



# Verisk Analytics

## Lee Shavel, CFO

41st Nasdaq Investor Conference  
December 2019

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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.



# Verisk: A Leading Data Analytics Partner to Our Customers

**Verisk is a leading data analytics provider serving customers in insurance, energy and specialized markets, and financial services**

## Insurance

Underwriting & Rating Solutions  
 Claims Solutions  
 Fraud Solutions  
 Loss Quantification and Repair Cost Estimating  
 Catastrophe Modeling  
 Remote Imagery

## Energy and Specialized Markets

Research, Consulting, and Data Analytics  
 Environmental Health and Safety Data  
 Market and Cost Intelligence Solutions  
 Country, Weather, and Climate Risk

## Financial Services

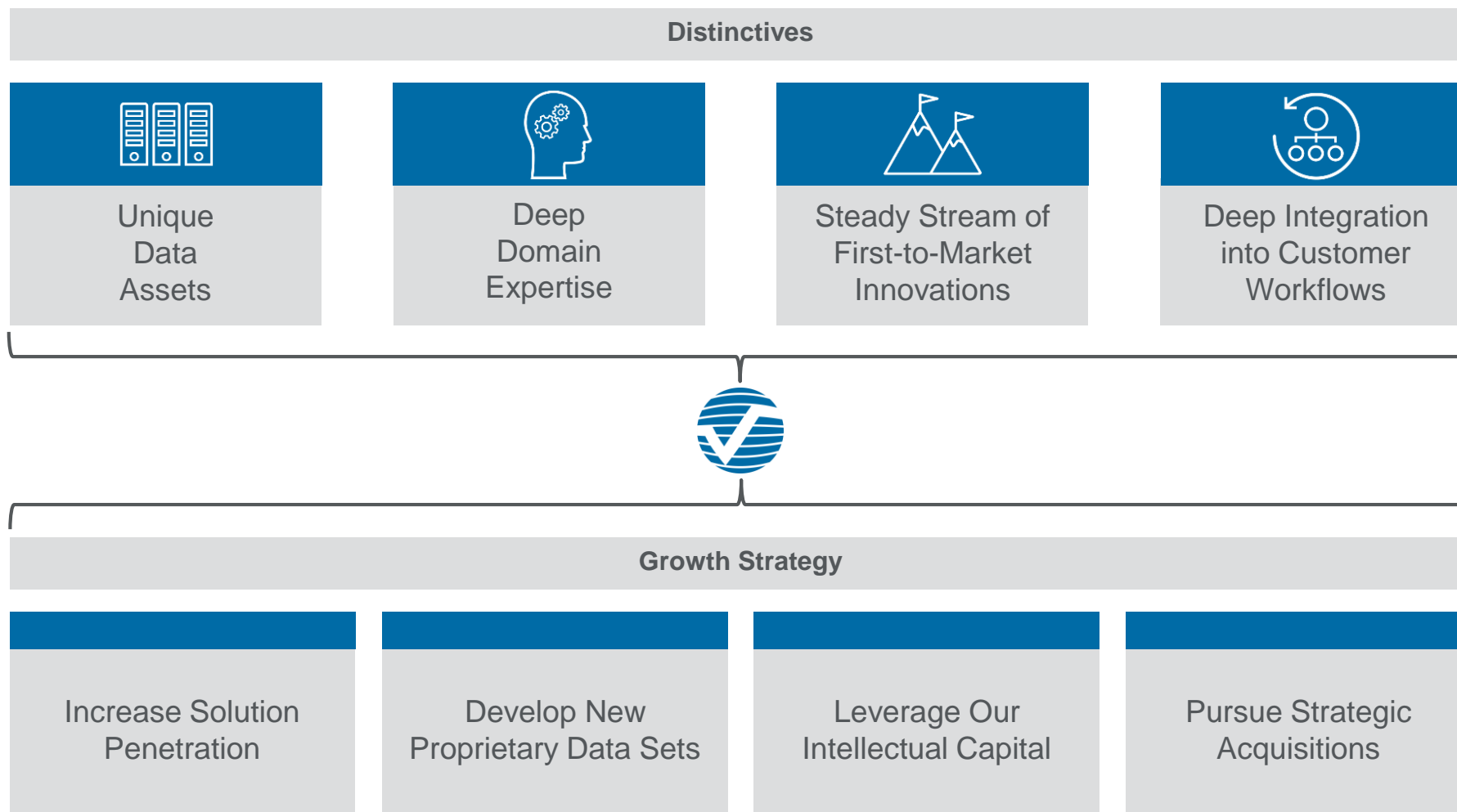
Portfolio Management Solutions  
 Credit Risk and Fraud Management  
 Spend Analytics and Marketing Solutions  
 Enterprise Data Management

Customers	Top 100+ P&C Insurers	Global Energy Providers, I-Banks & Governments	Large Banks	Total
2018 Revenue	\$1,706M	\$513M	\$176M	<b>\$2,395M</b>
2018 adjusted EBITDA <sup>1</sup>	\$914M	\$155M	\$61M	<b>\$1,130M</b>
2018 adjusted EBITDA margin	54%	30%	34%	<b>47%</b>

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



# Leveraging Distinct Assets to Drive Growth



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






# Our Unique and Valuable Data Assets

## Some examples

### Solutions

### Advantages

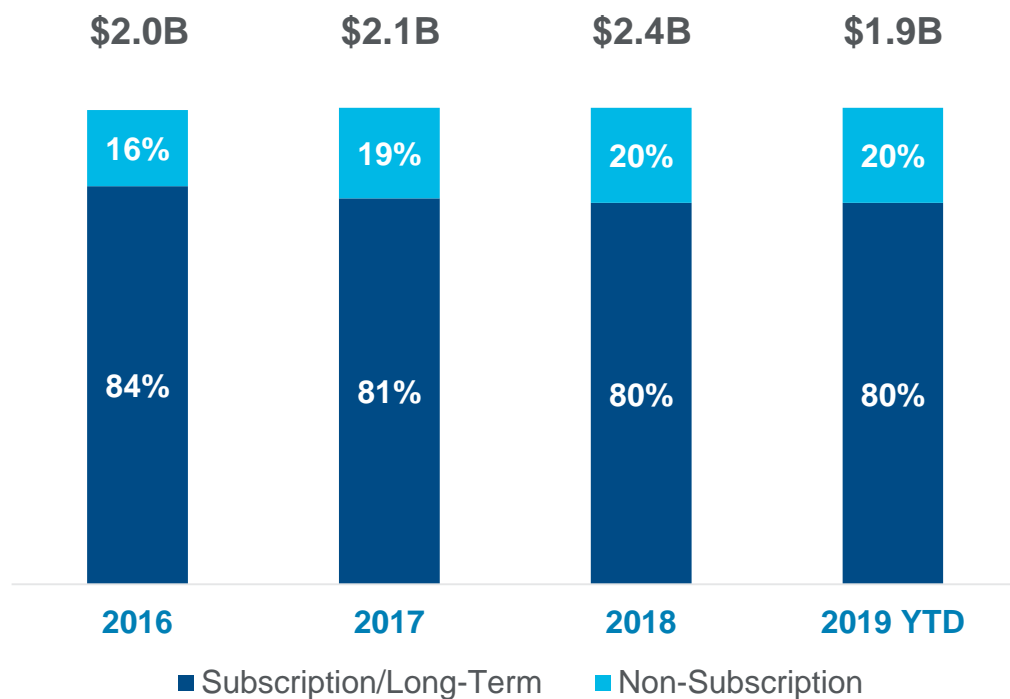
<b>Property/Casualty Insurance</b> 	<b>Industry-Standard Insurance Programs</b>	<b>21B+</b>	policy transactions in commercial and personal lines statistical database
	<b>Claims Adjudication and Fraud Detection</b>	<b>1.3B+</b>	claims in the industry's leading database
<b>Energy and Specialized Markets</b> 	<b>Research</b>	<b>14K+</b>	reports and forecasts for assets, companies, and markets, informed by <b>500+</b> subject matter experts around the globe
	<b>Energy Intelligence Platform</b>	<b>\$3.3T</b>	of energy supply market spend, giving customers insights into their supply chains
<b>Financial Services</b> 	<b>Syndicated Benchmarking Studies</b>	<b>1.8B</b>	account-level records for consumer credit, debit, and savings accounts covering <b>10+ years</b> , with studies in <b>7 countries</b>
	<b>Spend Analytics</b>	<b>\$3.5T</b>	total consumer spend tracked each year on <b>54B</b> unique transactions, along with innovative delivery mechanisms to inform retail partners and merchants

