



2Q2020 Earnings Presentation

August 4, 2020

SERVE | ADD VALUE | INNOVATE



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, the potential impacts of the COVID-19 pandemic on our operations and financial performance, our expectation and ability to pay a 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 \$8 million revenue impact of the roof measurement injunction, organic constant currency (OCC) revenue grew 2.4%.
- In the 85% of our consolidated revenues that are predominantly subscription or subject to long-term contracts, OCC revenue growth was approximately 6.5%, when normalized for the injunction.
- In the remaining 15% of our consolidated revenues that are more transactional in nature, OCC revenue declined approximately 20%, owing to COVID-19 causal factors.
- Normalized for the injunction and the timing shift of \$10 million expense related to LTI equity grants, OCC adjusted EBITDA grew 11.6%, demonstrating strong operational discipline and the responsiveness of our compensation structure.
- Approximately \$119 million of capital was returned to shareholders through share repurchases and dividends.
- At June 30, 2020 our Debt/EBITDA was 2.6x, within our targeted range.

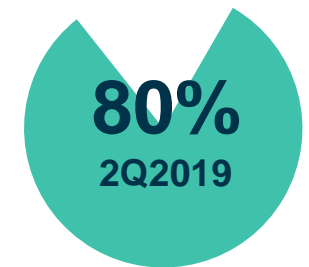
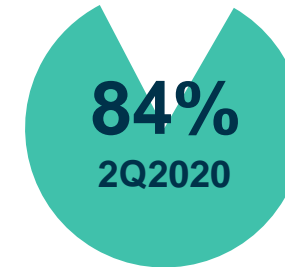


Financial Summary

Three months ended June 30

	2020	2019	% change
Revenue	\$679M	\$653M	4.0%
Net income	179	150	19.0
Adjusted net income	213	184	15.8
Adjusted EBITDA	348	304	14.5
Adjusted EBITDA margin	51.3%	46.6%	471 bps
Diluted GAAP EPS	\$1.08	\$0.90	20.0
Diluted adjusted EPS	\$1.29	\$1.10	17.3
Free cash flow	193	153	25.7

