



# 4Q2022 Earnings Presentation

February 28, 2023

# Forward-Looking Statements, Safe Harbor, and Non-GAAP Financial Measures

## Forward-Looking Statements

This release contains forward-looking statements about Verisk's future performance, including those related to our financial guidance. 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, our expectation and ability to pay a cash dividend on our common stock in the future, subject to the determination by our Board of Directors and based on an evaluation of our 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 our 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, whether as a result of new information, future events, or otherwise except as required by applicable securities laws.

## Notes Regarding the Use of Non-GAAP Financial Measures

We have provided certain non-GAAP financial information as supplemental information regarding our 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. We believe that our presentation of non-GAAP measures provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. In addition, our management uses these measures for reviewing our financial results, for budgeting and planning purposes, and for evaluating the performance of senior management.

# Business and Financial Highlights

- Organic constant currency (OCC) revenue grew 8.1%, including 100 bps contribution from storm-related revenue, and comprised of 6.5% growth in Underwriting and 11.9% growth in Claims.
- OCC subscription revenue grew 7.2%, demonstrating the consistency and durability of the business model.
- OCC adjusted EBITDA growth of 12.9% was driven by strong revenue growth, operating efficiency, and cost discipline offset by higher allocations from dispositions, continued investment in cloud and the return of T&E expenses.
- Adjusted EBITDA margins expanded 210 basis points to 52.7% including a 140 bps of margin expansion associated with our operational excellence focus.
- Returned \$514 million to shareholders through share repurchases and dividends.



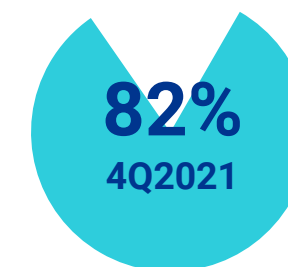
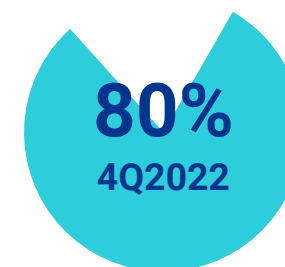
# 4Q22 Financial Results

# Financial Summary – Continuing Ops<sup>1</sup>

## Three months ended December 31

	2022	2021	% change
Revenue	\$630M	\$630M	0.0%
Net income	216	118	82.4
Adjusted net income	225	197	14.0
Adjusted EBITDA	332	319	4.1
Adjusted EBITDA margin	52.7%	50.6%	210 bps
Diluted GAAP EPS	\$1.37	\$0.73	87.7
Diluted adjusted EPS	\$1.43	\$1.21	18.2
Free cash flow <sup>2</sup>	169	103	63.9

## Subscription/Long-Term Revenue



## International Revenue



1. Continuing Ops view excludes results from recently announced disposition of Energy business

2. Cash flow measures follow GAAP view and includes activity from dispositions

# Subscription vs. Non-subscription Growth – Insurance Only

## Organic Constant Currency (OCC)

OCC Growth	Subscription	Non subscription	Total
1Q21	7.1%	1.3%	<b>6.0%</b>
2Q21	6.2%	15.3%	<b>7.8%</b>
3Q21	7.9%	5.0%	<b>7.4%</b>
4Q21	7.1%	2.9%	<b>6.4%</b>
<b>FY21</b>	<b>7.1%</b>	<b>6.0%</b>	<b>6.9%</b>
1Q22	7.2%	1.3%	<b>6.1%</b>
2Q22	7.3%	2.7%	<b>6.4%</b>
3Q22	6.1%	1.8%	<b>5.3%</b>
4Q22	7.2%	12.1%	<b>8.1%</b>
<b>FY22</b>	<b>6.9%</b>	<b>4.5%</b>	<b>6.5%</b>

### 4Q22 Highlights

- Subscription revenue growth of 7.2% reflects sequential improvement versus the third quarter.
  - Strong broad-based growth across most of our businesses including core underwriting, property estimating, anti-fraud analytics, extreme event modeling, specialty business, and life insurance solutions.
- Non-subs revenue growth of 12.1% in the quarter includes the benefit from the storm related revenues.
  - Storm-related revenue contributed approximately 390 bps of OCC growth to non-subscription revenue this quarter
  - Driven by continued strong results in life insurance, recovery growth in international travel solutions and improved performance in workers compensation casualty solutions.

# Underwriting and Rating – Revenue

## Industry-leading data analytics and insights



**Underwriting Solutions**  
Industry-standard insurance programs, property-specific underwriting & rating information, and underwriting solutions.



**Extreme Event Solutions**  
Catastrophe and extreme event models and data covering natural and man-made risks such as terrorism.



**Specialty Business Solutions**  
Integrated suite of software that provides full, end-to-end management of all insurance and reinsurance business.



**International**  
A growing, global array of data and analytic solutions for risk assessment, underwriting, claims, and more.

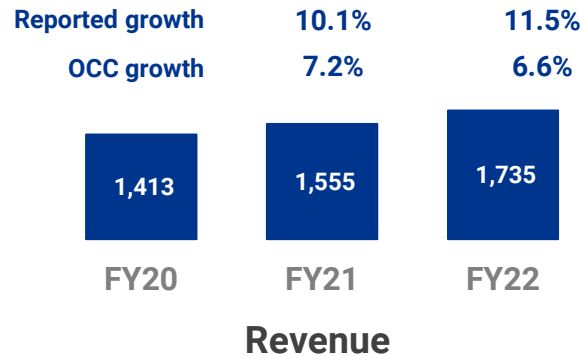


**Life**  
Power for simplified automation, decisions, and processes across the life insurance value chain, driven by an unparalleled array of data sources.



**Marketing**  
Identity resolution and consumer intelligence to humanize marketing interactions while upholding the highest data security and privacy standards.

