



3Q2021 Earnings Presentation

November 2, 2021

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, 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 for any reason, whether as a result of new information, future events, or otherwise.

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.



3Q2021 Business and Financial Highlights

- Organic constant currency (OCC) revenue grew 5.1%, led by continued growth in the insurance segment.
- In the 85% of our consolidated revenues that are predominantly subscription, OCC revenue growth was approximately 5.6%, demonstrating the consistency and durability of our business model.
- In the remaining 15% of our consolidated revenues that are more transactional in nature, OCC revenue grew 1.6% as recovery in insurance and energy was offset, in part, by weakness in financial services.
- OCC adjusted EBITDA grew 2.1%, reflecting tough comparisons to last year's strong double-digit growth.
- Verisk returned approximately \$197 million of capital to shareholders through share repurchases and dividends.

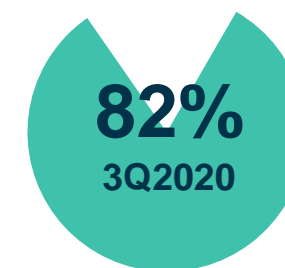
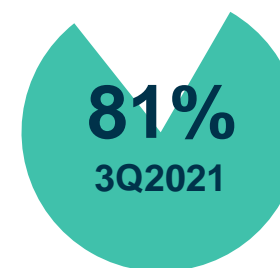


Financial Summary

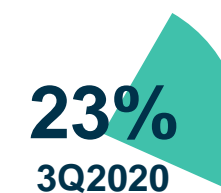
Three months ended September 30

	2021	2020	% change
Revenue	\$759M	\$703M	8.0%
Net income	202	186	8.6
Adjusted net income	234	218	7.4
Adjusted EBITDA	379	366	3.5
Adjusted EBITDA margin	49.9%	52.1%	-221 bps
Diluted GAAP EPS	\$1.24	\$1.12	10.7
Diluted adjusted EPS	\$1.44	\$1.32	9.1
Free cash flow	224	142	57.3

