



4Q2019 Earnings Presentation

February 18, 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.



Business and Financial Highlights

- Normalizing for the revenue impact of the injunction related to our roof measurement solutions, organic constant currency (OCC) revenue grew 6.3% and OCC adjusted EBITDA grew 11.0%
- All three verticals delivered growth, with Energy and Specialized Markets the fastest-growing segment for the second consecutive quarter
- Normalized for the injunction, total adjusted EBITDA margin expanded to 47.5% demonstrating operating leverage
- Free cash flow increased 16.0% year-over-year in the fourth quarter
- Significant investments were made across all our segments to fuel future growth
- More than \$140M of capital returned to shareholders through share repurchases and dividends

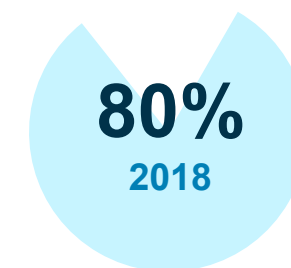
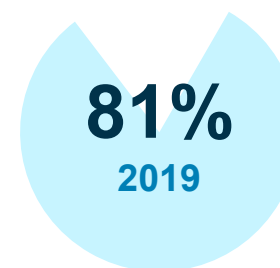


Financial Summary

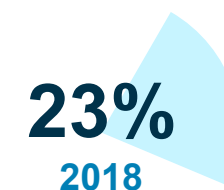
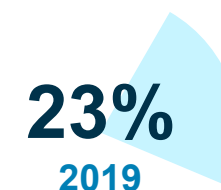
Three months ended December 31

	2019	2018	% change
Revenue	\$677M	\$614M	10.2%
Adjusted EBITDA	319	289	10.3
Adjusted EBITDA margin	47.1%	47.1%	0 bps
Net income	132	146	-9.6
Adjusted net income	188	174	8.0
Free cash flow	112	97	16.0
Diluted GAAP EPS	\$0.80	\$0.87	-8.0
Diluted adjusted EPS	\$1.13	\$1.04	8.7