Subscription/Long-Term Revenue

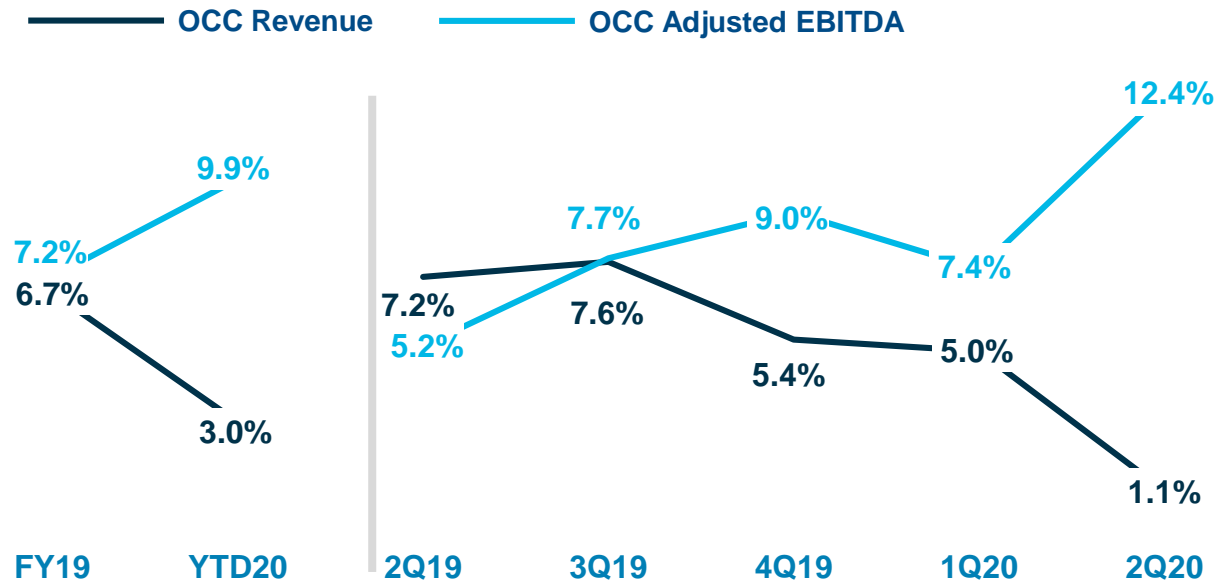


International Revenue



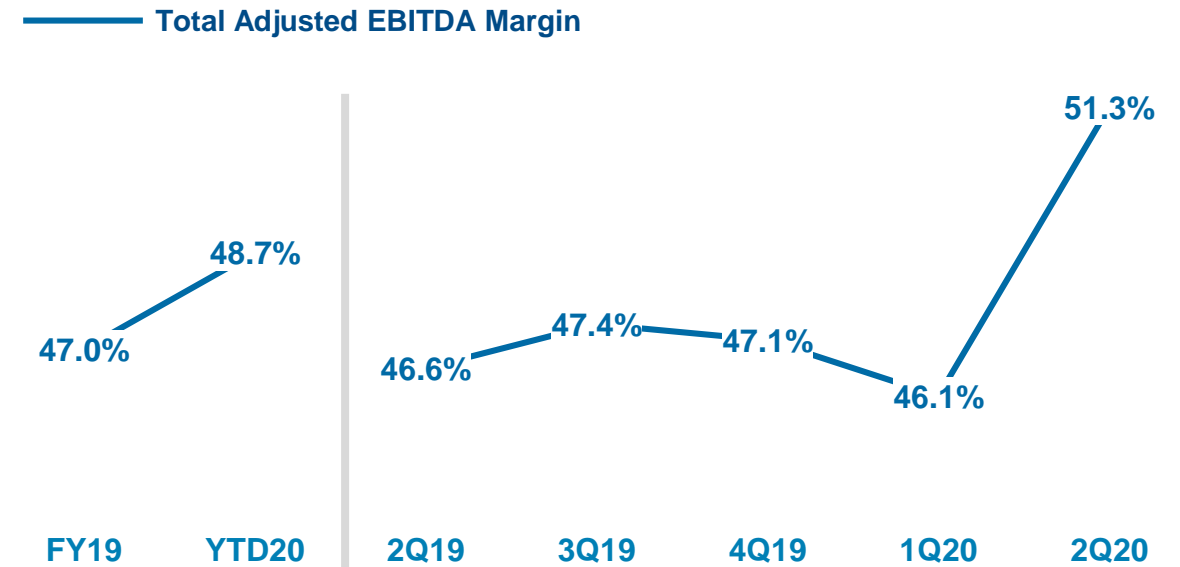


Organic Constant Currency Growth and Adjusted EBITDA Margins



Highlights

- OCC revenue grew 1.1%, driven by growth in our subscription businesses across all verticals.
 - Normalizing for the impact of the roof measurement injunction, OCC revenues increased 2.4% in 2Q20.
- OCC adjusted EBITDA growth was 12.4%, and 11.6% when normalized for the impact of the injunction and the LTI timing shift, demonstrating strong leverage despite reduced revenue growth due to COVID-19 impacts.



Highlights

- Total adjusted EBITDA margin expanded to 51.3%, including a one-time approximately 150 bps benefit from the timing shift of annual LTI grants.
- The strong margin expansion reflects operating discipline and the responsiveness of our compensation structure.

Segments



Insurance

Industry-leading data analytics and insights

Underwriting & Rating Solutions



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



Catastrophe and extreme event models and data 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

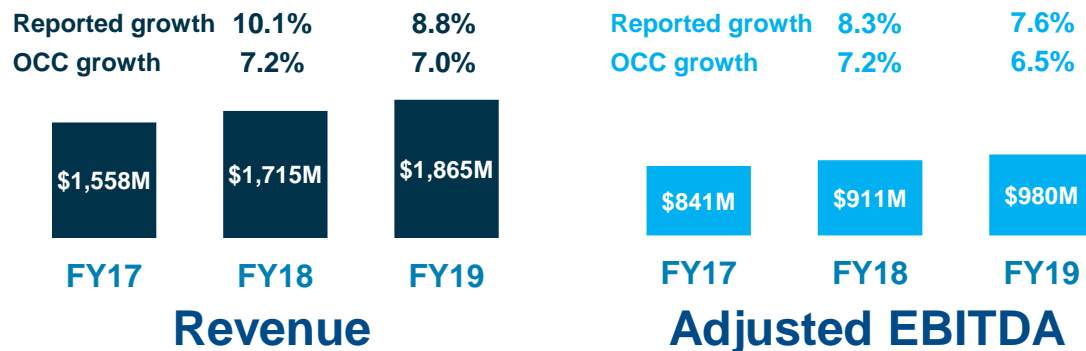
Loss quantification and repair cost estimating for professionals involved in all phases of building and repair