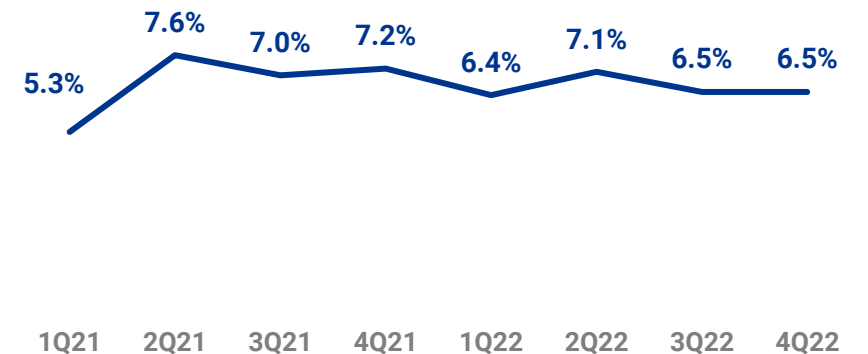
### Historical Performance



### Business Highlights

- Underwriting and Rating OCC revenue grew 6.5% driven by solid gains across most business units
  - Solid mid-single digit growth across core solutions including Underwriting and Extreme Events
  - Strong double-digit growth across emerging businesses including Life, ESG Risk Indices, and International
- Personal auto underwriting and marketing solutions were negatively impacted by lower insurance carrier volumes

### OCC Growth



# Claims – Revenue

Industry-leading data analytics and insights



### Property Estimating

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



### Anti-Fraud

Unmatched industry data and leading analytics in a comprehensive suite of anti-fraud solutions.



### International

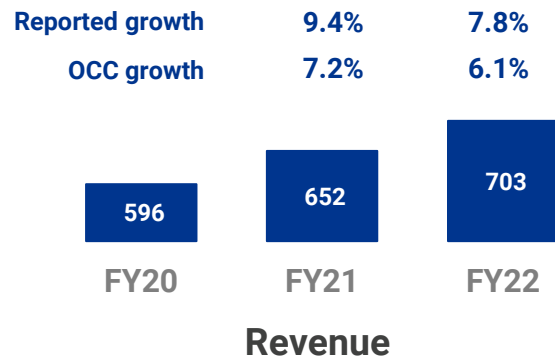
A growing, global array of data and analytic solutions for risk assessment, underwriting, claims, and more.



### Casualty

Broad claims compliance solutions and proven analytics to improve workers' comp and liability claims management.