Subscription/Long-Term Revenue

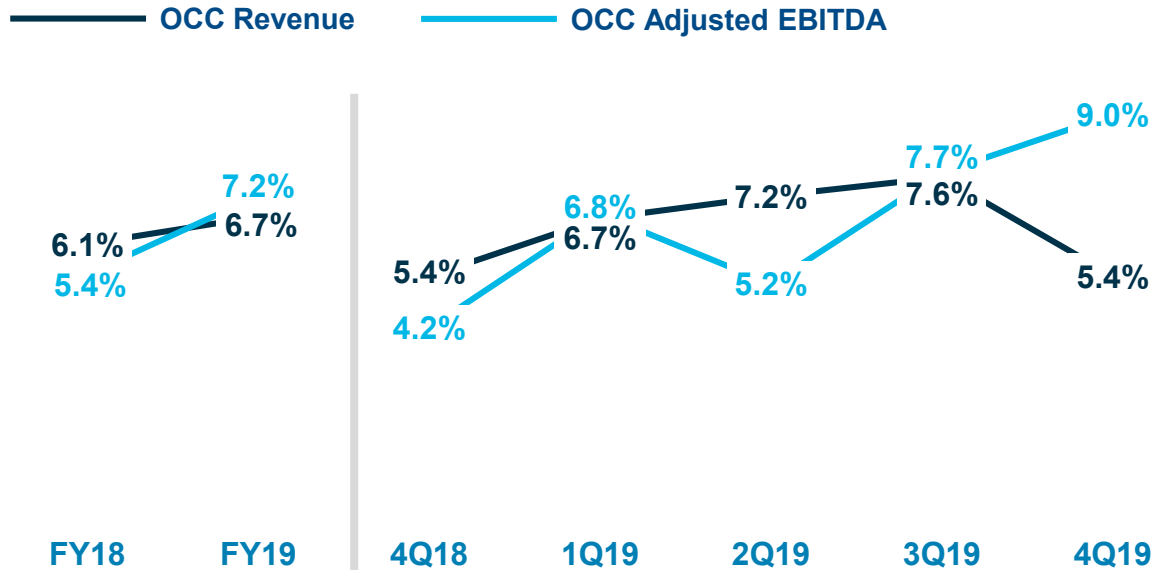


International Revenue



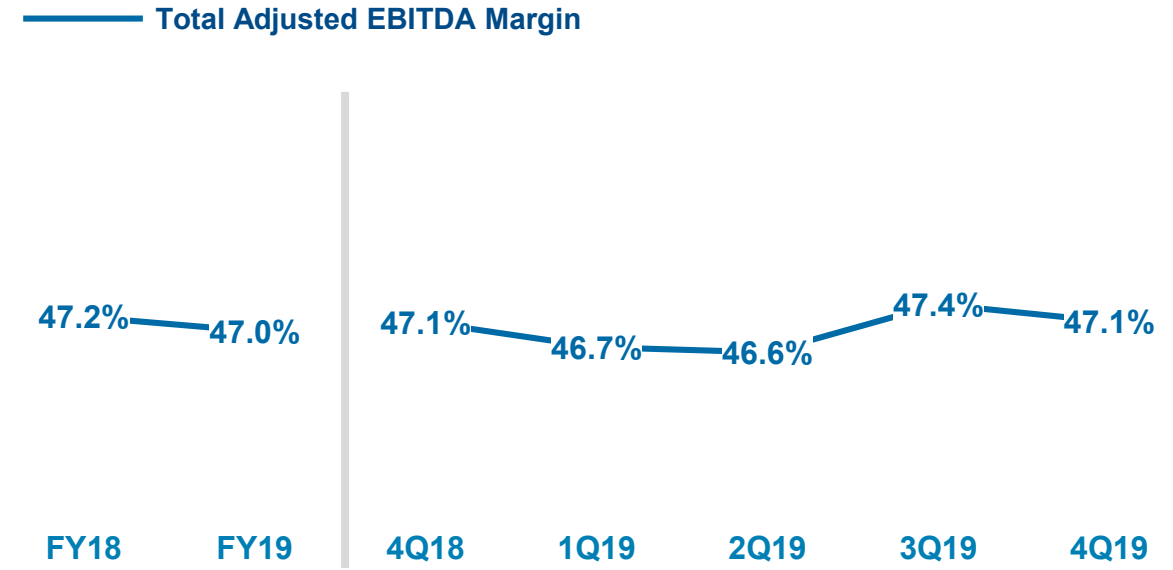


Organic Constant Currency Growth and Adjusted EBITDA Margins



Highlights

- OCC revenue grew 5.4%, driven by strength in Insurance and Energy and Specialized Markets
 - Normalizing for the impact of the injunction, OCC revenues increased 6.3% in 4Q19
- OCC adjusted EBITDA growth was 9.0% in 4Q19, reflecting leverage on our core business and investments in breakout opportunities



Highlights

- 4Q19 total adjusted EBITDA margin was flat with last year, at 47.1%, reflecting leverage in the core business and cost discipline offset by investments
- Adjusted for the impact of the injunction, 4Q19 total adjusted EBITDA margins expanded 40 bps to 47.5%

Segments



Insurance

Industry-leading data analytics and insights

Underwriting & Rating Solutions



Industry-standard insurance programs, property-specific underwriting & rating info, and 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



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



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



Advanced analytic geospatial solutions enabling a detailed, data-driven perspective for residential and commercial properties

Historical Performance

Reported growth	10.0%	8.8%	Reported growth	8.3%	7.6%
OCC growth	7.2%	7.0%	OCC growth	7.2%	6.5%