**No other firm provides the same breadth and depth of data and analytics**

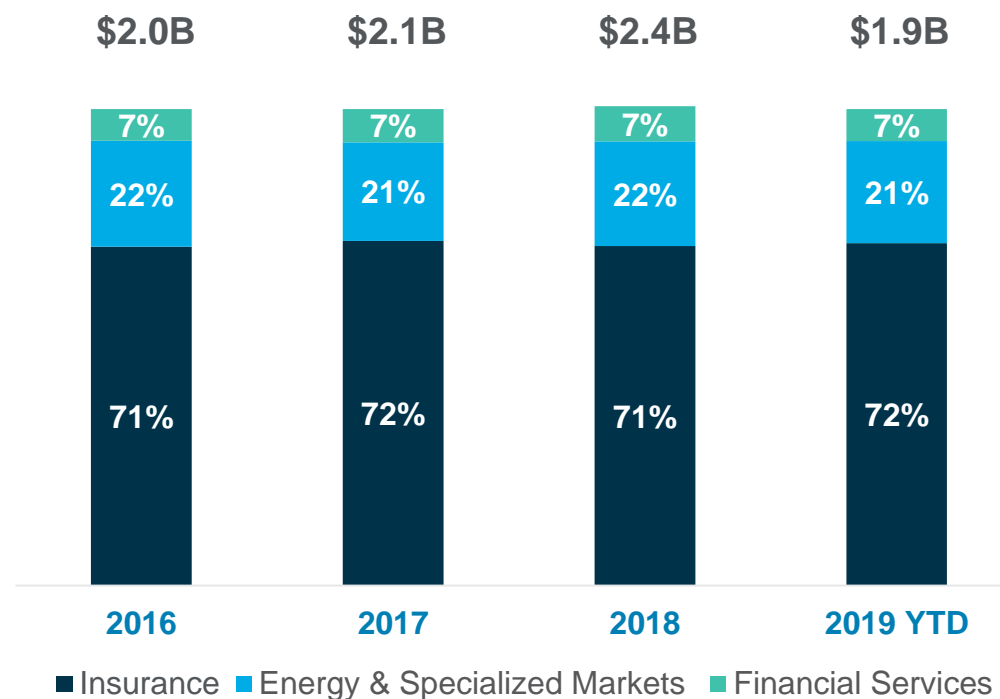


# High-Quality Recurring Revenue across a Diversified Solution Set

Revenue – Subscription vs. Non-Subscription



Revenue – Segment Breakdown

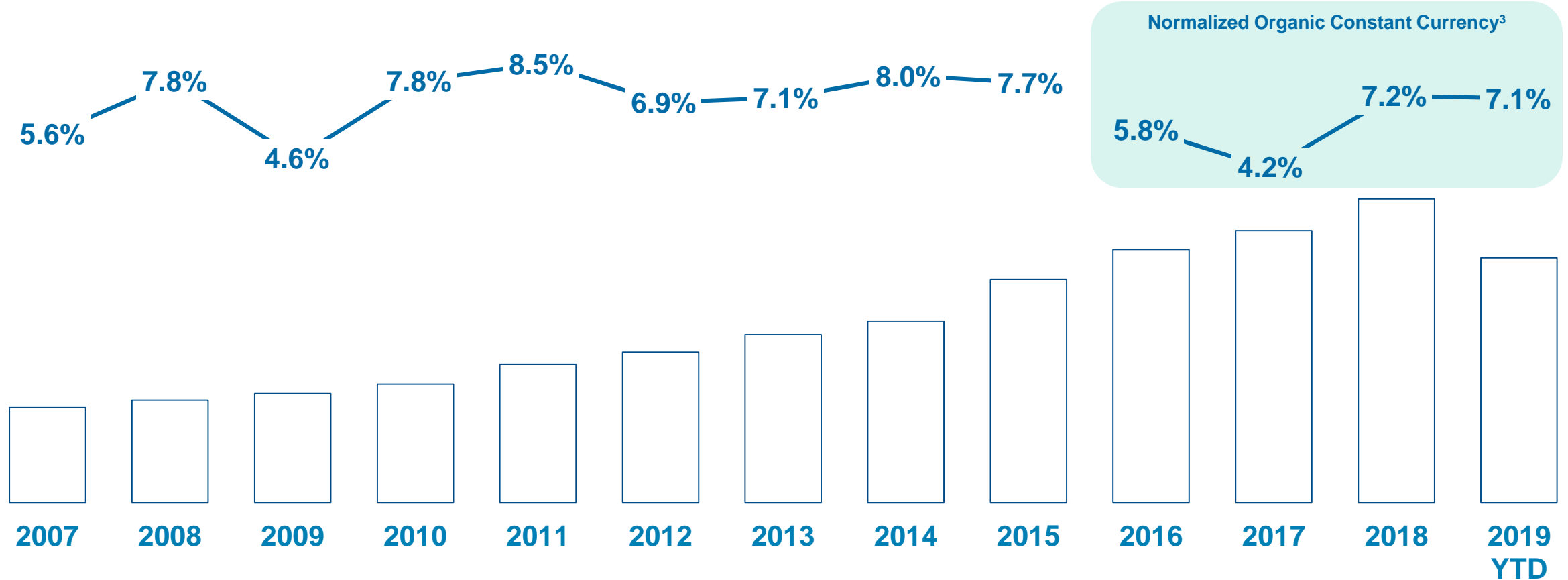


International Revenue	2016	2017	2018	2019 YTD
	23%	22%	23%	23%



# Strong Track Record of Organic Revenue Growth<sup>1,2,3</sup>

Total Revenue \$
 % Organic Revenue Growth

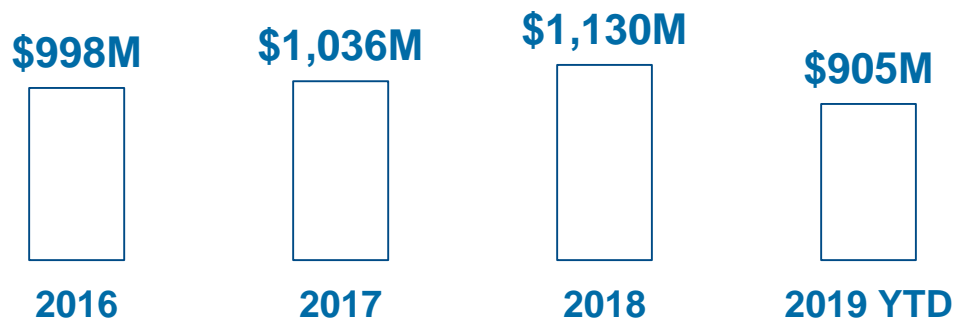


1. Organic growth includes businesses owned for a full year or more at measurement.  
 2. All figures exclude mortgage and healthcare.  
 3. Excluding the impact of nonrecurring revenue benefits in 2017.

