separate those two forms of investment.

---

### Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

A

Yeah. And, Manav, I want to add one thing to Scott's comments just to contextualize this for you. The breakout opportunities in the Energy and Specialized Markets are entities that are EBITDA positive. They are generating EBITDA. They are generating real revenues and revenue growth, and so it isn't a situation where we're investing and hoping the revenues and the profitability will come. We've already demonstrated product viability, client acceptance and we're now in the face of driving to a scale level where we can see that substantial EBITDA growth given the operating leverage grow.

Now that varies from investment to investment, but I want to give – your question goes to the level of maturity of these investments and our timing, and I would – I just want to make the point that these are generating EBITDA profitability and we are generating attractive revenue growth in the businesses. So they are established and probably at a more mature level than perhaps kind of your initial impressions were.

---

### Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Yeah. Actually, there's one other point I want to make around profitability levels at WoodMac and that is you can actually see our philosophy at Verisk at work if you look at WoodMac over the last several years. And what I mean by that is there was a remarkable discontinuity in the end market in the energy space, remarkable. The industry globally – meaning our customers shed hundreds of – about 350,000 jobs globally. The choice that we made was that we're in this for the long haul. So we didn't slash head counts. We didn't penalize our people by saying, okay, there was this downturn, but you're just going to get paid a lot less because we're groping for a near-term margin impact. And I think we've been rewarded for that.

Our performance relative to referenced competitors in the space with respect to growth has been considerably better. But this is our philosophy at Verisk. As much as our business runs on intellectual capital and it does, a lot of that is tied to our people and the greatest part of our cost structure is our people. And we're going to manage for the long term and that is absolutely what we've done as we've moved through with WoodMac. And so you can see that in terms of the choices that we've made in light of a very difficult external environment. We thought long term and we remained investment-minded and that's what we'll always do at Verisk.

---

### Manav Patnaik

*Analyst, Barclays Capital, Inc.*

Q

Got it.



Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

Thank you, Manav.

A

Manav Patnaik

*Analyst, Barclays Capital, Inc.*

That's very helpful. Maybe just one, the follow-up is just on the – I think, Lee, you made a comment that you're not giving guidance for 2018, but last quarter I think, Scott, you had said that you would do 7% to 8% organic growth in the year. So are you backing away from that because of the slower start to Financial Services and Energy or am I just reading that wrong?

Q

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

I think you're just reading that wrong. We just – at the start of the year, I think we want to give a sense as to where things look contextually. Nothing has changed in that outlook. We just are not providing a specific estimate for 2018. We are working towards our targets. You can see that we successfully achieved that in the first quarter. We've done that consistently over the past few quarters and we think that should be the basis for investor and analyst perspective on 2018.

A

**Operator:** And your next question...

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

Operator? Go ahead.

A

**Operator:** Yeah, your next question comes from the line of Alex Kramm with UBS. Your line is open.

Alex Kramm

*Analyst, UBS Securities LLC*

Hey. Good morning, everyone. Wanted to come back to – I think, Mark, you just made a comment a couple questions ago on M&A and how that has weighed on growth in the past. And I think you brought this up proactively on the last call too. So just looking for a little bit more color. You said you were through that, but at the same time I think so far this year we are on pace as the highest M&A year in the insurance end markets. So maybe you can contrast that and how you think about that outlook. And then maybe more specifically, if you could give us a little bit of a history lesson, I think a couple of years ago when the ACE/Chubb deal was going on, I think some people noted that maybe that cost you a couple of percent of growth. So maybe just be a little bit more specific what you're seeing and how that could impact your outlook there.

Q

Mark V. Anquillare

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

So, obviously, some acquisitions and consolidation in the industry could or could not affect us. It really gets to what models as an example use [ph] AR (00:56:21), if there's two reinsurers that are combining the acquiring company, what models they use could drive a better or worse outcome for us. And what happened as I described over kind of 2016 into early 2017 was some of that merger activity worked against us.

A

Your referenced ACE/Chubb. Those are both large users of ISO services. We worked in agreement with them that I think made both customers and Verisk happy, but there obviously, in those type of things, does come some negotiations. So I can't really get all that more specific. All that I can tell you is the headwinds that we experienced are behind us. [indiscernible] (00:57:10) things that have been announced or pending don't seem to have that big of implication on us going forward. So I think we're in a better space – place we are today than we were a year ago.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

And, Mark, maybe just picking up on the point, maybe you and I could dialog about two things real quick. So one is, in the ACE/Chubb situation is it fair to say that actually we're now looking at cross-sell opportunities that could probably actually cause the combined account to be bigger than it was, maybe even materially bigger than it was before the time when they were separate entities? Is that fair?