Revenue

Adjusted EBITDA

Contribution



2019 Revenue



2019 Adjusted EBITDA



Insurance Quarterly Performance

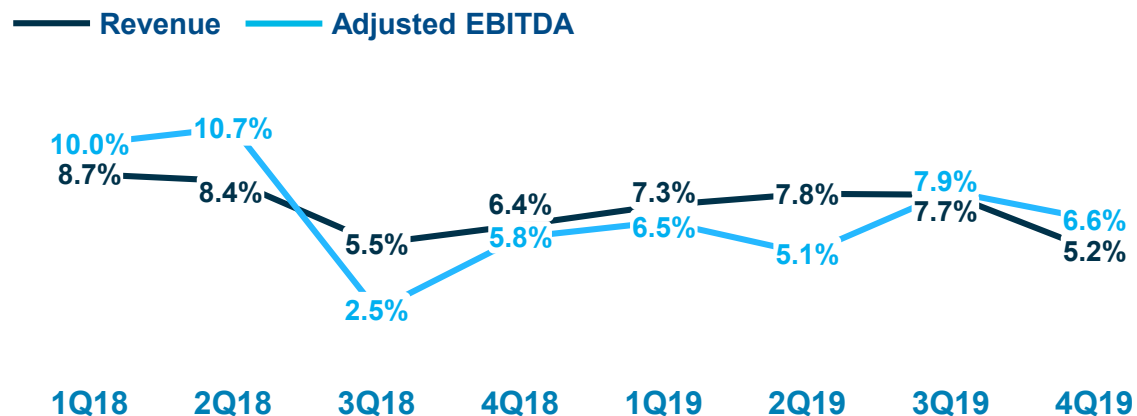
Financials

	4Q19	4Q18	% change	
			Reported	OCC
UW & rating	\$319M	\$290M	9.9%	8.2%
Claims	150	146	2.8	-1.0
Revenue	469	436	7.5	5.2
Adjusted EBITDA	248	231	7.5	6.6
Total margin	53.0%	53.0%		

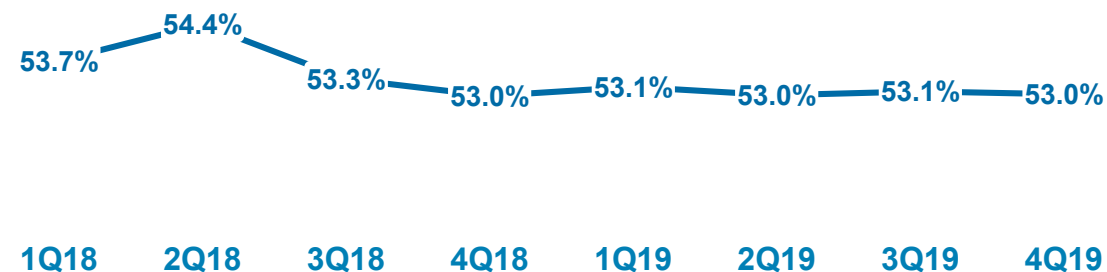
Business Highlights

- UW & rating growth accelerated in the quarter to 8.2% and was broad-based across both personal and commercial lines
 - Industry-standard programs, LightSpeed suite of products, and catastrophe modeling solutions delivered solid growth with new customer wins
- Normalized for the impact of the injunction, Claims delivered 2.9% OCC growth
 - Subscription growth remained solid, but fewer severe weather events this year reduced transactional revenue growth
- Normalized for the impact of the injunction, total adjusted EBITDA margin for the Insurance segment expanded 50 bps, reflecting leverage from organic growth and strong cost discipline offset in part by investments

Organic Constant Currency Growth



Total Adjusted EBITDA Margin





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



Supports compliance with global environmental health and safety requirements

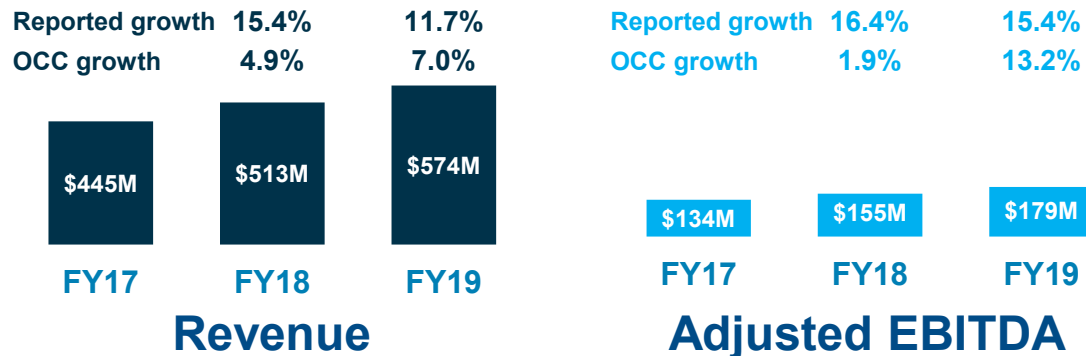


Improving our understanding of the global environment to enable better decision making in response to weather and climate-related risk