Geomni

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

Historical Performance



2Q2020





Insurance Quarterly Performance

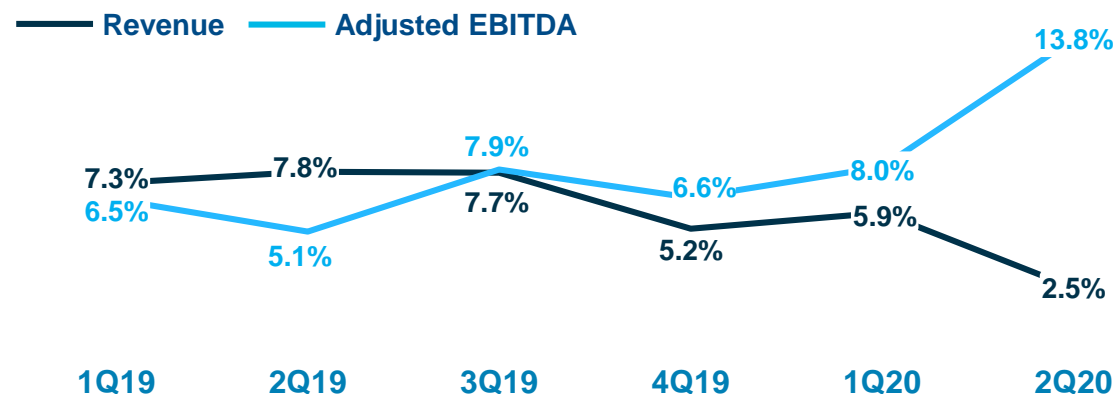
Financials

	2Q20	2Q19	% change	
			Reported	OCC
UW & rating	\$344M	\$315M	9.1%	5.1%
Claims	143	156	-8.6	-2.9
Revenue	486	471	3.3	2.5
Adjusted EBITDA	285	247	15.1	13.8
Total margin	58.5%	52.5%		

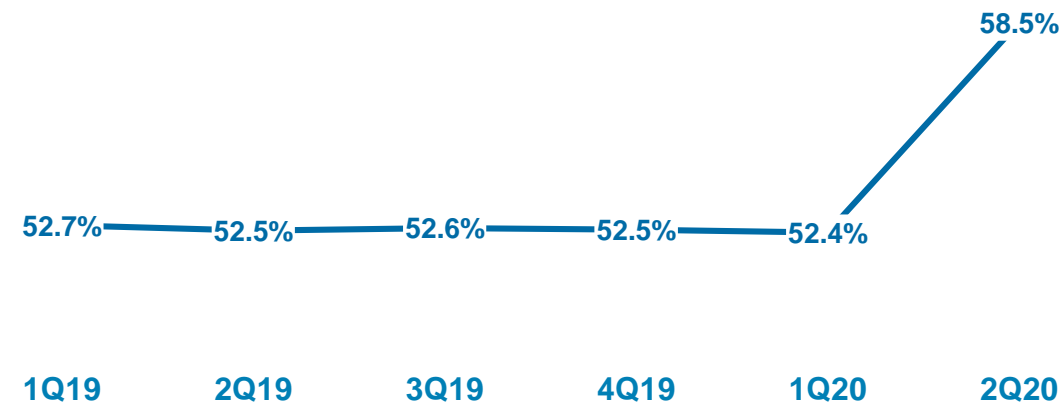
Business Highlights

- UW & rating growth was 5.1% on an OCC basis, and was broad-based across both personal and commercial lines.
 - Industry-standard programs and catastrophe modeling solutions delivered solid growth, and offset declines in certain COVID-19 impacted solutions.
- Normalized for the impact of the injunction, Claims delivered 2.6% OCC growth.
 - Subscription growth remained solid, but transactional revenue growth experienced declines related to COVID-19.
- Total adjusted EBITDA margin expanded to 58.5% including an approximate 160 bps benefit from the LTI timing shift, reflecting operating discipline and core leverage. We also continued to invest in our key breakout areas.