Subscription/Long-Term Revenue



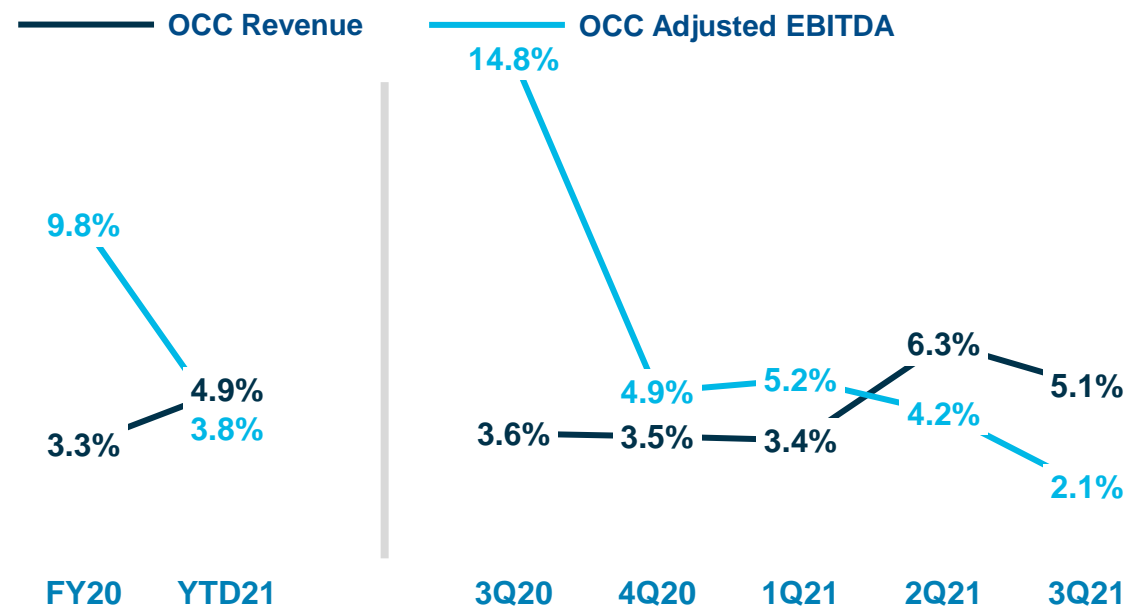
International Revenue





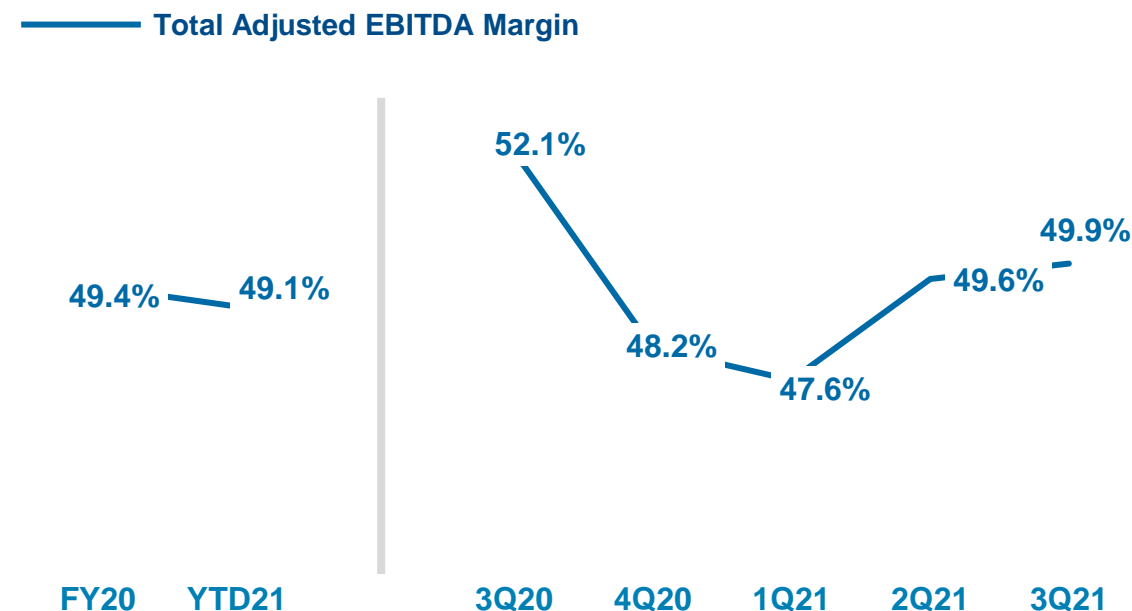
Organic Constant Currency Growth and Adjusted EBITDA Margins

3Q Financial Review



Highlights

- OCC revenue increased 5.1%, driven by continued growth in subscription revenues and a rebound in certain of our transactional revenues as COVID-related causal factors wane.
- OCC adjusted EBITDA growth was 2.1%, reflecting tough comparisons to last year’s strong double-digit growth.



Highlights

- Total adjusted EBITDA margin was 49.9%, down 221 basis points, reflecting a return to more normal levels of headcount growth and the impact of tough comparisons from last year.
- This level of margin also reflects continued investment in our technology transformation, including the cloud transition and our breakout opportunities, as well as the impact of recent acquisitions.

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

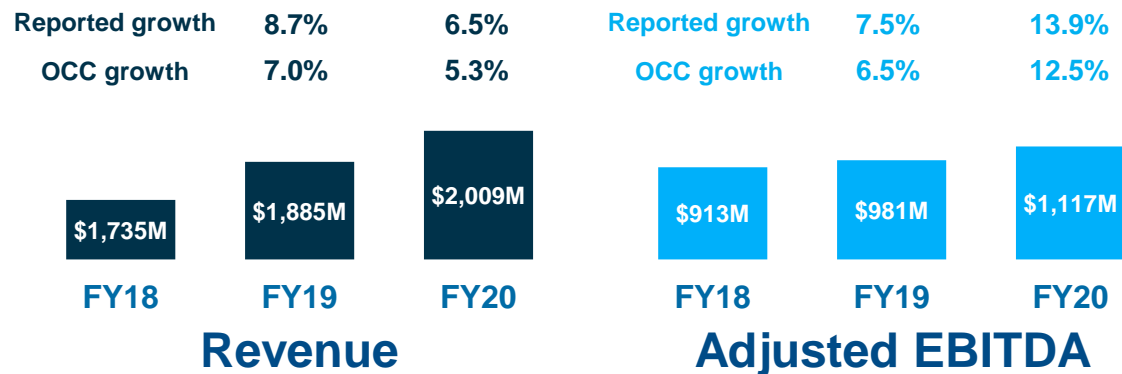
Integrated analytics solutions for improving claim outcomes and fighting fraud at every step of the process