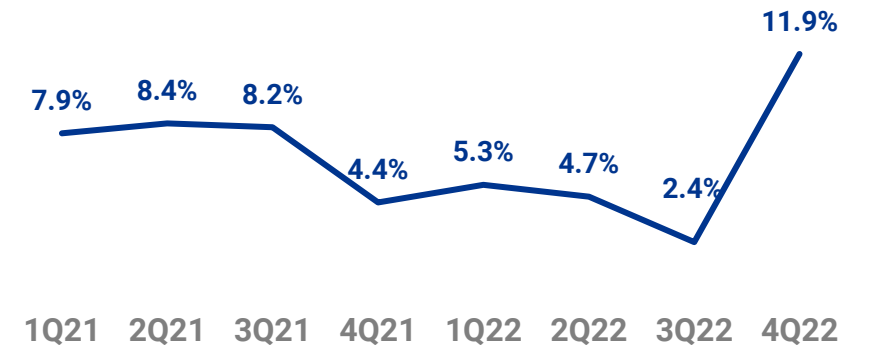
## Historical Performance



## Business Highlights

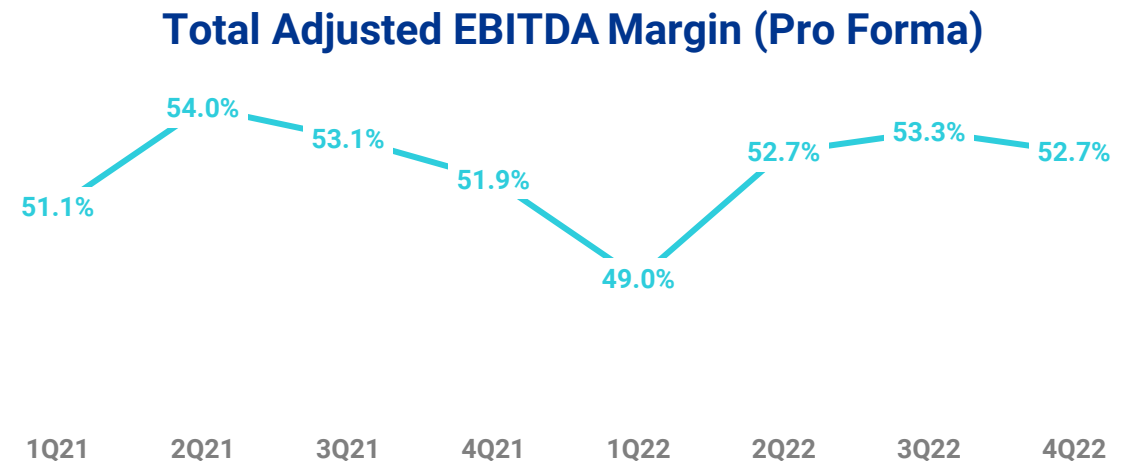
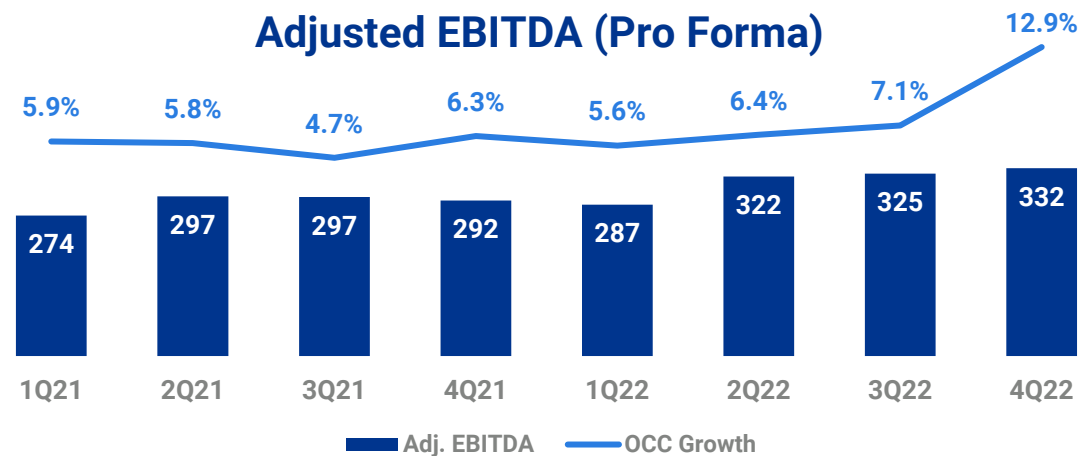
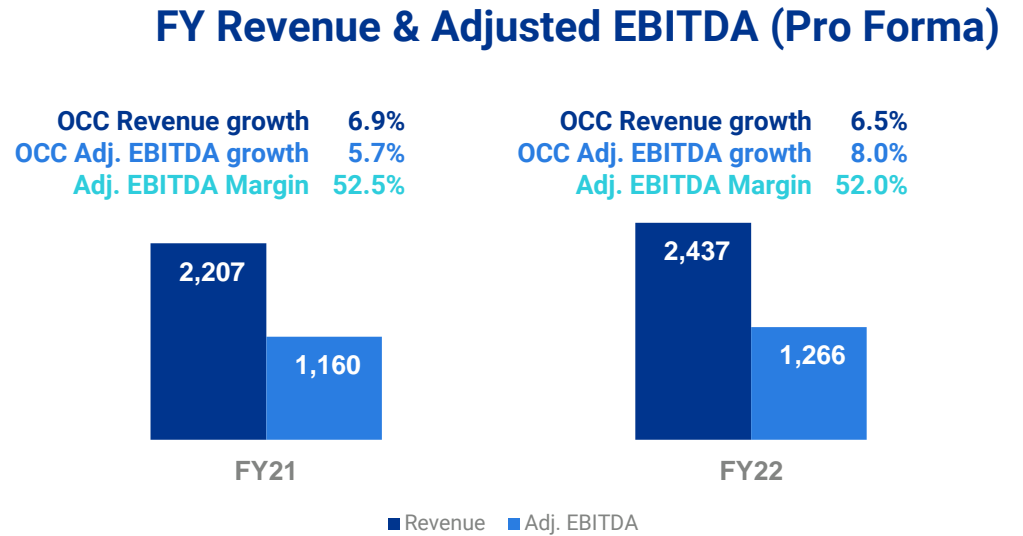
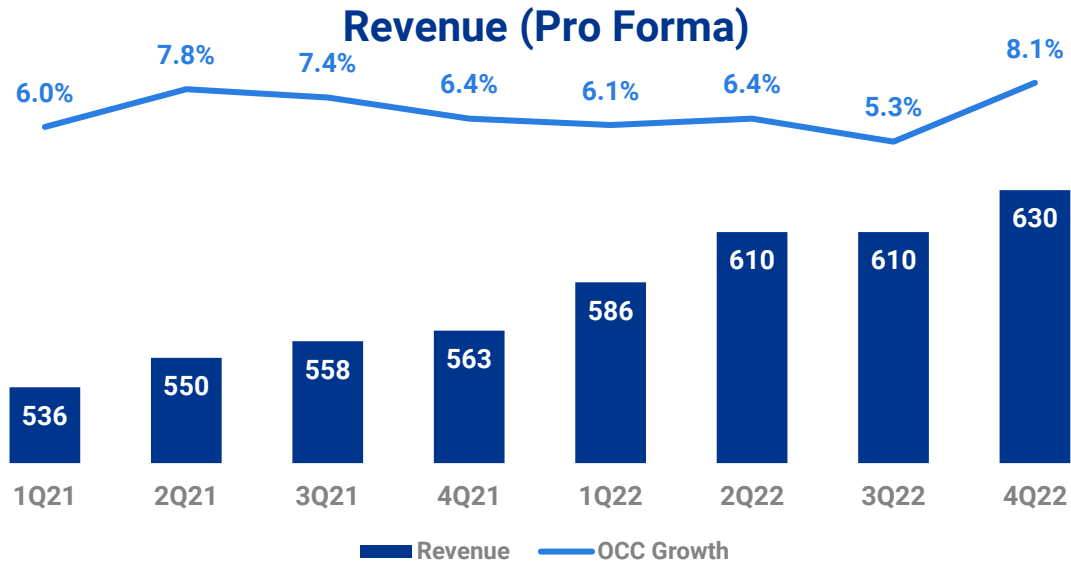
- Claims OCC revenue grew 11.9%
  - Storm related revenue contributed 340 bps of OCC growth in the quarter
  - Strong growth across core offerings including property estimating and anti-fraud analytics
- Casualty solutions returned to growth but still below pre-pandemic levels

## OCC Growth





# Insurance Quarterly Performance<sup>1</sup> - 2021 and 2022 Pro Forma



1. See the Appendix for reconciliation to all non-GAAP measures

# Cash Flow and Capital

The background features a large, solid blue circle on the left side. To its right, a series of wavy, dotted lines in shades of blue and teal create a sense of depth and movement, resembling a 3D grid or a stylized wave pattern that recedes into the distance.