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

Historical Performance

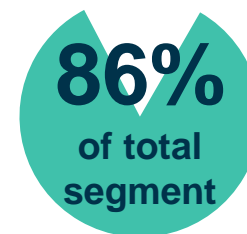
Reported growth	15.4%	11.8%	Reported growth	16.0%	15.5%
OCC growth	4.9%	7.0%	OCC growth	1.9%	13.2%



Revenue

Adjusted EBITDA

2Q2020



% Subscription



Revenue



Adjusted EBITDA



Energy and Specialized Markets Quarterly Performance

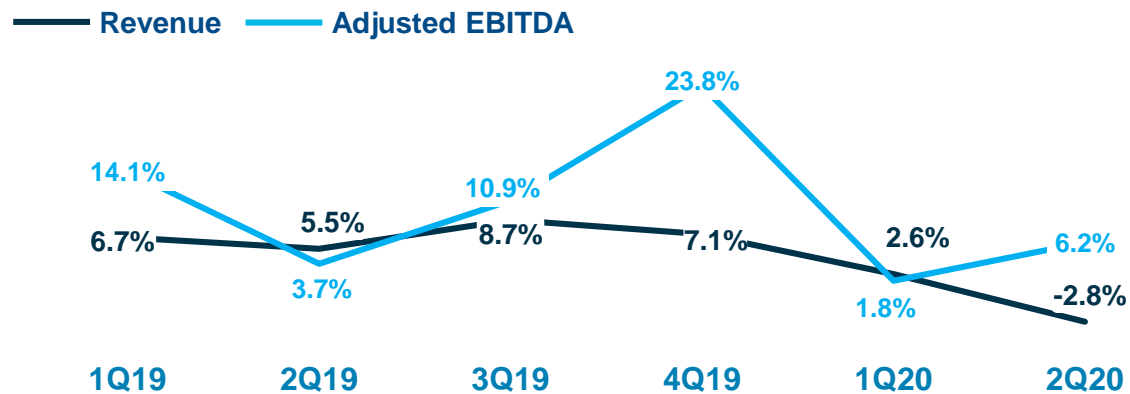
Financials

	2Q20	2Q19	% change Reported	OCC
Revenue	\$154M	\$137M	12.4%	-2.8%
Adjusted EBITDA	52	43	22.2	6.2
Total margin	33.9%	31.1%		

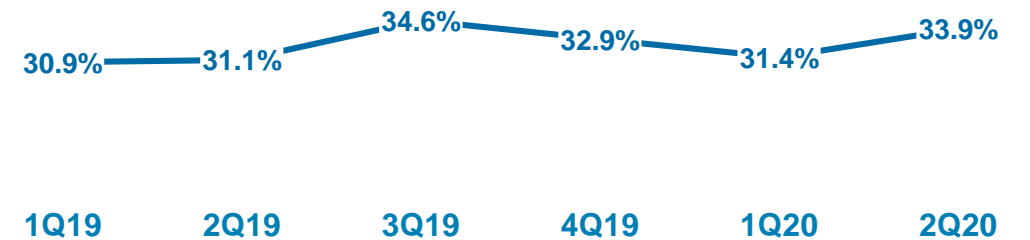
Business Highlights

- OCC revenue decreased 2.8%, due to declines in consulting and implementation projects across the energy segment.
- Subscription revenues in core research, environmental health and safety and weather analytics posted positive results.
 - Our breakout solutions, including the energy transition practice and chemicals, experienced solid growth.
- Total adjusted EBITDA margin expanded to 33.9%, including an approximate 100 bps benefit from the LTI timing shift, reflecting cost discipline, and modest actions taken to reduce headcount while we continued to invest in key innovation projects.

Organic Constant Currency Growth



Total Adjusted EBITDA Margin





Financial Services

Big data, predictive analytics, and insights

Argus Portfolio Management

Solutions for financial institutions, including competitive benchmarking, decisioning algorithms, and advisory services, and data management platforms

Fraud & Credit Risk Management

Tools for bankruptcy management and debt collection, and solutions to detect fraud and illicit or noncompliant merchant activity for e-commerce and payments companies

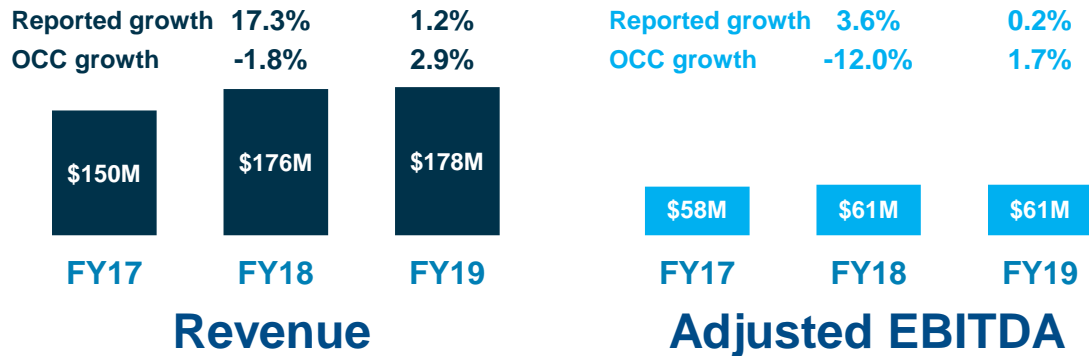
Management Information & Regulatory Reporting