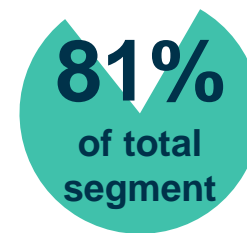
Xactware

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

Historical Performance



3Q2021



% Subscription



Revenue



Adjusted EBITDA



Insurance Quarterly Performance

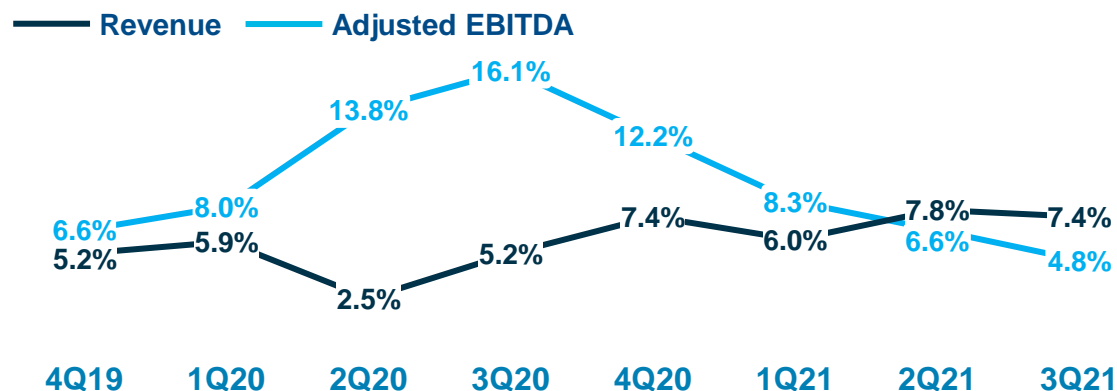
Financials

	3Q21	3Q20	% change	
			Reported	OCC
UW & rating	\$391M	\$354M	10.4%	7.0%
Claims	167	151	11.1	8.2
Revenue	558	504	10.6	7.4
Adjusted EBITDA	312	292	6.7	4.8
Total margin	55.9%	57.9%		

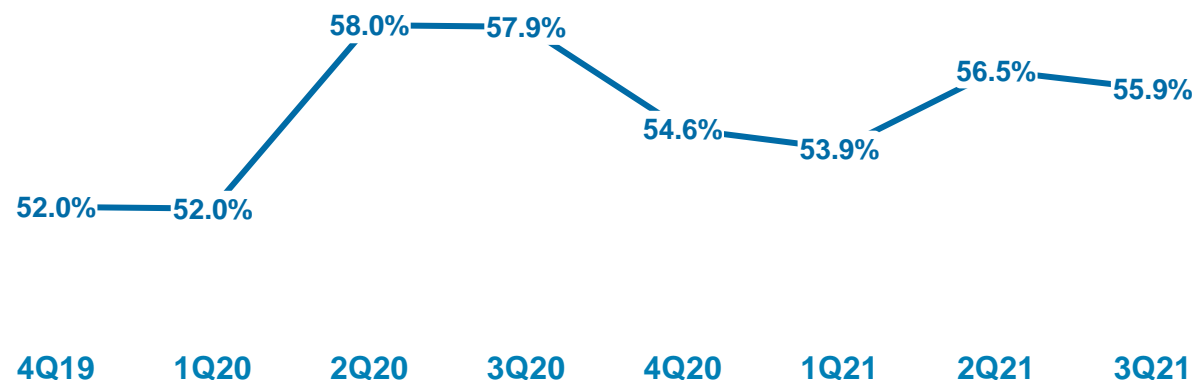
Business Highlights

- UW & rating grew 7.0% on an OCC basis and was broad-based across personal and commercial lines.
 - Industry-standard programs, catastrophe modeling solutions, life insurance software solutions, and international software solutions delivered solid growth.
- Claims delivered 8.2% OCC growth, driven by repair cost estimating solutions as well as a rebound in many of our transactional businesses.
 - Storm-related revenues had a modest benefit to overall insurance growth in the quarter.
- Total adjusted EBITDA margin was 55.9%, reflecting a normalization of headcount growth and investments in our breakout areas and cloud transition.