# Cash Flow Utilization

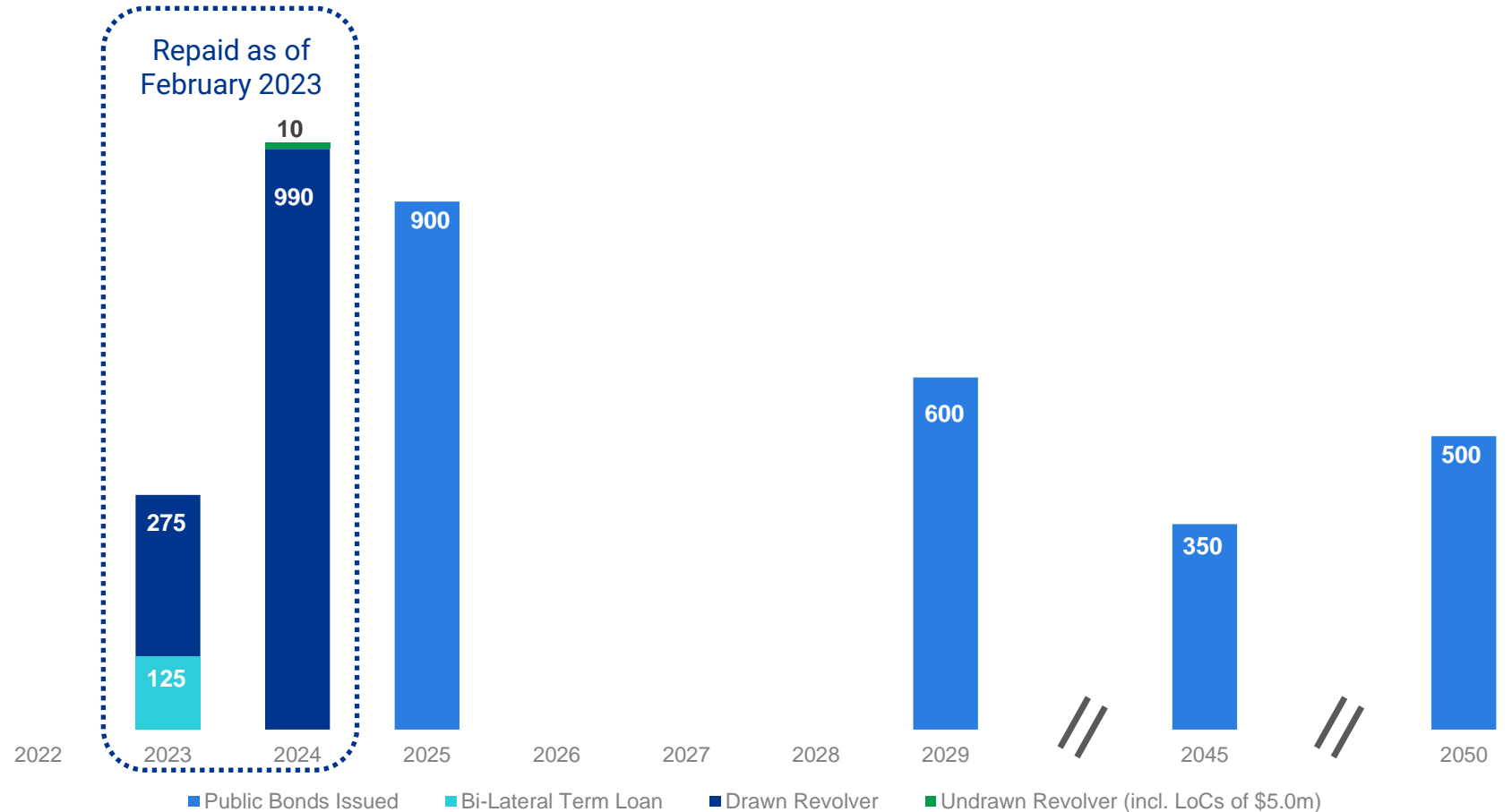
(in \$ millions)	2020	2021	2022	4Q21	4Q22
Net cash provided by operating activities	\$1,068M	\$1,156M	\$1,059M	\$189M	\$249M
Capital expenditures	(247)	(268)	(275)	(85)	(80)
Free cash flow (FCF)	821	888	784	104	169
Acquisitions (net of cash acquired) and related items <sup>1</sup>	(396)	(290)	(449)	(240)	—
Proceeds from sale of assets and settlement of related note	23	-	1,073	—	—
Net debt (repayments) borrowings	44	110	30	205	50
Purchase of investments in a nonpublic company	(95)	(24)	(46)	(3)	(2)
Repurchases of common stock	(349)	(475)	(1,663)	(75)	(466)
Dividends paid	(176)	(188)	(195)	(47)	(48)