MIS solutions and regulatory reporting solutions for the banking sector

Spend-Informed Analytics

Consumer spending analysis and insights, including marketing targeting models and campaign measurement tools

Historical Performance



2Q2020





Financial Services Quarterly Performance

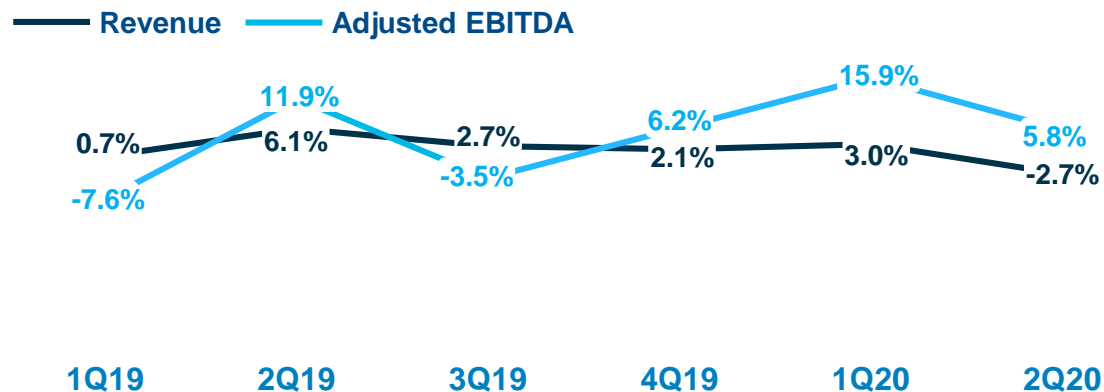
Financials

			% change	
	2Q20	2Q19	Reported	OCC
Revenue	\$38M	\$44M	-14.1%	-2.7%
Adjusted EBITDA	11	14	-19.8	5.8
Total margin	29.7%	31.9%		

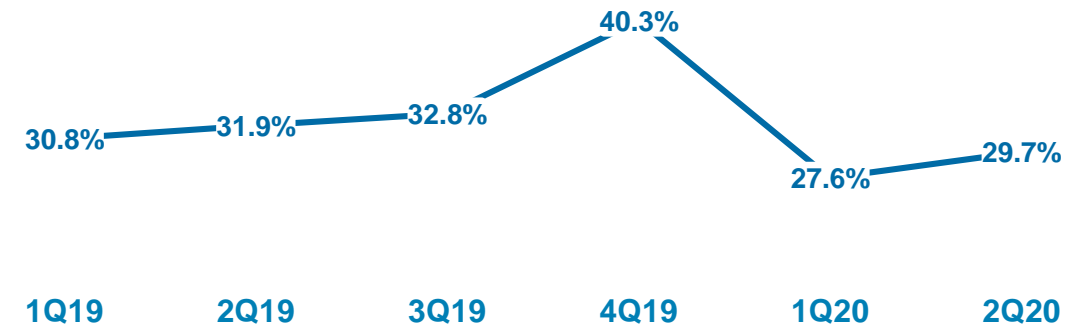
Business Highlights

- OCC revenue decreased 2.7% owing to declines in project-based retained analytics and spend informed analytics that offset growth in our subscription solutions.
- OCC adjusted EBITDA increased 5.8% resulting from operational discipline and cost management.
- Total adjusted EBITDA margin declined to 29.7%, including an approximate 170 bps benefit from the LTI timing shift, as a result of certain portfolio transactions that closed earlier this year.