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

Historical Performance



Contribution





Energy and Specialized Markets Quarterly Performance

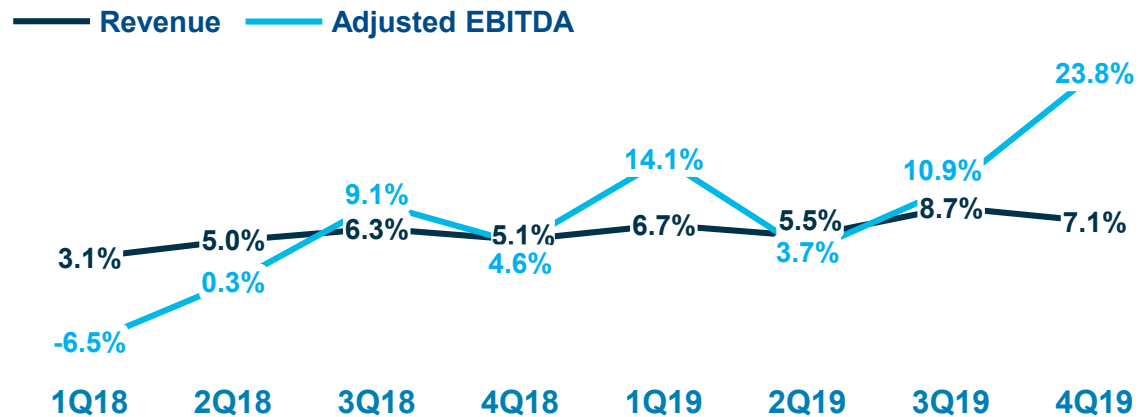
Financials

			% change	
	4Q19	4Q18	Reported	OCC
Revenue	\$161M	\$130M	23.3%	7.1%
Adjusted EBITDA	51	40	28.1	23.8
Total margin	32.0%	30.8%		

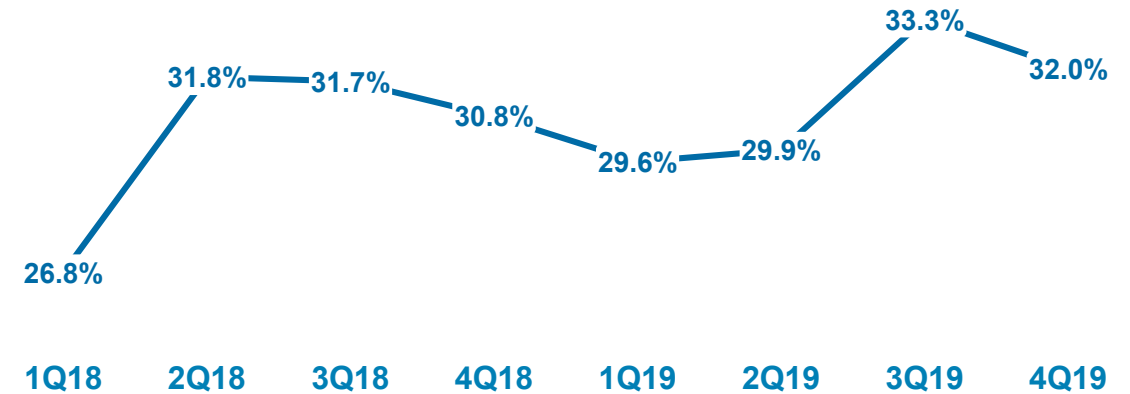
Business Highlights

- OCC revenue growth of 7.1% was driven by market and cost intelligence solutions and core research revenues
 - Solid growth in breakouts, including the energy transition practice and chemicals
- Total adjusted EBITDA margin expanded to 32.0%, reflecting leverage on strong sales and cost discipline offset in part by continued investment in breakouts