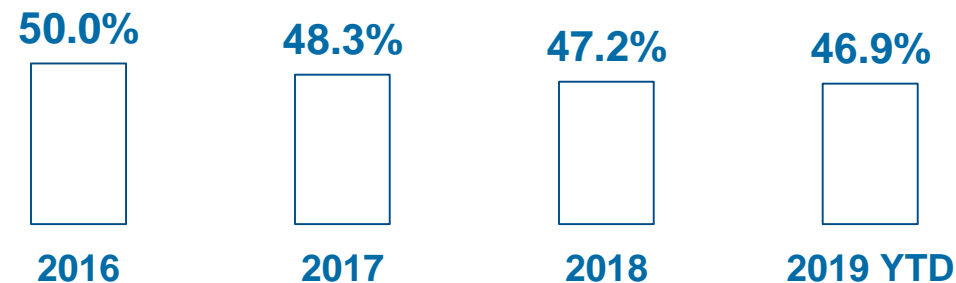


# Growth Complemented by Stability, Leading Margins, and Moderate CapEx

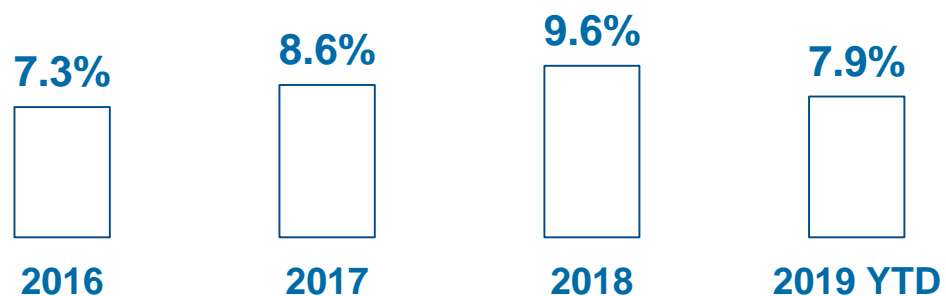
## Adjusted EBITDA<sup>1</sup>



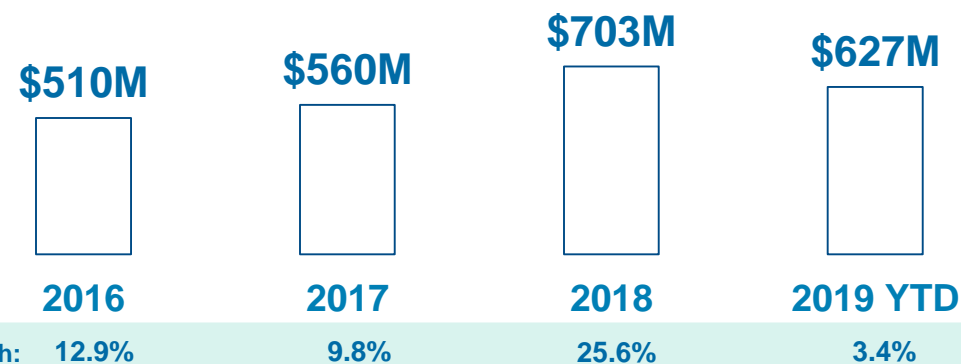
## Adjusted EBITDA Margins<sup>1</sup>



## Capital Expenditures as a % of Revenue



## Free Cash Flow<sup>2</sup>



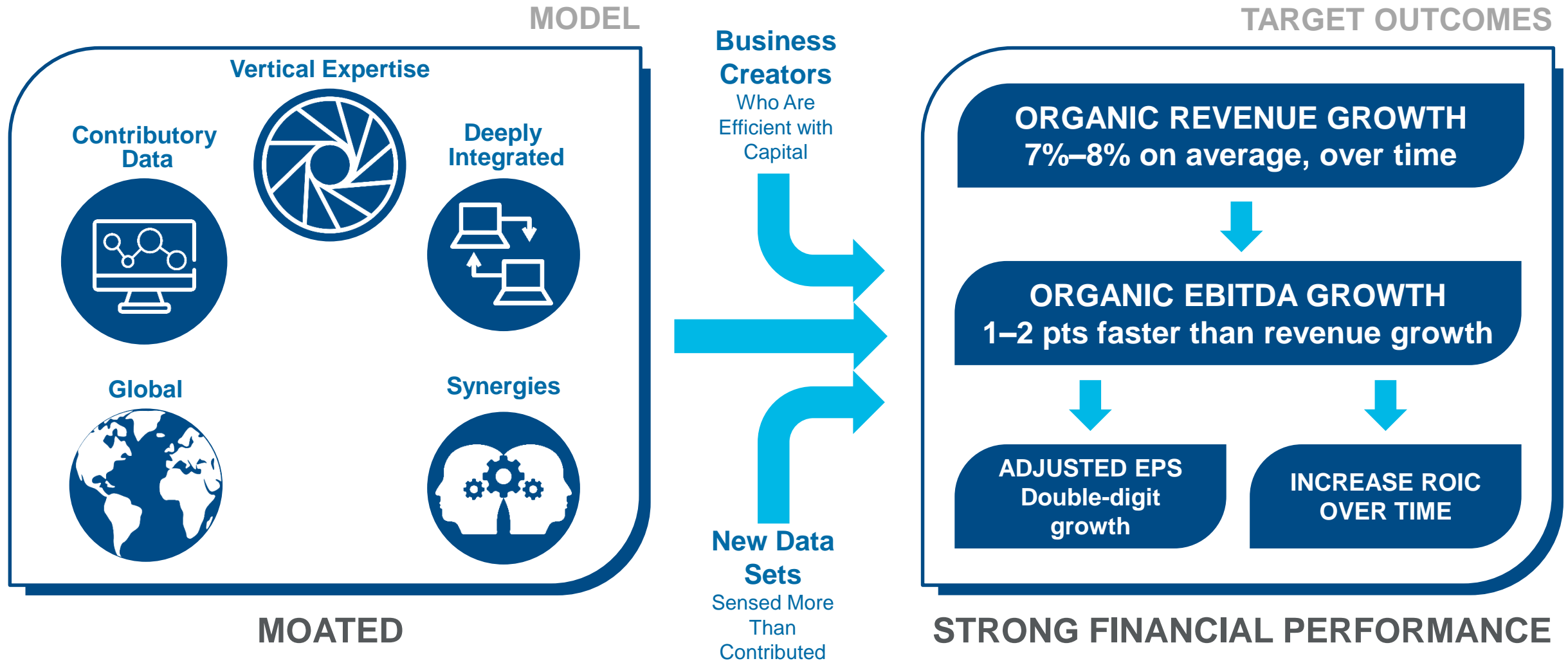
1. Adjusted EBITDA defined as EBITDA before nonoperating acquisition-related costs and nonrecurring items. See Appendix for itemized detail.

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





# Moated Business Supports Strong Financial Outcomes



## Value Creation Strategy

### Operating Cash Flow Growth

- Organic revenue growth
- Operating leverage
- Expense discipline



### Attractive and Growing Returns on Capital

- Investment opportunities (internal and external)
- Capital discipline



Value Creation



# 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





# 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 & Ethics



Statement on  
Climate Change



Greenhouse Gas  
Emissions Inventory



Statement on  
Data Protection



Privacy Shield  
Privacy Policies



Anti-Bribery &  
Corruption Policy



Statement on  
Modern Slavery



# Corporate Social Responsibility

## Environmental



### Statement on Climate Change

Reaffirms our support for the scientific community and commits us to address challenges within our sphere of influence



### Zero Carbon Footprint

Balanced 100 percent of our carbon emissions by investing in renewable energy certificates and carbon offsets



### Energy-Saving Initiatives

Installed LED lighting at Verisk, AIR, and Verisk Maplecroft headquarters, highlighting energy-saving efforts

## Social



### Verisk Employee Networks

Established employee support groups that enhance our culture of inclusion, diversity, and belonging



### Global Impact

Provided risk analytics to help the International Rescue Committee prepare for humanitarian crises



### Volunteer Service

Expanded corporate giving to recognize exceptional personal volunteer service of employees

## Governance



### Executive Compensation

Aligned our programs with best practices, making executive pay decisions more quantitative, transparent, and performance-based



### Safeguarding Data

Continued to strengthen our data security through investment, awareness, and training