1. Includes acquisition-related earnout payments from both operating and financing activities.

2. Cash flow measures follow GAAP view and includes activity from dispositions

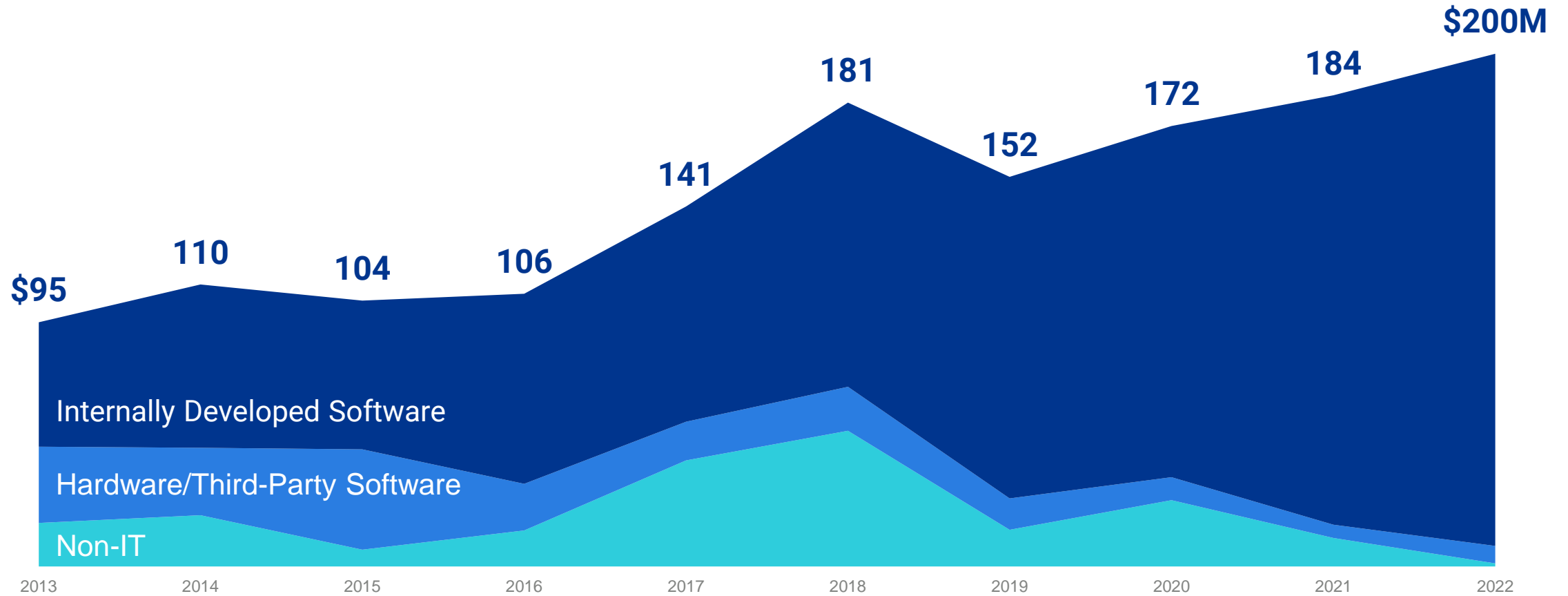
# Capital Structure

(in \$ millions)	as of Dec. 2022
<b>Bonds</b>	<b>\$2,350</b>
<b>Term Loan</b>	
<b>Bilateral</b>	<b>\$125</b>
<b>Revolver</b>	<b>\$275</b>
<b>Revolver Drawn</b>	<b>\$990</b>
<b>Total Debt <sup>1</sup></b>	<b>\$3,740</b>
<b>Debt/EBITDA <sup>2</sup></b>	<b>2.41x</b>
<b>Covenant level <sup>3</sup></b>	<b>3.50x</b>
<b>Investment Grade Ratings</b>	
S&P	BBB
Moody's	Baa2
Fitch	BBB+



1. Total debt excludes finance lease liabilities, any issued letters of credit, and issued surety bonds.  
 2. Per bank covenant; leverage based on reported (face) EBITDA is 2.49x i.e. total debt (including finance lease liabilities)/unadjusted EBITDA.  
 3. 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 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 Expenditures – Insurance Only