Organic Constant Currency Growth



Total Adjusted EBITDA Margin





Financial Services

Big data, predictive analytics, and insights

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

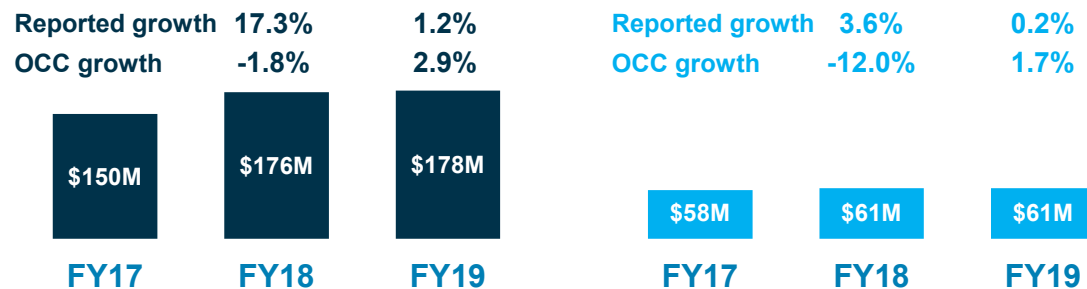


Risk management tools associated with bankruptcy management and debt collection



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

Historical Performance



Revenue

Adjusted EBITDA

Contribution





Financial Services Quarterly Performance

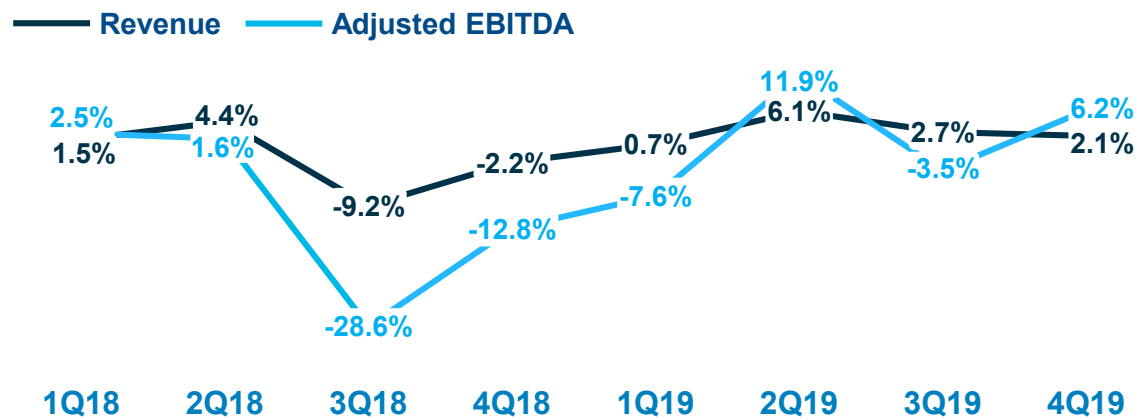
Financials

	4Q19	4Q18	% change Reported	OCC
Revenue	\$47M	\$48M	-0.3%	2.1%
Adjusted EBITDA	19	18	6.0	6.2
Total margin	40.3%	37.9%		

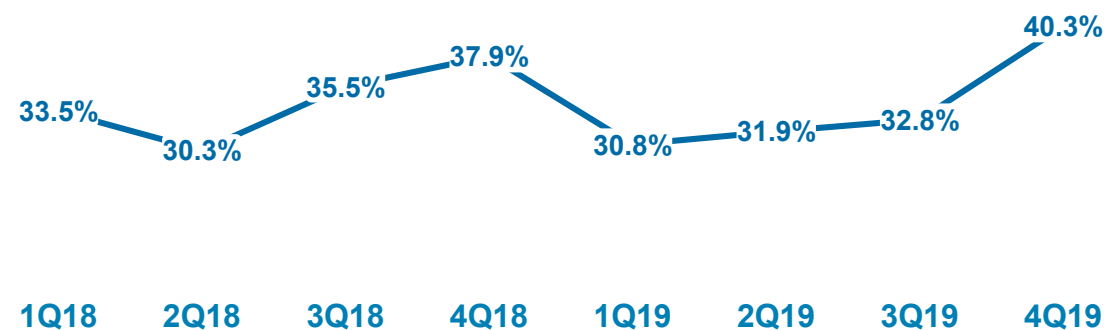
Business Highlights

- OCC revenue grew 2.1%, resulting primarily from increases in fraud and credit risk management and portfolio management solutions offset in part by declines in enterprise data management
- Excluding the Argus Data Warehouse business, growth would have been in line with our long-term targets
- Total adjusted EBITDA margin reflects strong cost discipline