Organic Constant Currency Growth



Total Adjusted EBITDA Margin



Cash Flow and Capital



Cash Flow Utilization

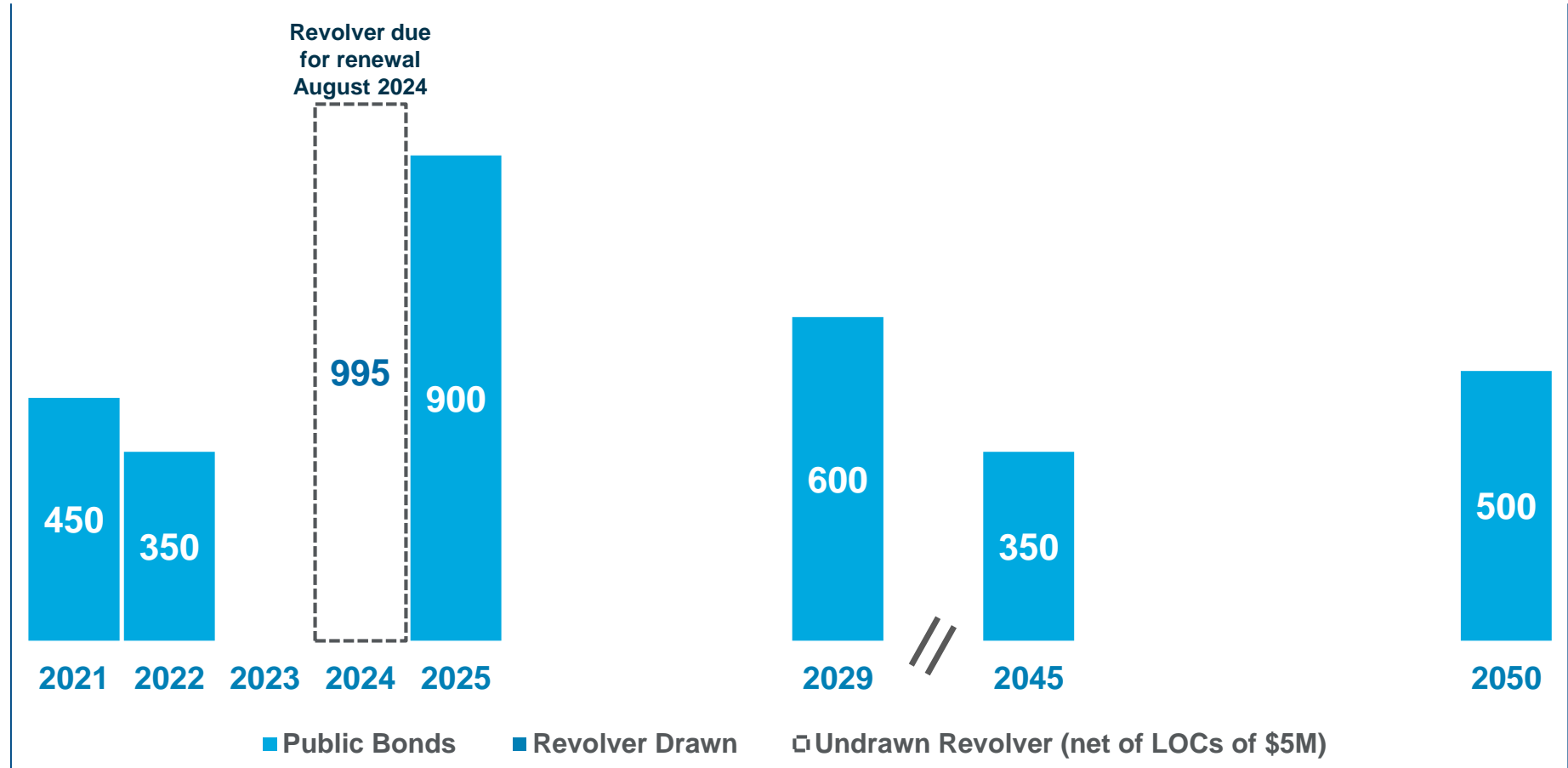
(in \$ millions)	2018	2019	YTD20	2Q19	2Q20
Net cash provided by operating activities	\$934M	\$956M	\$612M	\$200M	\$250M
Capital expenditures	(231)	(217)	(110)	(47)	(57)
Free cash flow (FCF)	703	740	503	153	193
Acquisitions (net of cash acquired) and related items ¹	(153)	(704)	(99)	—	(99)
Proceeds from sale of assets and settlement of related note	121	2	23	—	—
Net debt (repayments) borrowings	(300)	450	—	(100)	55
Purchase of investments in a nonpublic company	—	—	(64)	—	—
Repurchases of common stock	(439)	(300)	(249)	(50)	(75)
Dividends paid	—	(164)	(88)	(41)	(44)

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



Capital Structure

	as of June-2020
(in \$ millions)	
Bonds	\$3,150
Revolver Drawn	--
Total Debt ¹	\$3,150
Debt/EBITDA ²	2.6x
Covenant level ³	3.5x
Investment Grade Ratings	
S&P	BBB
Moody's	Baa2
Fitch	BBB+



1. Total debt excludes finance lease liabilities.

2. Per bank covenant; leverage based on reported (face) EBITDA is 2.81x.

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.