### Modern Slavery Awareness

More than 1,300 key employees completed a mandatory modern slavery awareness and training program



## A Differentiated Business Model

- Exceptional businesses with unique and defensible data sets
- Substantial growth opportunities for all segments
- Stable subscription revenue base with established organic growth record
- Scaled business model with leading margins and operating leverage driving free cash flow growth
- Attractive returns through compounding growth and disciplined capital allocation



Appendix:

# Supplemental Slides and Non-GAAP Reconciliations

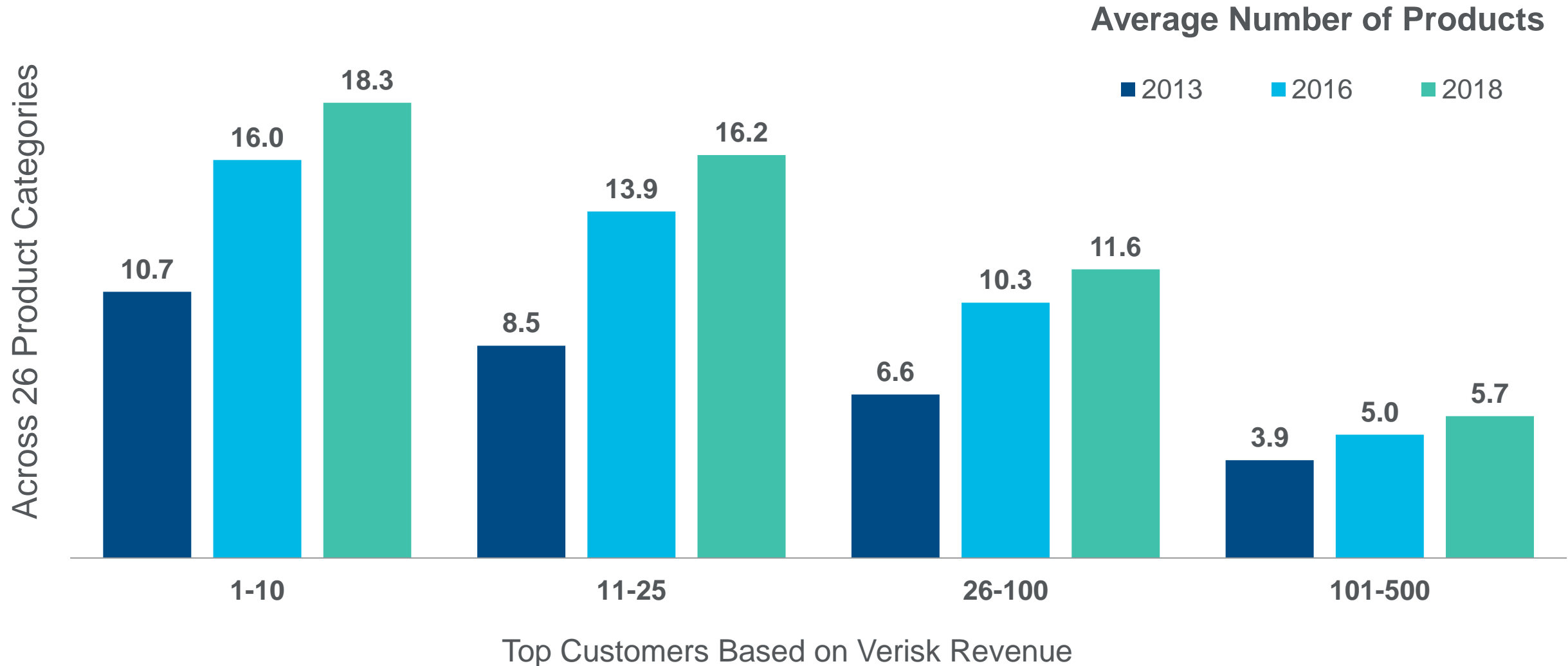
# Supplemental Slides





# Verisk Insurance Solutions: Voice of the Customer

## Growth Opportunities: Cross-Sell 2013–2018





## Competitive Scoreboard for 2018

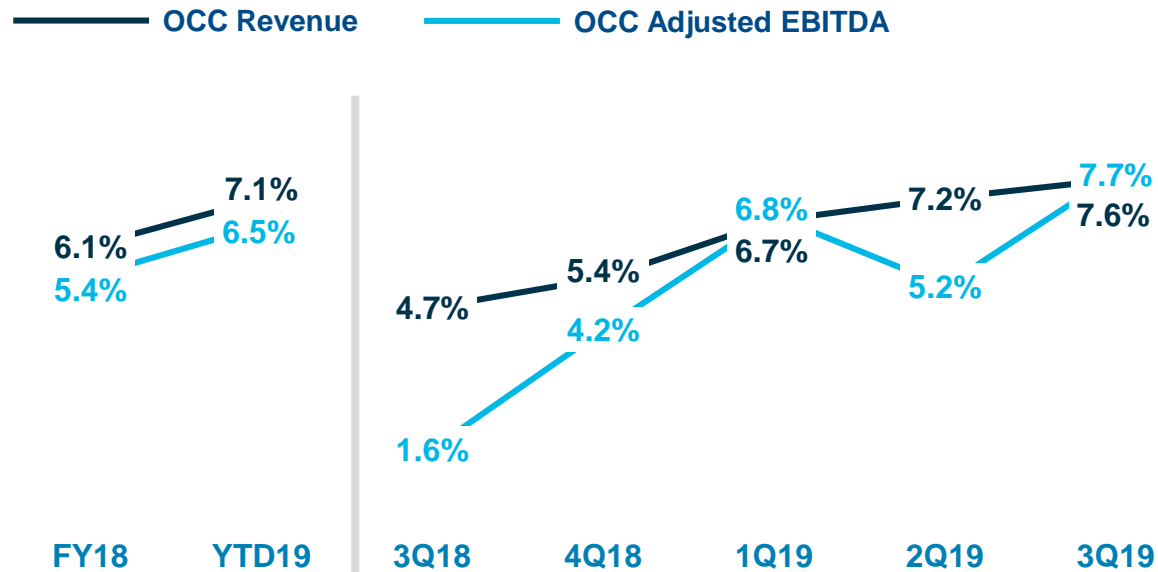
	Entrenched Incumbent		Verisk Incumbent		No Prior Vended Solution	
	Wins	Losses	Wins	Losses	Wins	Losses
<i>Underwriting &amp; Rating Total</i>	<i>30</i>	<i>27</i>	<i>7</i>	<i>1</i>	<i>23</i>	<i>7</i>
<i>Claims Total</i>	<i>13</i>	<i>4</i>	<i>5</i>	<i>2</i>	<i>8</i>	<i>4</i>