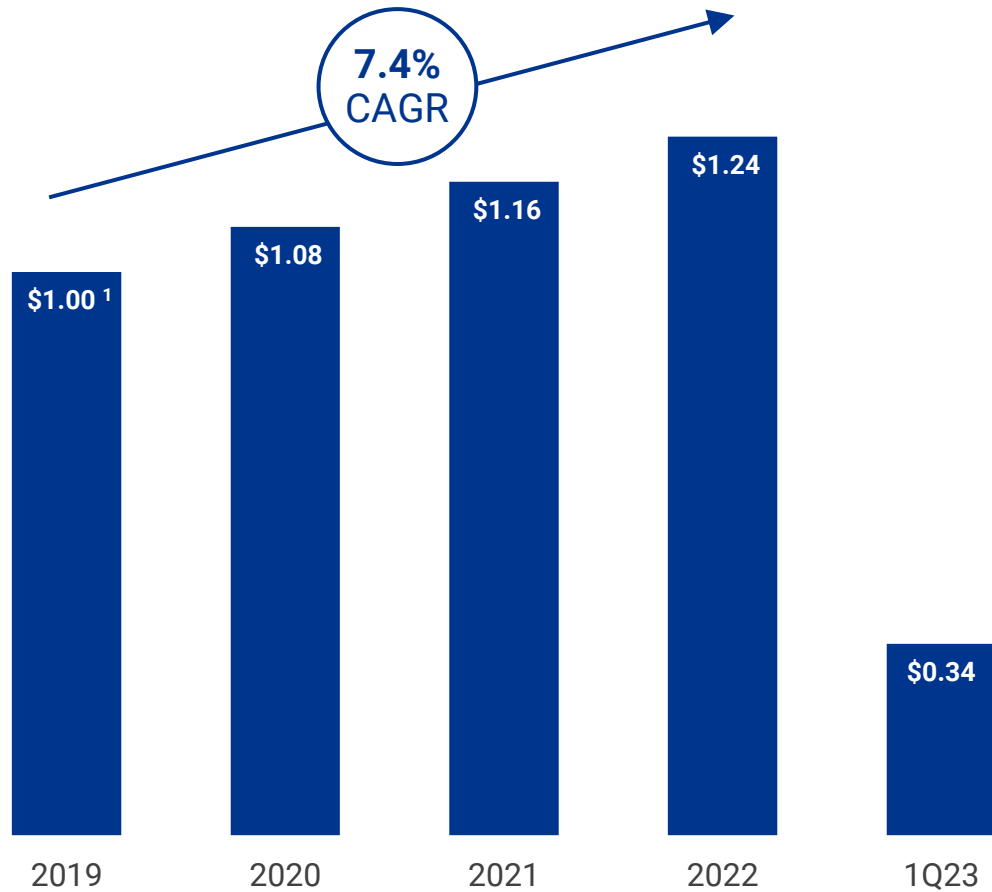


## Capex as a % of revenue

8.2%    8.8%    7.8%    7.5%    9.1%    10.6%    8.1%    8.6%    8.3%    8.2%

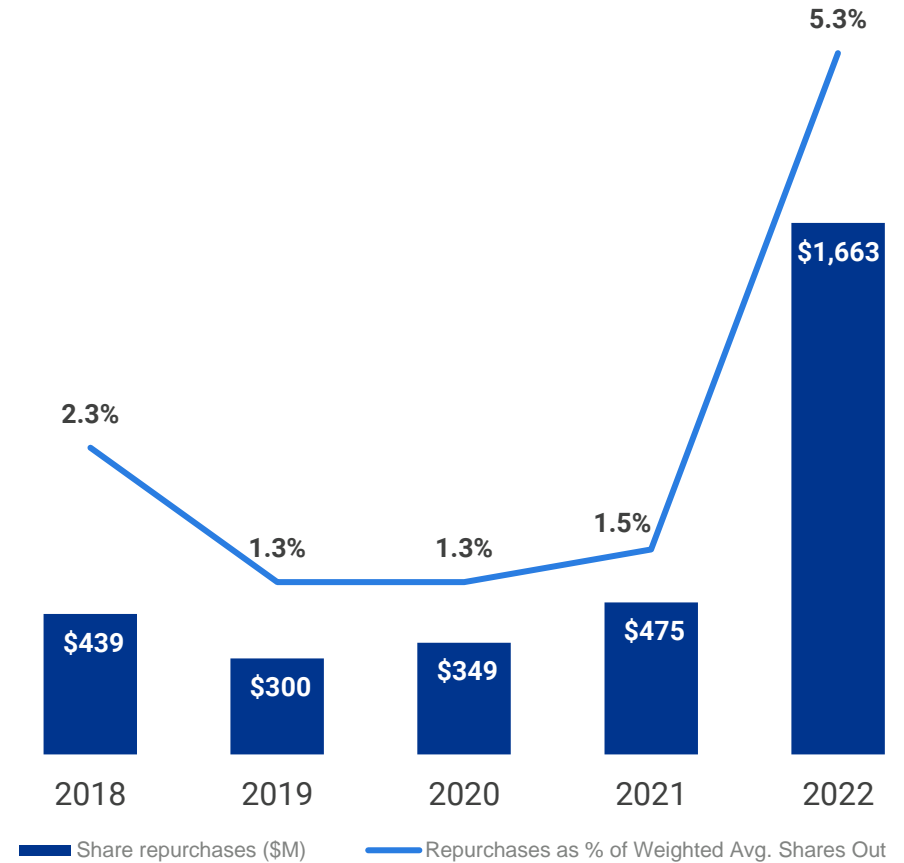
# Capital Return

## Dividend per Share



1. Dividend initiated in 2019

## Share Repurchases



# 2023 Outlook

Metric	2023 Annual Guidance	2022 Pro Forma <sup>1</sup>
Total Revenue	\$2.59 – \$2.63B	\$2,437M
Adjusted EBITDA	\$1.37 – \$1.42B	\$1,266M
Adjusted EBITDA margin	53.0% – 54.0%	52.0%
Diluted Adjusted EPS	\$5.20 – \$5.50	\$4.93 <sup>2</sup>
Tax rate	23% – 25%	17.4%
Capex	\$200 – \$230M	\$200M
Fixed asset D&A	\$175 – \$195M	\$162M
Intangible amortization	\$70M	\$71M
Q1 Dividend Per Share	\$0.34	\$0.31

1. Pro Forma financials are adjusted to remove operating results for all divestitures. Refer to Appendix for reconciliation to GAAP measures.

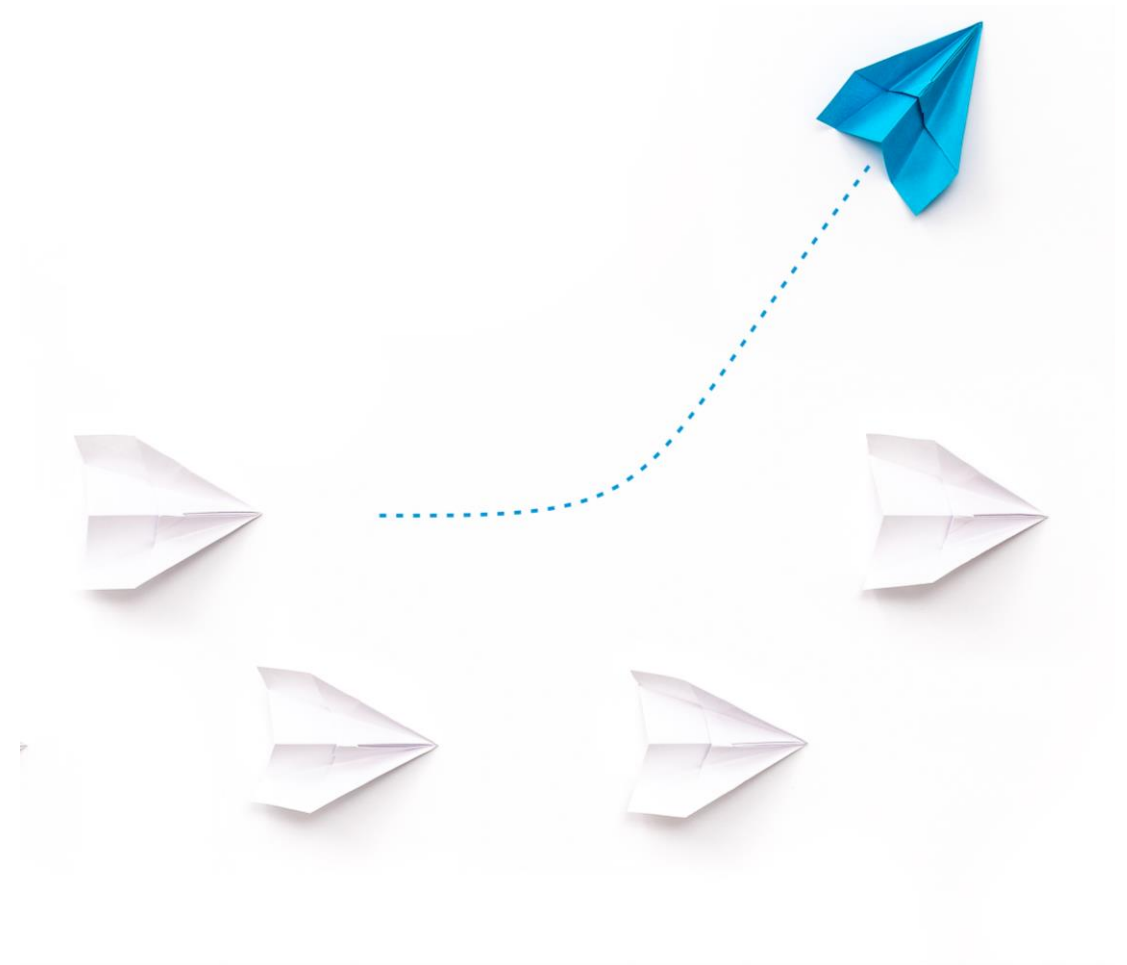
2. Normalizing for \$68M in tax benefits associated with dispositions, 2022 Proforma EPS would have been \$4.49.