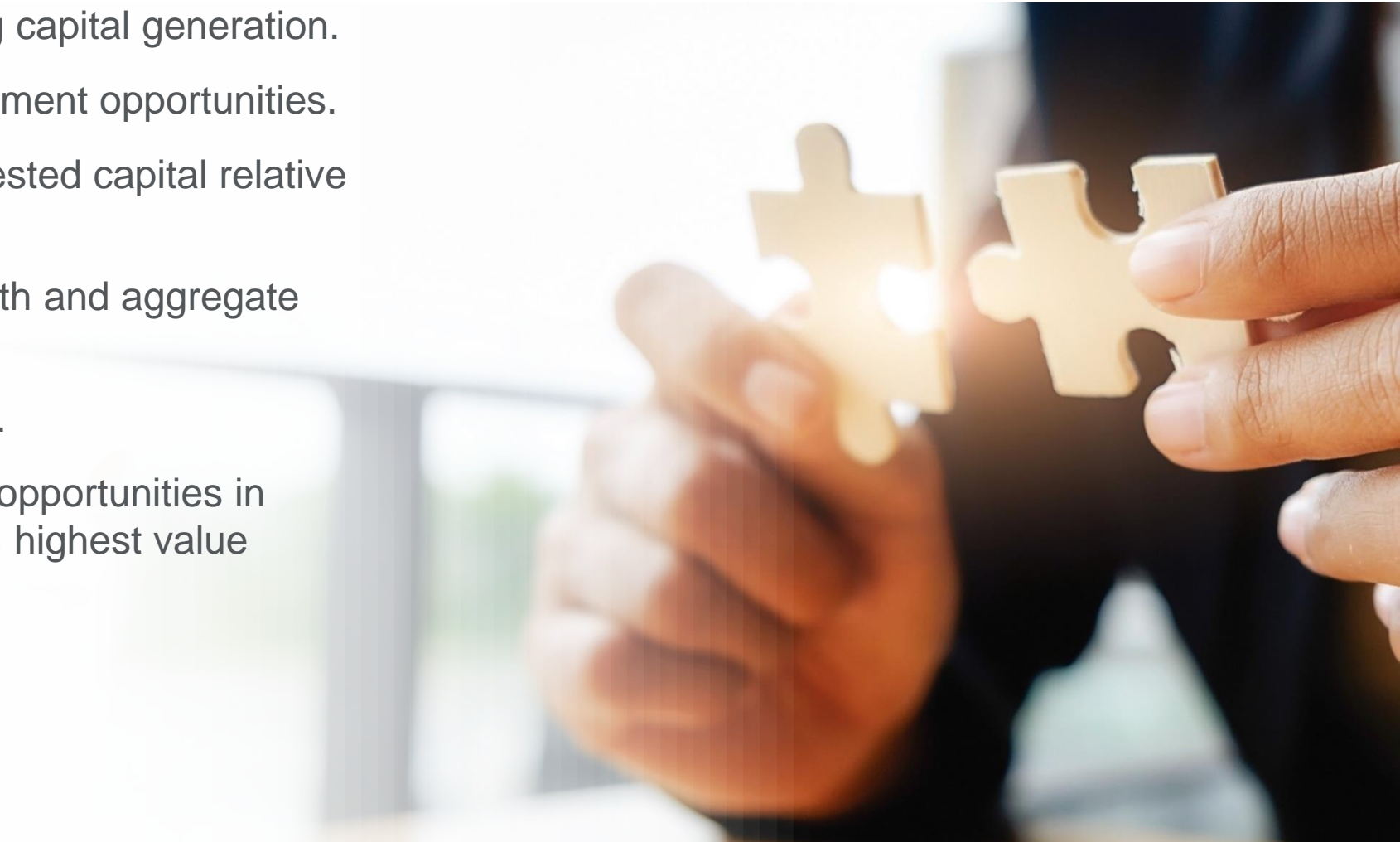
The second step-up in the leverage covenant level can occur only if actual leverage is <3.00x at two consecutive quarter ends after the occurrence of the first step-up.