*InsurTech Start-Ups: Engaged with 67 start-ups on 182 opportunities*

- Won 79 in 2018 (3 wins were competitive and reflected above)*

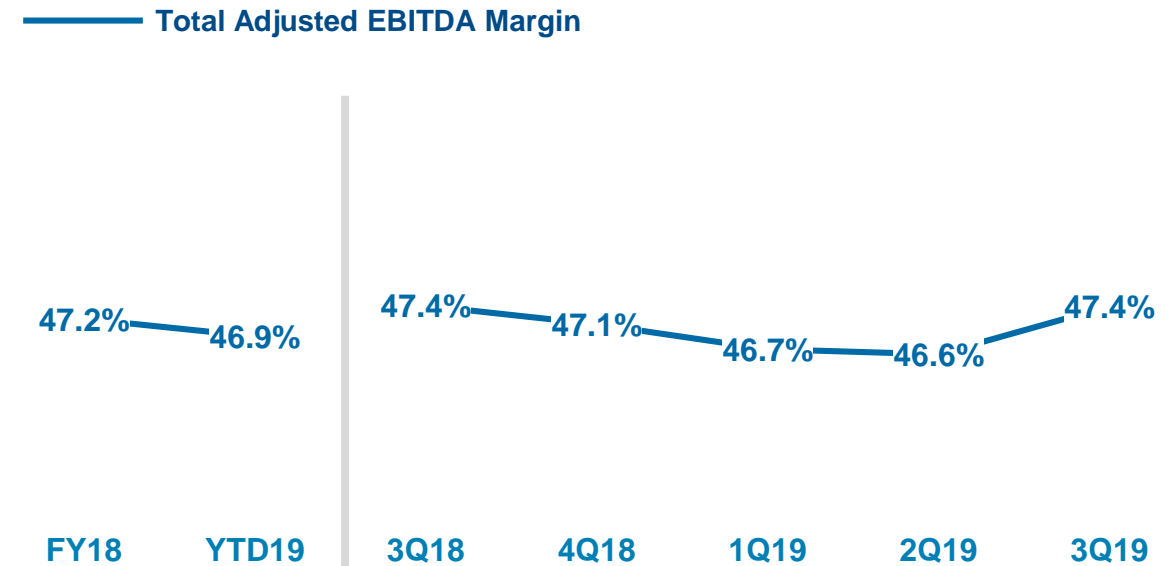


# Organic Constant Currency Growth and Adjusted EBITDA Margins



## Highlights

- OCC revenue grew 7.6%, a sequential improvement driven by continued strength in Insurance and improvements in Energy and Specialized Markets
- OCC adjusted EBITDA growth was 7.7%, reflecting leverage on our core business and investments in breakout opportunities



## Highlights

- 3Q19 adjusted EBITDA margin was 47.4%, flat with the prior year, reflecting leverage in the core business, more than offset by investments and acquisitions
- Significant investments in future growth opportunities, including Lens, Sequel, and telematics



# 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



Claims Analytics

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



Xactware

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



Geomni

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

### Historical Performance

Reported growth	9.3%	10.0%	Reported growth	6.8%	8.3%
OCC growth	7.2%	7.2%	OCC growth	7.2%	7.2%



FY16 FY17 FY18

### Revenue



FY16 FY17 FY18

### Adjusted EBITDA

### Contribution



### YTD19 Revenue



### YTD19 Adjusted EBITDA



# Insurance Quarterly Performance

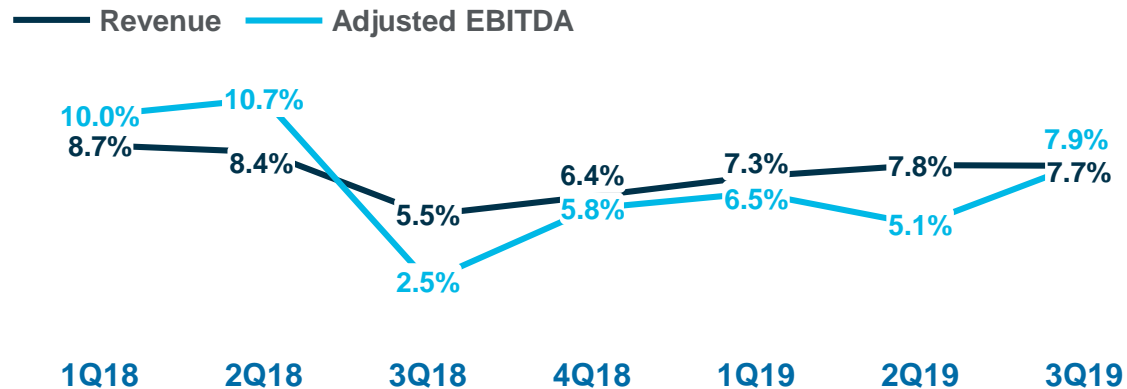
## Financials

	3Q19	3Q18	% change Reported	OCC
UW & rating	\$310M	\$285M	8.8%	7.9%
Claims	157	143	9.8	7.4
<b>Revenue</b>	<b>467</b>	<b>428</b>	<b>9.2</b>	<b>7.7</b>
<b>Adjusted EBITDA</b>	<b>248</b>	<b>228</b>	<b>8.7</b>	<b>7.9</b>
Total margin	53.1%	53.3%		

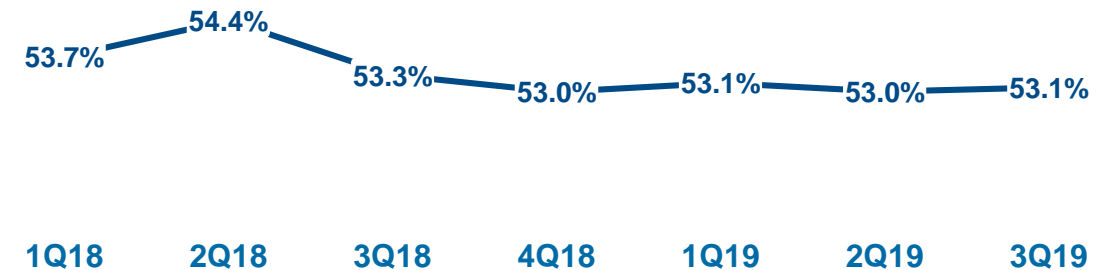
## Business Highlights

- UW & rating growth was broad-based with strong results in personal and commercial lines and in our international businesses
  - Industry-standard programs and catastrophe modeling solutions delivered solid growth with new customer wins
  - Solid contributions from new innovations, including LightSpeed Auto
- Claims growth driven by claims analytics, repair cost estimating, remote imagery, and international solutions
- Total adjusted EBITDA margin declined 25 bps to 53.1%, reflecting investments in breakout solutions and acquisitions

## 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



Real-time data and intelligence for commodity and energy markets

## Specialized Markets



Supports compliance with global environmental health and safety requirements

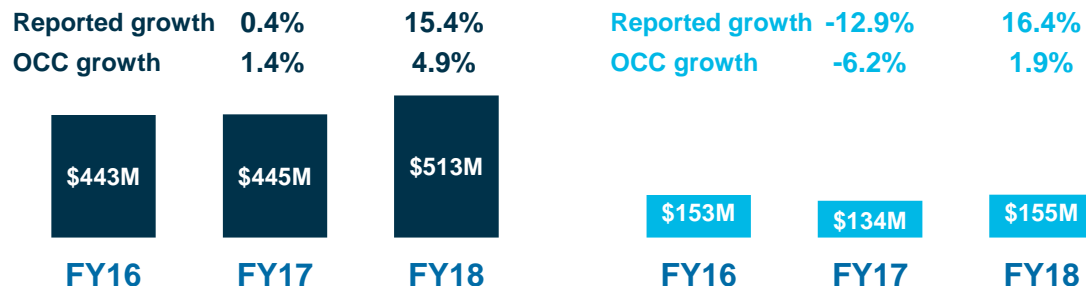


Improving our understanding of the global environment to enable better decision making in response to weather and climate-related risk



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

## Historical Performance



### Revenue

### Adjusted EBITDA

## Contribution



### YTD19 Revenue



### YTD19 Adjusted EBITDA



# Energy and Specialized Markets Quarterly Performance

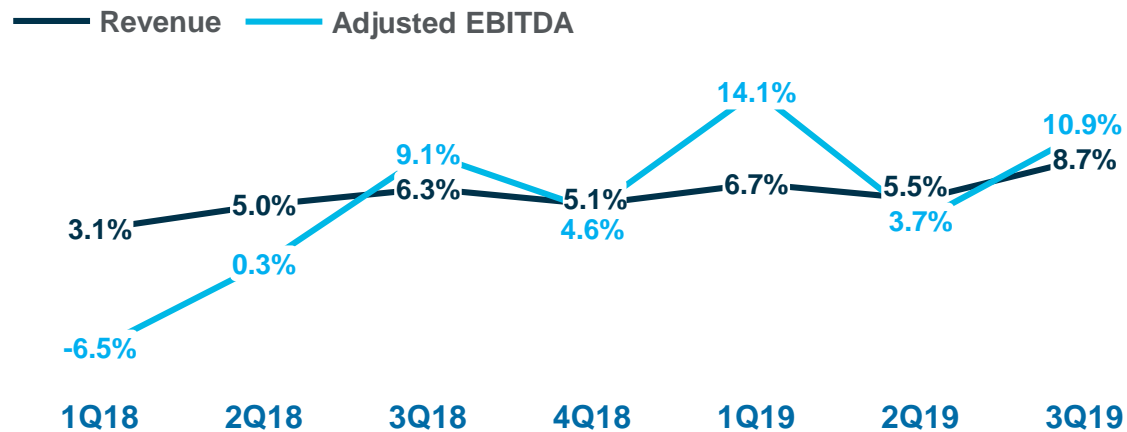
## Financials

			% change	
	3Q19	3Q18	Reported	OCC
Revenue	\$143M	\$128M	11.6%	8.7%
Adjusted EBITDA	47	40	17.2	10.9
Total margin	33.3%	31.7%		