We are not able to provide a reconciliation of projected Adjusted EBITDA and Adjusted EBITDA margin to the most directly comparable expected GAAP results because of the unreasonable effort and high unpredictability of estimating certain items that are excluded from non-GAAP Adjusted EBITDA and Adjusted EBITDA margin, including, for example, tax consequences, acquisition-related costs, gain/loss from dispositions and other non-recurring expenses, the effect of which may be significant.

# 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.
- Allocate capital to attractive return opportunities in excess of risk-adjusted WACC with highest value creation opportunity.
- Host biannual project level reviews for all capex spend with each business unit.
- Target returns to exceed WACC in approximately three years.
- Evaluate capital return alternatives.
- Determine capital return allocation through dividends and share repurchases.
- Maintain investment grade rating as important to customers; target leverage of 2–3x.





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Appendix:

# Supplemental Slides and/or Non-GAAP Reconciliations

# Non-GAAP Reconciliations

## Specified Metrics

We have provided certain non-GAAP financial information as supplemental information regarding our 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. We believe that our presentation of non-GAAP measures provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. In addition, our management uses these measures for reviewing our financial results, 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), gain/loss from dispositions (which includes businesses held for sale), and nonrecurring gain/loss. Adjusted EBITDA expenses represent adjusted EBITDA net of revenues. We believe these measures are useful and meaningful because they allow for greater transparency regarding our 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; and (iv) nonrecurring gain/loss, net of tax. Diluted adjusted EPS represents adjusted net income divided by weighted-average diluted shares. We believe these measures are useful and meaningful because they allow evaluation of the after-tax profitability of our 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. We believe free cash flow is an important measure of the recurring cash generated by our operations that may be available to repay debt obligations, repurchase our stock, invest in future growth through new business development activities, or make acquisitions.

### **Organic**

Organic is defined 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. We believe 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 and the impact of recent dispositions, for which results are removed from all prior periods presented to allow for comparability.

### **Organic Constant Currency (OCC) Growth Rate**

Organic Constant Currency (OCC) Growth Rate: Our 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 we transact changes in value over time compared with the U.S. dollar; accordingly, we present certain constant currency financial information to assess how we performed excluding the impact of foreign currency exchange rate fluctuations. We calculate constant currency by translating comparable prior-year-period results at the currency exchange rates used in the current period. We believe organic constant currency is a useful and meaningful measure to enhance investors' understanding of the continuing operating performance of our 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	4Q22			4Q21		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$630.4M	—	—	\$563.4M	\$28.7M	\$38.2M
Revenues from acquisitions and dispositions	(28.2)	—	—	(1.8)	(28.7)	(38.2)
<b>Organic revenues</b>	<b>602.2</b>	<b>—</b>	<b>—</b>	<b>561.6</b>	<b>—</b>	<b>—</b>
EBITDA	342.8	0.5	(2.6)	354.6	3.4	(123.0)
Impairment loss	—	—	—	—	—	134.0
Litigation reserve	—	—	—	(50.0)	—	—
(Gain) loss from dispositions	—	(0.4)	2.4	—	—	—
Acquisition-related costs (earn-outs)	(10.7)	—	—	—	—	—
<b>Adjusted EBITDA</b>	<b>332.1</b>	<b>0.1</b>	<b>(0.2)</b>	<b>304.6</b>	<b>3.4</b>	<b>11.0</b>
Adjusted EBITDA from acquisitions and dispositions	(5.5)	(0.1)	0.2	(95.9)	(3.4)	(11.0)
<b>Organic adjusted EBITDA</b>	<b>326.6</b>	<b>—</b>	<b>—</b>	<b>208.7</b>	<b>—</b>	<b>—</b>