Organic Constant Currency Growth



Total Adjusted EBITDA Margin

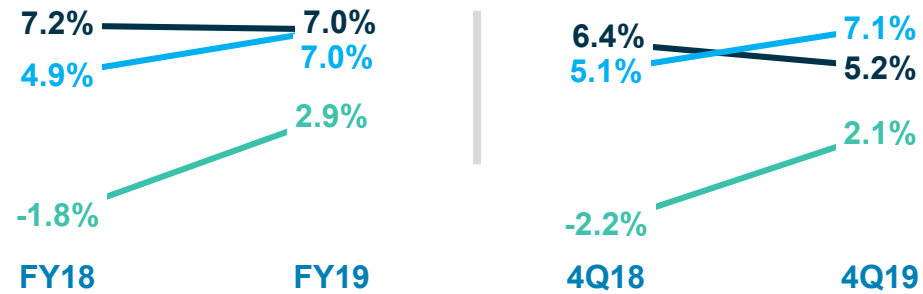




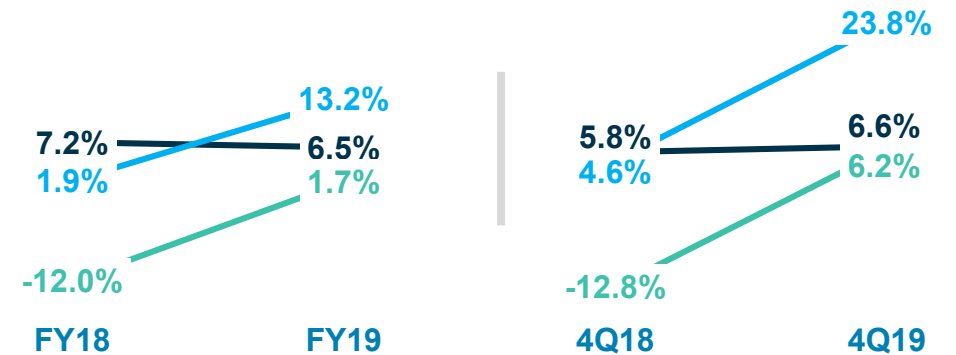
Segment Trends

Insurance Energy Financial

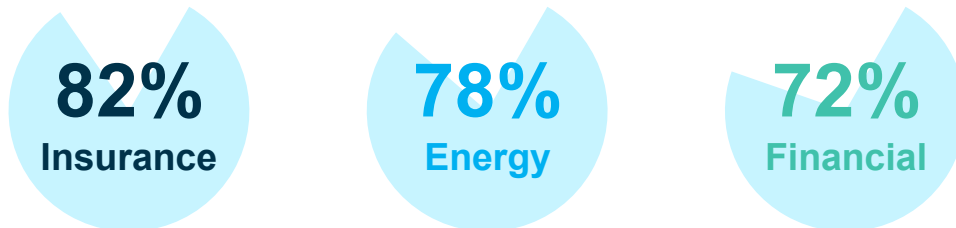
Organic Constant Currency Revenue Growth



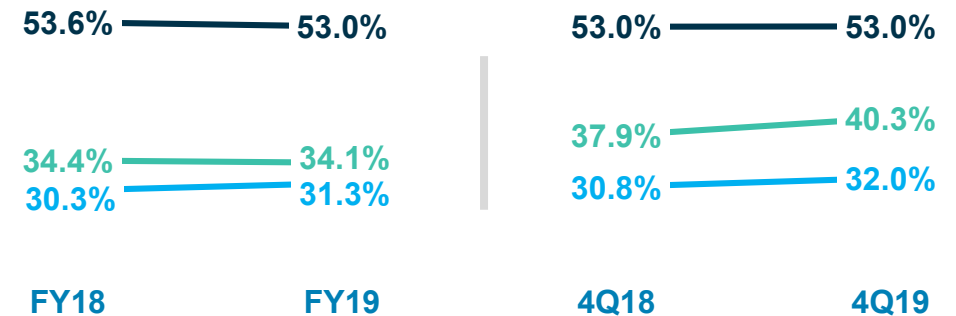
Organic Constant Currency Adjusted EBITDA Growth



2019, % Subscription/Long-Term Contracts



Total Adjusted EBITDA Margins



Cash Flow and Capital



Cash Flow Utilization

(in \$ millions)	2017	2018	2019	4Q18	4Q19
Net cash provided by operating activities	\$744M	\$934M	\$956M	\$173M	\$176M
Capital expenditures	(184)	(231)	(217)	(76)	(64)
Free cash flow (FCF)	560	703	740	97	112
Acquisitions, net of cash acquired	(915)	(153)	(704)	(85)	(590)
Proceeds from sale of subs and settlement of related note	—	121	2	—	—
Net debt (repayments) borrowings	615	(300)	450	130	485
Repurchases of common stock	(276)	(439)	(300)	(156)	(100)
Dividends paid	—	—	(164)	—	(41)