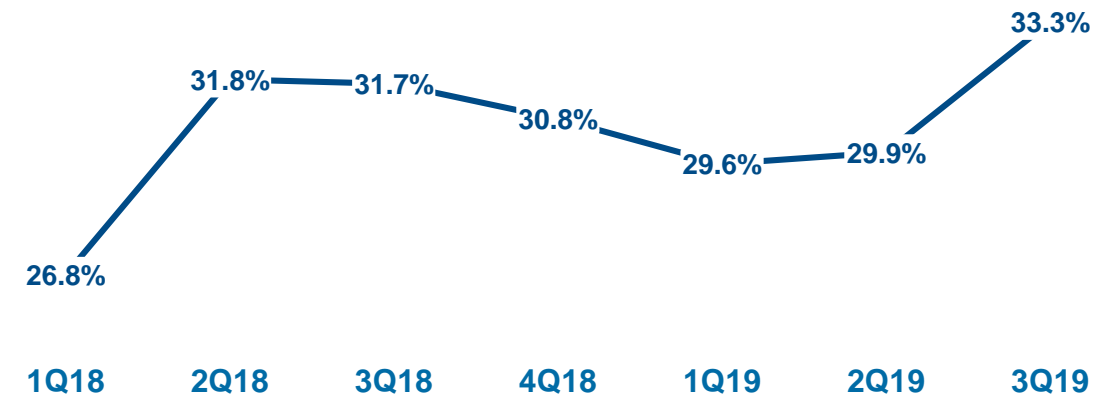
## Business Highlights

- OCC revenue growth of 8.7%, driven by market and cost intelligence solutions and core research and consulting revenues
  - Solid growth in breakouts, including subsurface, chemicals, and the energy transition practice
- Total adjusted EBITDA margin expanded to 33.3%, 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

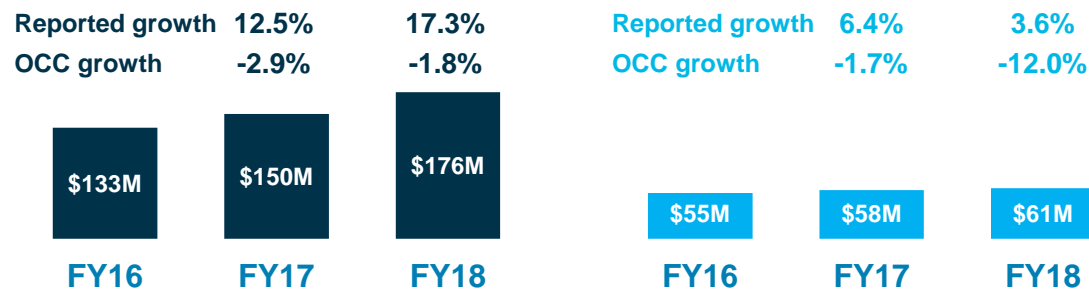


Risk management tools associated with bankruptcy management and debt collection



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

### Historical Performance



### Revenue

### Adjusted EBITDA

### Contribution







# Financial Services Quarterly Performance

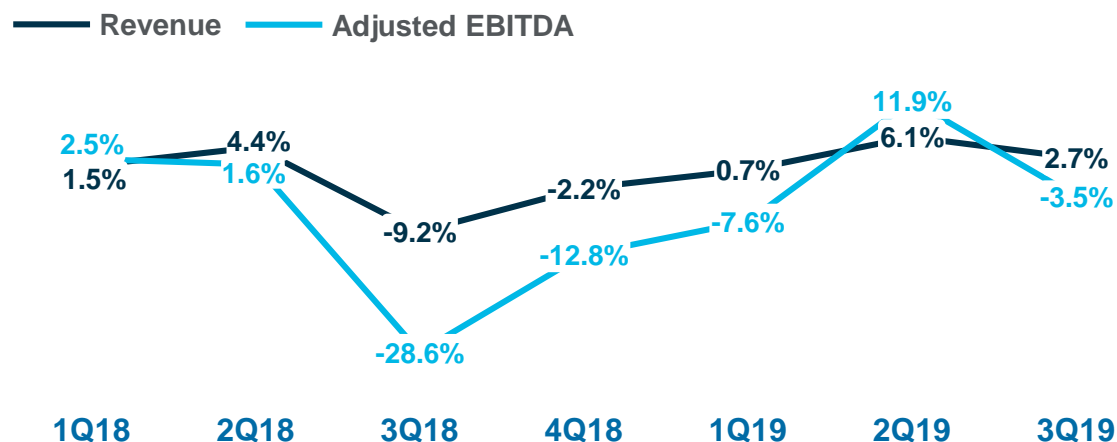
## Financials

	3Q19	3Q18	% change	
			Reported	OCC
Revenue	\$43M	\$43M	0.1%	2.7%
Adjusted EBITDA	14	15	-7.4	-3.5
Total margin	32.8%	35.5%		

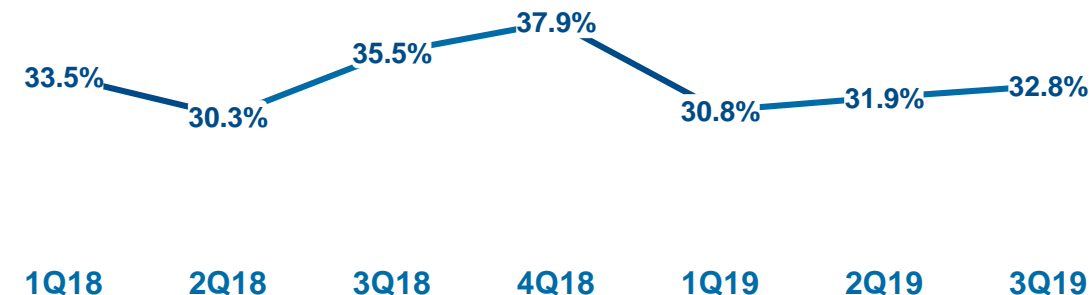
## Business Highlights

- OCC revenue grew 2.7%, resulting primarily from increases in enterprise data management and fraud and credit risk management
- Delivered higher subscription growth in the quarter offset in part by headwinds from nonrecurring consulting revenues
- Total adjusted EBITDA margin reflects softer sales growth and investments in future growth opportunities