# Non-GAAP Reconciliations

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

Segment Results Summary and Adjusted EBITDA Reconciliation	FY22			FY21		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$2,437.0M	\$22.4M	\$37.6M	\$2,206.9M	\$112.8M	\$142.8M
Revenues from acquisitions and dispositions	(104.5)	(22.4)	(37.6)	(2.6)	(112.8)	(142.8)
<b>Organic revenues</b>	<b>2,332.5</b>	-	-	<b>2,204.3</b>	-	-
EBITDA	1,303.0	426.2	(89.4)	1,265.2	9.6	(111.1)
Impairment loss	—	—	73.7	—	—	134.0
Litigation reserve	—	—	—	(50.0)	—	—
Acquisition-related costs (earn-outs)	(3.0)	—	—	0.1	—	—
Severance expense	—	1.8	—	—	—	—
(Gain) loss from dispositions	—	(449.9)	22.1	—	—	—
<b>Adjusted EBITDA</b>	<b>1,300.0</b>	<b>(21.9)</b>	<b>6.4</b>	<b>1,215.3</b>	<b>9.6</b>	<b>22.9</b>
Adjusted EBITDA from acquisitions and dispositions	(51.5)	21.9	(6.4)	(137.3)	(9.6)	(22.9)
<b>Organic adjusted EBITDA</b>	<b>1,248.5</b>	-	-	<b>1,078.0</b>	-	-

# Non-GAAP Reconciliations

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

### Adjusted Net Income and EPS

	FY22	FY21	4Q22	4Q21
Net income	\$1,042.1M	\$607.1M	\$215.8M	\$118.3M
plus: Amortization of intangibles	74.4	79.9	17.0	20.1
less: Income tax effect on amortization of intangibles	(18.6)	(20.0)	(4.2)	(5.0)
less: Litigation reserve	—	(50.0)	—	(50.0)
plus: Income tax effect on litigation reserve	—	12.6	—	12.6
plus: Acquisition-related costs and interest expense (earn-outs)	(0.1)	0.1	(7.7)	—
less: Income tax effect on acquisition-related costs and interest expense (earn-outs)	0.1	—	1.9	—
plus: Impairment loss	73.7	134.0	—	134.0
less: Income tax effect on impairment loss	(16.8)	(32.8)	—	(32.8)
plus: Loss (gain) from dispositions	(427.9)	—	2.0	—
less: Income tax effect on gain from dispositions	67.4	—	—	—
plus: Severance expense	1.8	—	—	—
less: Income tax effect on severance expense	(0.4)	—	—	—
<b>Adjusted net income</b>	<b>795.7</b>	<b>730.9</b>	<b>224.8</b>	<b>197.2</b>
<b>Diluted EPS attributable to Verisk</b>	<b>\$6.00</b>	<b>\$4.08</b>	<b>\$0.39</b>	<b>\$0.88</b>
<b>Diluted adjusted EPS</b>	<b>\$5.01</b>	<b>\$4.47</b>	<b>\$1.43</b>	<b>\$1.21</b>

Weighted-average diluted shares outstanding

158.9M      163.3M      157.0M      163.1M

### Free Cash Flow

	FY22	FY21	4Q22	4Q21
Net cash provided by operating activities	\$1,059.0M	\$1,155.7M	\$249.0M	\$188.6M
Capital expenditures	(274.7)	(268.4)	(79.7)	(85.3)
<b>Free cash flow</b>	<b>784.3</b>	<b>887.3</b>	<b>169.3</b>	<b>103.3</b>

1. Cash flow doesn't account for discontinued operations.

## Non-GAAP Reconciliations

### 2021 and 2022 Pro Forma Revenues and EBITDA

	2022					2021				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
Revenues (Insurance)	\$586M	\$610M	\$610M	\$630M	\$2,437M	\$536M	\$550M	\$558M	\$563M	\$2,207M
Revenues from acquisitions	(20)	(28)	(28)	(28)	(105)	(1)	-	(0)	(2)	(3)
<b>Organic revenues</b>	<b>567</b>	<b>582</b>	<b>582</b>	<b>602</b>	<b>2,332</b>	<b>535</b>	<b>550</b>	<b>558</b>	<b>562</b>	<b>2,204</b>
Net income attributable to Verisk (reported) <sup>1</sup>	506	198	189	61	954	169	154	202	142	666
(Income) loss from discontinued operations <sup>2</sup>	(19)	(24)	(24)	155	88	(21)	8	(22)	(24)	(59)
Income from continuing operations	487	173	166	216	1,042	148	161	179	118	607
Depreciation and amortization of fixed assets	40	39	42	43	164	42	43	43	42	170
Amortization of intangible assets	21	18	18	17	74	21	25	14	20	80
Interest expense	31	32	34	41	139	35	31	30	30	127
Provision for income taxes	103	41	53	24	220	46	57	53	24	179
EBITDA	682	304	312	341	1,639	292	318	318	235	1,164
Impairment loss	74	-	-	-	74	-	-	-	134	134
Litigation reserve	-	-	-	-	-	-	-	-	(50)	(50)
Acquisition-related costs (earn-outs)	-	-	8	(11)	(3)	(0)	0	0	-	0
Severance expense	-	2	-	-	2	-	-	-	-	-
Loss (gain) from dispositions	(451)	16	5	2	(428)	-	-	-	-	-
EBITDA from dispositions <sup>3</sup>	(18)	(0)	0	0	(18)	(19)	(21)	(22)	(27)	(88)
<b>Adjusted EBITDA (Pro Forma)</b>	<b>287</b>	<b>322</b>	<b>325</b>	<b>332</b>	<b>1,266</b>	<b>274</b>	<b>297</b>	<b>297</b>	<b>292</b>	<b>1,160</b>
Adjusted EBITDA from acquisitions	(4)	(7)	(8)	(6)	(25)	1	-	0	1	2
<b>Organic adjusted EBITDA (Pro Forma)</b>	<b>\$284M</b>	<b>\$315M</b>	<b>\$318M</b>	<b>\$326M</b>	<b>\$1,242M</b>	<b>\$274M</b>	<b>\$297M</b>	<b>\$297M</b>	<b>\$293M</b>	<b>\$1,162M</b>

1. As reported in the Company's 2021 and 2022 10-k filing.

2. (Income) loss from discontinued operations reflects the results of our recently announced disposition of the Energy business

3. Includes 3E and VFS