Capital Structure

as of 12/31/2019

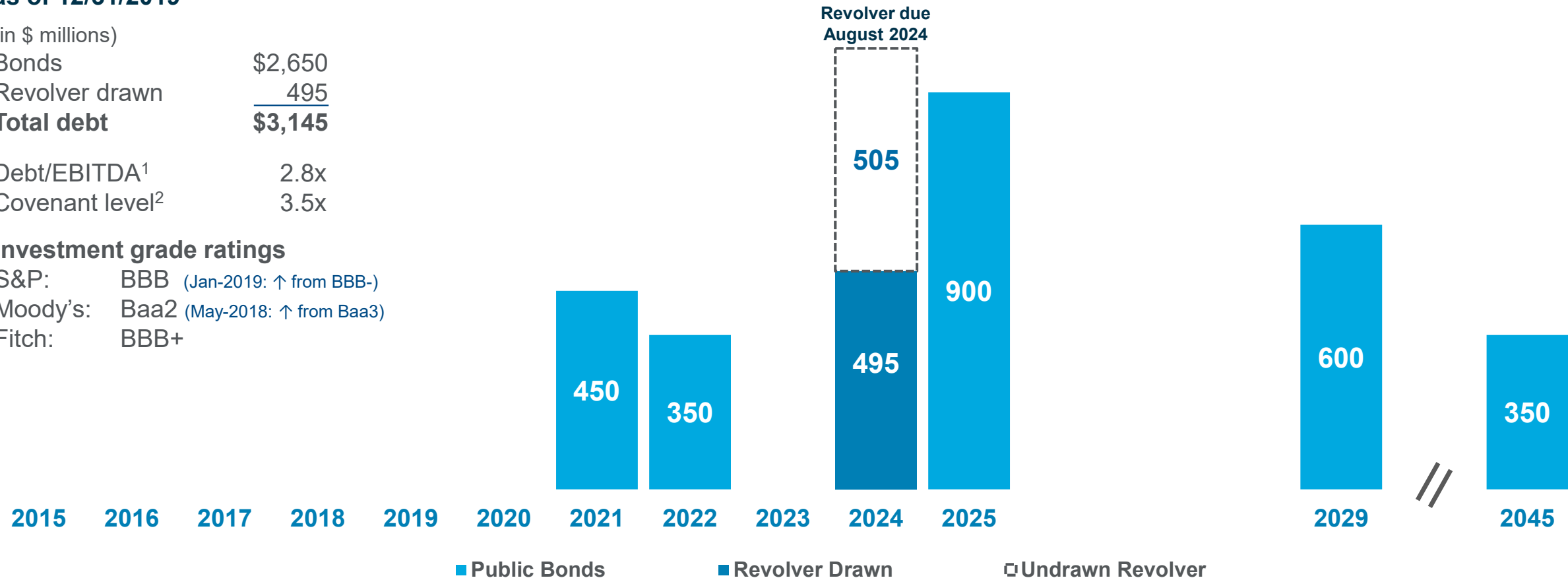
(in \$ millions)

Bonds	\$2,650
Revolver drawn	<u>495</u>
Total debt	\$3,145

Debt/EBITDA ¹	2.8x
Covenant level ²	3.5x

Investment grade ratings

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



Notes: 1. Per bank covenant. Leverage based on reported (face) EBITDA is 3.0x.

2. At Verisk's election, covenant may increase once to 4.25x and once to 4.00x for a period of up to 12 months twice in the facility life. The facility matures in 2024.

The second step-up in the leverage covenant level can occur only if actual leverage is <3.00x at two consecutive quarter ends after the occurrence of the first step-up.



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
- Target leverage of 2–3x



Appendix:

Supplemental Slides and/or Non-GAAP Reconciliations



Non-GAAP Reconciliations

Specified Metrics

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.

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

Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation

	4Q19			4Q18		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$468.9M	\$160.5M	\$47.4M	\$436.2M	\$130.2M	\$47.5M
Revenues from acquisitions and disposition	(18.6)	(21.2)	—	(8.3)	—	(1.1)
Organic revenues	450.3	139.3	47.4	427.9	130.2	46.4
EBITDA	238.8	32.9	19.1	231.8	38.4	18.0
Acquisition-related costs (earn-out)	9.6	18.4	—	(0.8)	1.7	—
Adjusted EBITDA	248.4	51.3	19.1	231.0	40.1	18.0
Adjusted EBITDA from acquisitions and disposition	(0.9)	(4.6)	—	0.1	—	0.1
Organic adjusted EBITDA	247.5	46.7	19.1	231.1	40.1	18.1