## Organic Constant Currency Growth



## Total Adjusted EBITDA Margin

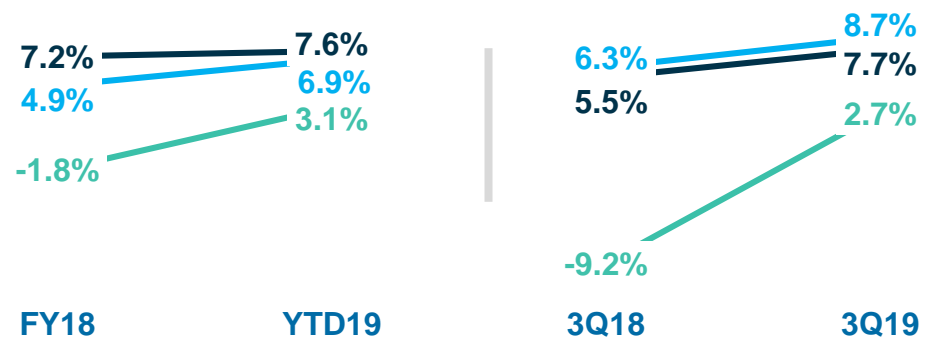




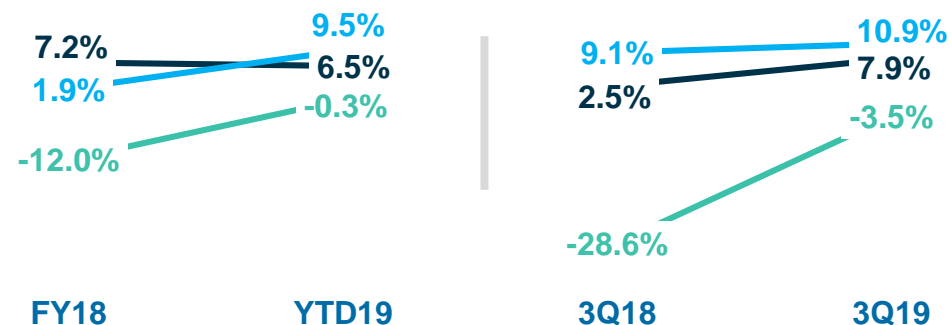
# Segment Trends

Insurance Energy Financial

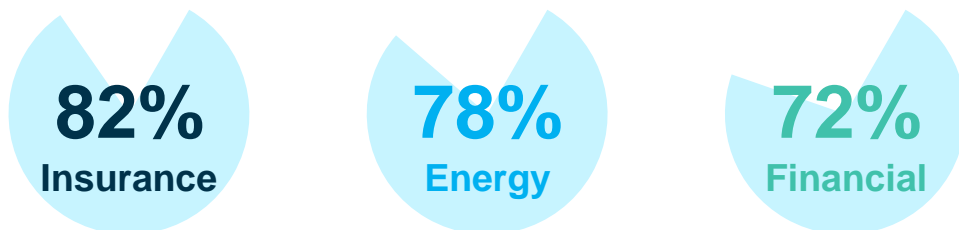
## Organic Constant Currency Revenue Growth



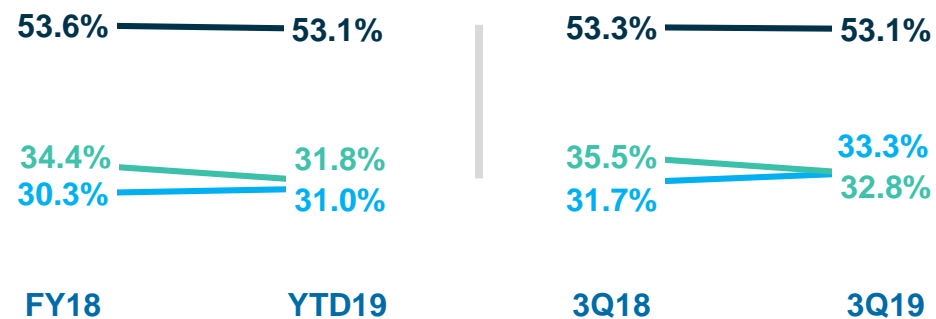
## Organic Constant Currency Adjusted EBITDA Growth



## YTD2019, % Subscription/Long-Term Contracts



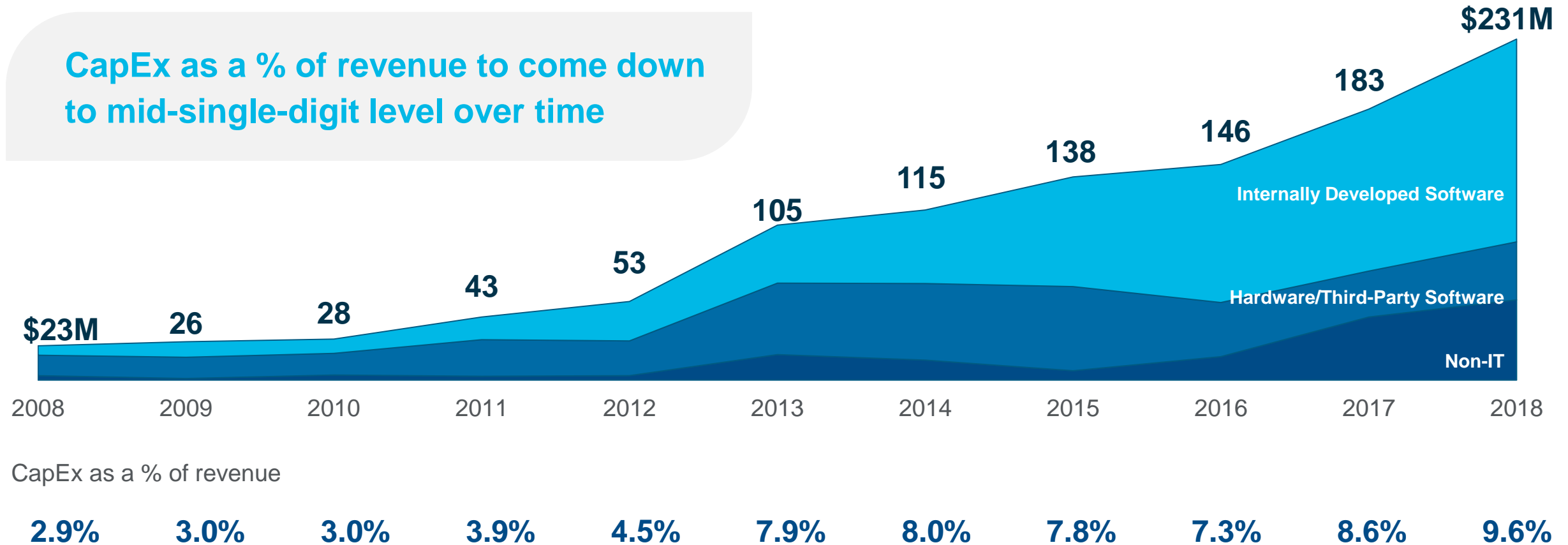
## Total Adjusted EBITDA Margins





# Capital Expenditures

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





# Cash Flow Utilization

(in \$ millions)	2017	2018	YTD19	3Q18	3Q19
Net cash provided by operating activities	\$744M	\$934M	\$780M	\$227M	\$214M
Capital expenditures	(184)	(231)	(153)	(55)	(61)
Free cash flow (FCF)	560	703	627	172	153
Acquisitions, net of cash acquired	(915)	(153)	(114)	—	(45)
Proceeds from sale of subs and settlement of related note	—	121	2	—	2
Net debt (repayments) borrowings	615	(300)	(35)	(195)	162
Repurchases of common stock	(276)	(439)	(200)	(103)	(75)
Dividends paid	—	—	(123)	—	(41)



# Capital Structure

as of 9/30/2019

(in \$ millions)