Mark V. Anquillare

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

A

I think one of the benefits we've of kind of taking our insurance businesses and being holistic is we've had these more senior-level discussions as Scott highlighted, and these outcomes are positive in the sense that we think we have bigger growth opportunities to cross-sell products and get Verisk more integrated and more product into those bigger customers. So we'll continue to look forward for the future, but I think there could be a very positive outcome.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

And maybe get your view on one other thing which is the announced AXA, XL Catlin put together. Kind of my view is I think that that's probably actually good news for us because AXA, a more global company, has made relatively less use of what we do to-date. XL Catlin has been a very strong, well-established customer. I think there will be flow from – or there could be flow from XL Catlin into AXA. What do you see?

Mark V. Anquillare

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

A

That was my specific reference when I said the acquisitions that are pending on the horizon probably are more positive to us and we don't see a concern.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Yeah.

Mark V. Anquillare

*Chief Operating Officer & Executive Vice President, Verisk Analytics, Inc.*

A

So, yes, agreed.

Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

A

So, operator, I think we have time for one more question.

**Operator:** Thank you. Your last question comes from the line of Bill Warmington with Wells Fargo. Your line is open.

William A. Warmington

*Analyst, Wells Fargo Securities LLC*

Q

Everyone. So, first question on the telematics Data Exchange. Scott, in the past when you've described building these contributory databases as three yards and a cloud of dust, so you announced your first contributor, GM, back in September 2015. Then there was nothing for a couple of years and now you've announced Honda in January and Hyundai in April. So are we at an inflection point? And how should we think about the size and the timing of the revenue opportunity for the Verisk Data Exchange?

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

A

Yeah, so – and, Mark, let me invite your comments. I think the answer to inflection point is, I think more in terms of curves than steps when we – as we sort of build all of this. So I do think that the Data Exchange becomes just that much more inevitable as it grows. So you do have that effect. On the other hand, you've got – sort of every OEM seems to be its own special case and the rate at which they look at these opportunities and what they think they're going to get out of vehicle telemetry just seems to vary from OEM to OEM. So I think it's something short of kind of a – sort of a herd movement.

But I do think that sort of the next contributor is that much closer to hand because of having reached roughly one-third of the market, as Mark has described. And the revenue side of it will look like a curve also because as the data deepens, it'll just be that much more compelling to an increasingly larger number of insurers to want to access the data and build their process around these data. So I would encourage you to think in terms of curves rather than step changes, but it is very encouraging, and I compliment our team for having gotten this far. I mean we are clearly the leader in this category, hands down. I don't really actually think anybody else is really in this category. Seems to [indiscernible] (01:01:19).

William A. Warmington

*Analyst, Wells Fargo Securities LLC*

Q

And then a quick follow-up on the \$3.5 million Fintellix earn-out. Just wanted to check, why is that running through the income statement and not through the cash flow statement as an earn-out? And then just to be clear, the \$3.5 million – is the \$3.5 million included in the expenses in reported and then excluded from the expenses in organic EBITDA? I just want to make sure I was clear on that.

Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

A

Yes. Thank you, Bill. This is Lee. So the answer is that this earn-out structure was tied to ongoing employment agreements with the employees, and under the accounting rules that has to be reflected as an expense when that's paid. So, that's the technical answer. And it is included in the reported results, but it is excluded from the organic results that we have reported.

William A. Warmington

*Analyst, Wells Fargo Securities LLC*

Q

Excellent. Thank you very much.

A

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

Okay.

Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

Okay. So, operator, I think that concludes our session for today.

**Operator:** This concludes today's conference call. You may now disconnect.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

Okay. Well, I just wanted to say before we sign off, thank you, everybody, for your interest and for the questions today. I hope and I believe that the expanded presentation that we're providing you is giving you a deeper look into the company. We're very happy for you to have that deeper look because we're actually very confident in where our business sits and where it's going, and so we want everybody to kind of appreciate the dynamics of our business. And so I imagine that our conversations going forward will just be enriched by the greater disclosures.

So, thanks for your interest, and we'll talk to many of you in the coming days and weeks and look forward to it.

Lee M. Shavel

*Chief Financial Officer & Executive Vice President, Verisk Analytics, Inc.*

Thank you.

Scott G. Stephenson

*Chairman, President & Chief Executive Officer, Verisk Analytics, Inc.*

Bye for now.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2018 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.