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



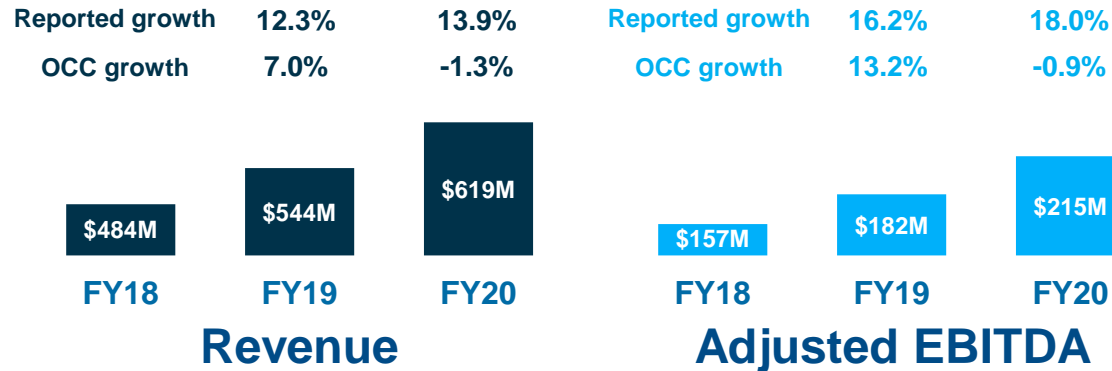
Spend and cost data from millions of transactions across thousands of services, materials, and equipment categories

Specialized Markets



Supporting compliance with global environmental health and safety requirements

Historical Performance



3Q2021





Energy and Specialized Markets Quarterly Performance

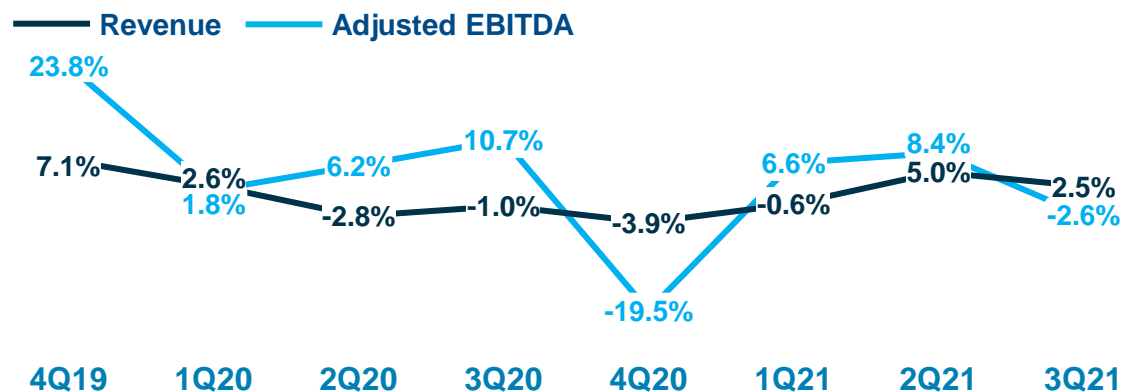
Financials

	3Q21	3Q20	% change	
			Reported	OCC
Revenue	\$166M	\$158M	5.0%	2.5%
Adjusted EBITDA	61	62	(3.0)	(2.6)
Total margin	36.5%	39.5%		