Non-GAAP Reconciliations

Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation

	2019			2018		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$1,855.5M	\$573.6M	\$178.0M	\$1,705.9M	\$513.3M	\$175.9M
Revenues from acquisitions and disposition	(43.2)	(32.8)	(0.1)	(9.2)	—	(2.2)
Organic revenues	1,812.3	540.8	177.9	1,696.7	513.3	173.7
EBITDA	827.1	137.4	54.4	932.2	154.4	58.9
Litigation reserve	125.0	—	—	—	—	—
Acquisition-related costs (earn-out)	32.1	41.9	—	(0.8)	2.4	3.5
Loss from disposition	—	—	6.2	—	—	—
Realized gain and interest income on subordinated note receivable	—	—	—	(17.2)	(1.4)	(1.8)
Adjusted EBITDA	984.2	179.3	60.6	914.2	155.4	60.6
Adjusted EBITDA from acquisitions and disposition	(9.5)	(8.4)	0.6	0.4	—	—
Organic adjusted EBITDA	974.7	170.9	61.2	914.6	155.4	60.6



Non-GAAP Reconciliations

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

Adjusted Net Income and EPS

	2019	2018	4Q19	4Q18
Net income	\$449.9M	\$598.7M	\$132.2M	\$146.2M
plus: Amortization of intangible assets	138.0	130.8	37.9	32.3
less: Tax effect on amortization of intangible assets	(29.0)	(27.5)	(8.0)	(6.7)
plus: Litigation reserve	125.0	—	—	—
less: Income tax effect on litigation reserve	(29.9)	—	—	—
plus: Acquisition-related liabilities (earn-out) and related interests	75.1	6.4	28.2	2.2
less: Income tax effect on acquisition-related costs (earn-out)	(4.7)	(1.2)	(1.9)	—
plus: Loss on disposition	6.2	—	—	—
less: Income tax effect on loss on sale of assets	(1.5)	—	—	—
less: Realized gain and interest income on subordinated promissory note receivable	—	(20.4)	—	—
plus: Income tax effect on realized gain and interest income on subordinated promissory note receivable	—	4.8	—	—
Adjusted net income	729.1	691.6	188.4	174.0
Diluted EPS	\$2.70	\$3.56	\$0.80	\$0.87
Diluted adjusted EPS	\$4.38	\$4.11	\$1.13	\$1.04
Weighted-average diluted shares outstanding	166.6M	168.3M	166.2M	167.3M

Free Cash Flow

	2019	2018	4Q19	4Q18
Net cash provided by operating activities	\$956.3M	\$934.4M	\$176.4M	\$173.4M
less: Capital expenditures	(216.8)	(231.0)	(64.0)	(76.5)
Free cash flow	739.5	703.4	112.4	96.9



Non-GAAP Reconciliations

Adjusted EBITDA | Historical Full-Year Periods

Segment Adjusted EBITDA Reconciliation

	2018	2017	2016
Insurance Segment – EBITDA	\$932.2M	\$855.8M	\$779.2M
Insurance Segment – Acquisition-related costs (earn-out)	0.8	0.2	—
Insurance Segment – Gain and interest income on subordinated promissory note receivable	17.2	11.6	6.5
Insurance Segment – Nonrecurring ESOP charge	—	—	(18.8)
Insurance Segment – Gain on sale of equity investments	—	—	1.5
Insurance Segment – Adjusted EBITDA	914.2	844.0	790.0
Energy and Specialized Markets Segment – EBITDA	154.4	133.6	151.2
Energy and Specialized Markets Segment – Acquisition-related costs (earn-out)	(2.4)	—	—
Energy and Specialized Markets Segment – Gain and interest income on subordinated promissory note receivable	1.4	—	—
Energy and Specialized Markets Segment – Nonrecurring severance charges	—	—	(2.1)
Energy and Specialized Markets Segment – Adjusted EBITDA	155.4	133.6	153.3
Financial Services Segment – EBITDA	58.9	58.4	54.9
Financial Services Segment – Acquisition-related costs (earn-out)	(3.5)	—	—
Financial Services Segment – Gain and interest income on subordinated promissory note receivable	1.8	—	—
Financial Services Segment – Adjusted EBITDA	60.6	58.4	54.9



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