Bonds	\$2,650
Revolver drawn	10
<b>Total debt</b>	<b>\$2,660</b>

Debt/EBITDA<sup>1</sup> 2.4x

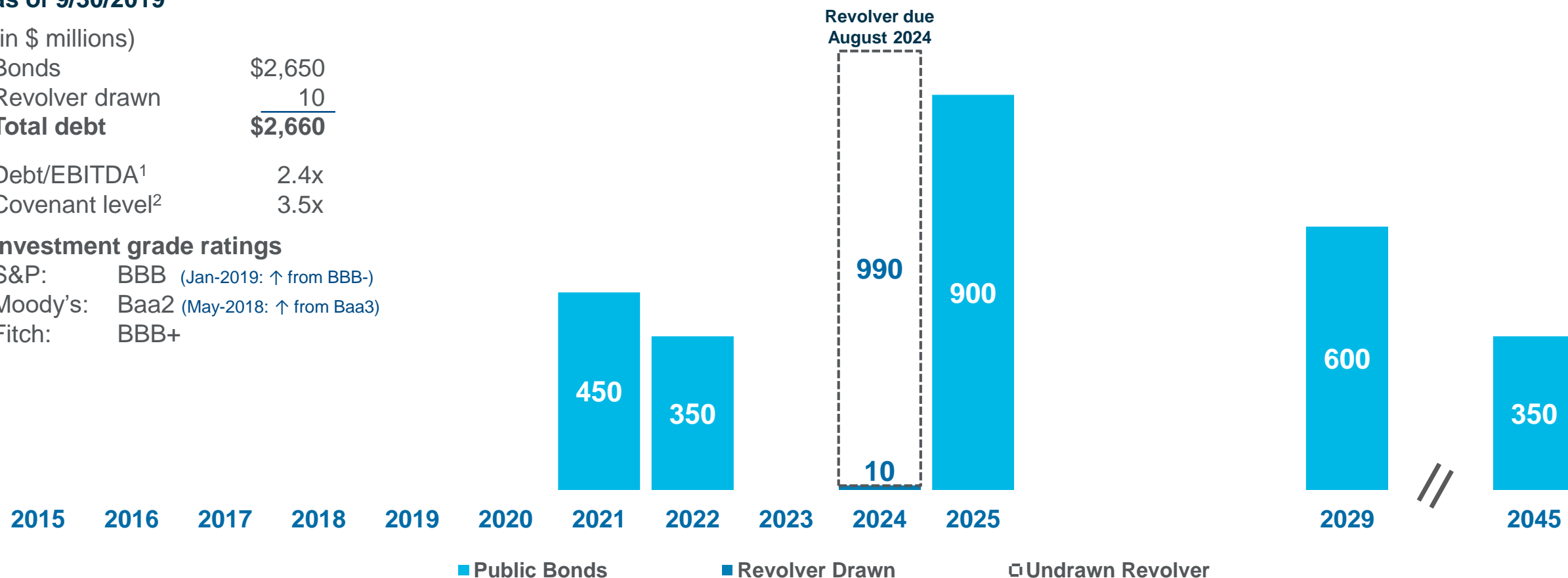
Covenant level<sup>2</sup> 3.5x

## 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 2.4x.

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.

# 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 (earn-outs), 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) nonrecurring gain/loss, net of tax; and (iv) 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 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 is excluded from organic at the beginning of the calendar quarter in which the disposition occurs. 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

	3Q19			3Q18		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$466.8M	\$142.5M	\$43.4M	\$427.7M	\$127.7M	\$43.3M
Revenues from acquisitions and disposition	(7.1)	(5.8)	(0.1)	—	—	(1.1)
<b>Organic revenues</b>	<b>459.6</b>	<b>136.7</b>	<b>43.3</b>	<b>427.7</b>	<b>127.7</b>	<b>42.2</b>
EBITDA	112.2	29.0	8.1	240.1	41.2	16.6
Litigation reserve	125.0	—	—	—	—	—
Acquisition-related costs (earn-out)	10.4	18.4	—	—	0.2	—
Nonrecurring loss	—	—	6.2	—	—	—
Realized gain and interest income on subordinated note receivable	—	—	—	(12.1)	(1.0)	(1.2)
<b>Adjusted EBITDA</b>	<b>247.6</b>	<b>47.4</b>	<b>14.3</b>	<b>228.0</b>	<b>40.4</b>	<b>15.4</b>
Adjusted EBITDA from acquisitions and disposition	(2.2)	(2.2)	0.3	—	—	(0.1)
<b>Organic adjusted EBITDA</b>	<b>245.4</b>	<b>45.2</b>	<b>14.6</b>	<b>228.0</b>	<b>40.4</b>	<b>15.3</b>





# Non-GAAP Reconciliations

## Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation	YTD19			YTD18		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$1,386.5M	\$413.1M	\$130.7M	\$1,269.7M	\$383.1M	\$128.4M
Revenues from acquisitions and disposition	(24.4)	(11.6)	(0.1)	(0.8)	—	(1.1)
<b>Organic revenues</b>	<b>1,362.1</b>	<b>401.5</b>	<b>130.6</b>	<b>1,268.9</b>	<b>383.1</b>	<b>127.3</b>
EBITDA	588.2	104.5	35.4	700.4	116.0	40.9
Litigation reserve	125.0	—	—	—	—	—
Acquisition-related costs (earn-out)	22.5	23.5	—	—	0.7	3.5
Nonrecurring loss	—	—	6.2	—	—	—
Realized gain and interest income on subordinated note receivable	—	—	—	(17.2)	(1.4)	(1.8)
<b>Adjusted EBITDA</b>	<b>735.7</b>	<b>128.0</b>	<b>41.6</b>	<b>683.2</b>	<b>115.3</b>	<b>42.6</b>
Adjusted EBITDA from acquisitions and disposition	(8.4)	(3.8)	0.4	0.3	—	(0.1)
<b>Organic adjusted EBITDA</b>	<b>727.3</b>	<b>124.2</b>	<b>42.0</b>	<b>683.5</b>	<b>115.3</b>	<b>42.5</b>



# Non-GAAP Reconciliations

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

<b>Adjusted Net Income and EPS</b>	<b>YTD19</b>	<b>YTD18</b>	<b>3Q19</b>	<b>3Q18</b>
Net income	\$317.7M	\$452.5M	\$32.9M	\$166.0M
plus: Amortization of intangible assets	100.1	98.5	33.3	33.2
less: Tax effect on amortization of intangible assets	(21.0)	(20.7)	(7.0)	(6.9)
plus: Litigation reserve	125.0	—	125.0	—
less: Income tax effect on litigation reserve	(29.9)	—	(29.9)	—
plus: Acquisition-related liabilities (earn-out) and related interests	46.8	4.2	29.1	0.2
less: Income tax effect on acquisition-related costs (earn-out)	(2.8)	(1.3)	(2.0)	—
plus: Loss on sale of assets	6.2	—	6.2	—
less: Income tax effect on loss on sale of assets	(1.5)	—	(1.5)	—
less: Realized gain and interest income on subordinated promissory note receivable	—	(20.4)	—	(14.3)
plus: Income tax effect on realized gain and interest income on subordinated promissory note receivable	—	4.8	—	3.3
<b>Adjusted net income</b>	<b>540.6</b>	<b>517.6</b>	<b>186.1</b>	<b>181.5</b>
<b>Diluted EPS</b>	<b>\$1.91</b>	<b>\$2.68</b>	<b>\$0.20</b>	<b>\$0.99</b>
<b>Diluted adjusted EPS</b>	<b>\$3.24</b>	<b>\$3.07</b>	<b>\$1.12</b>	<b>\$1.08</b>
Weighted-average diluted shares outstanding	166.7	168.6	166.8	168.2
<b>Free Cash Flow</b>	<b>YTD19</b>	<b>YTD18</b>	<b>3Q19</b>	<b>3Q18</b>
Net cash provided by operating activities	\$779.9M	\$761.0M	\$213.6M	\$226.6M
less: Capital expenditures	(152.8)	(154.5)	(60.7)	(55.2)
<b>Free cash flow</b>	<b>627.1</b>	<b>606.5</b>	<b>152.9</b>	<b>171.4</b>



# 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
<b>Insurance Segment – Adjusted EBITDA</b>	<b>914.2</b>	<b>844.0</b>	<b>790.0</b>
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)
<b>Energy and Specialized Markets Segment – Adjusted EBITDA</b>	<b>155.4</b>	<b>133.6</b>	<b>153.3</b>
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	—	—
<b>Financial Services Segment – Adjusted EBITDA</b>	<b>60.6</b>	<b>58.4</b>	<b>54.9</b>



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