Capital 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 (earn-outs), gain/loss from dispositions (which include 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 include 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

	2Q20			2Q19		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$486.4M	\$154.4M	\$38.0M	\$471.0M	\$137.3M	\$44.3M
Revenues from acquisitions and dispositions	(14.1)	(22.8)	(0.1)	(9.5)	—	(5.0)
Organic revenues	472.3	131.6	37.9	461.5	137.3	39.3
EBITDA	282.3	52.3	11.3	242.7	40.3	14.1
Acquisition-related costs (earn-outs)	2.4	—	—	4.6	2.4	—
Adjusted EBITDA	284.7	52.3	11.3	247.3	42.7	14.1
Adjusted EBITDA from acquisitions and dispositions	(4.0)	(7.7)	0.6	(0.4)	—	(2.9)
Organic adjusted EBITDA	280.7	44.6	11.9	246.9	42.7	11.2



Non-GAAP Reconciliations

Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation

	YTD20			YTD19		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$975.8M	\$314.5M	\$78.3M	\$924.5M	\$265.8M	\$87.3M
Revenues from acquisitions and disposition	(31.8)	(51.6)	(1.8)	(17.0)	—	(10.4)
Organic revenues	944.0	262.9	76.5	907.5	265.8	76.9
EBITDA	554.7	102.5	25.9	474.0	77.5	27.4
Acquisition-related costs (earn-outs)	2.6	—	—	12.0	5.0	—
Gain from dispositions	(15.9)	—	(3.5)	—	—	—
Adjusted EBITDA	541.4	102.5	22.4	486.0	82.5	27.4
Adjusted EBITDA from acquisitions and dispositions	(3.3)	(16.3)	0.5	0.2	1.0	(6.4)
Organic adjusted EBITDA	538.1	86.2	22.9	486.2	83.5	21.0



Non-GAAP Reconciliations

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

Adjusted Net Income and EPS

	YTD20	YTD19	2Q20	2Q19
Net income	\$350.7M	\$284.8M	\$179.0M	\$150.4M
plus: Amortization of intangibles	82.0	66.9	41.0	33.6
less: Income tax effect on amortization of intangibles	(18.0)	(14.1)	(9.0)	(7.0)
plus: Acquisition-related costs and interest expense (earn-outs)	2.6	17.6	2.4	7.1
less: Income tax effect on acquisition-related costs and interest expense (earn-outs)	(0.6)	(0.7)	(0.5)	(0.3)
less: Gain from dispositions	(19.4)	—	—	—
plus: Income tax effect on gain from dispositions	9.6	—	—	—
Adjusted net income	406.9	354.5	212.9	183.8
Diluted EPS	\$2.12	\$1.71	\$1.08	\$0.90
Diluted adjusted EPS	\$2.46	\$2.13	\$1.29	\$1.10
Weighted-average diluted shares outstanding	165.4M	166.6M	165.1M	166.7M

Free Cash Flow

	YTD20	YTD19	2Q20	2Q19
Net cash provided by operating activities	\$612.1M	\$566.4M	\$249.5M	\$200.3M
Capital expenditures	(109.6)	(92.1)	(56.7)	(46.9)
Free cash flow	502.5	474.3	192.8	153.4



Non-GAAP Reconciliations

Adjusted EBITDA | Historical Full-Year Periods

Segment Adjusted EBITDA Reconciliation

	2019	2018	2017
Insurance Segment – EBITDA	\$823.3M	\$929.1M	\$852.7M
Insurance Segment – Acquisition-related costs (earn-outs)	32.1	(0.8)	(0.2)
Insurance Segment – Gain and interest income on subordinated promissory note receivable	—	(17.2)	(11.6)
Insurance Segment – Litigation reserve	125.0	—	—
Insurance Segment – Adjusted EBITDA	980.4	911.1	840.9
Energy and Specialized Markets Segment – EBITDA	\$141.2	\$157.5	\$136.7
Energy and Specialized Markets Segment – Acquisition-related costs (earn-outs)	41.9	2.4	—
Energy and Specialized Markets Segment – Gain and interest income on subordinated promissory note receivable	—	(1.4)	—
Energy and Specialized Markets Segment – Adjusted EBITDA	183.1	158.5	136.7
Financial Services Segment – EBITDA	\$54.4	\$58.9	\$58.4
Financial Services Segment – Acquisition-related costs (earn-outs)	—	3.5	—
Financial Services Segment – Gain and interest income on subordinated promissory note receivable	—	(1.8)	—
Financial Services Segment – Loss from disposition	6.2	—	—
Financial Services Segment – Adjusted EBITDA	60.6	60.6	58.4



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