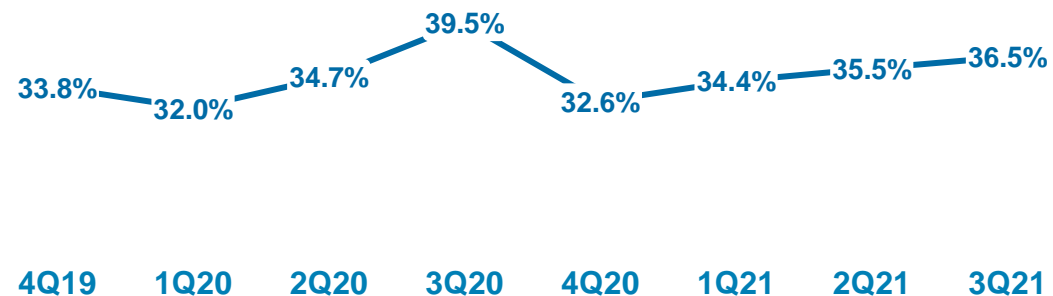
Business Highlights

- OCC revenue increased 2.5%, reflecting modest growth in subscription revenues and strong recovery growth in consulting and project-based transactional revenues.
 - Strong growth in environmental health and safety solutions as well as breakout areas, including the energy transition and chemicals, drove the performance.
- Total adjusted EBITDA margin was 36.5%, down 300 bps year-over-year, reflecting very tough cost comparisons versus last year and continued investments in key innovation projects, including Lens.

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

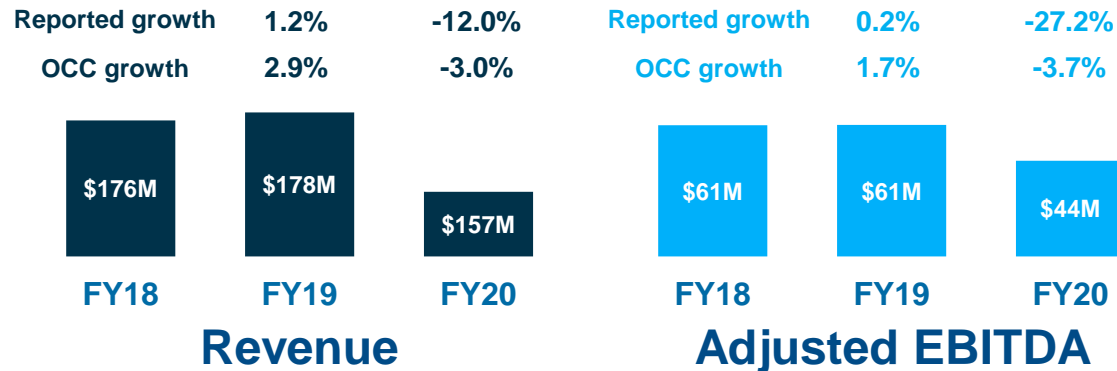
Management Information & Regulatory Reporting

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



3Q2021





Financial Services Quarterly Performance

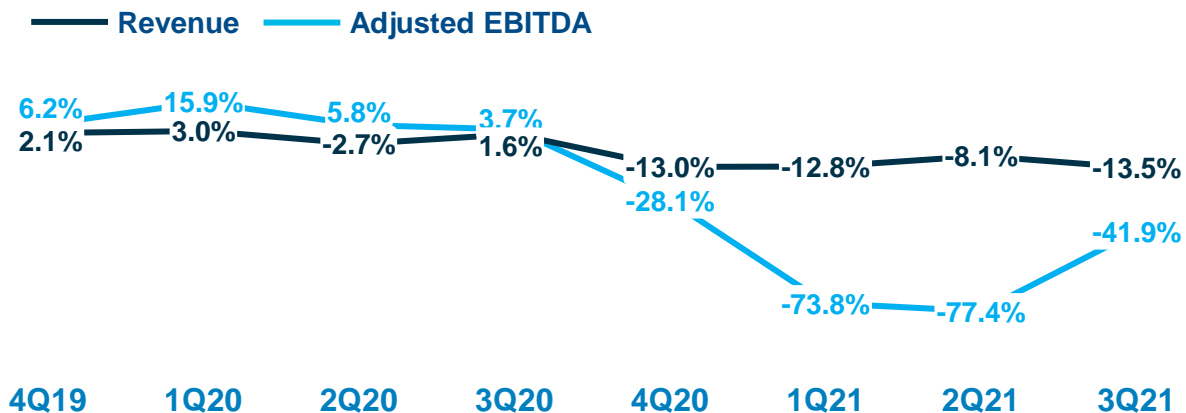
Financials

			% change	
	3Q21	3Q20	Reported	OCC
Revenue	\$35M	\$40M	-12.7%	-13.5%
Adjusted EBITDA	6.7	11.7	-42.5	-41.9
Total margin	19.0%	28.9%		

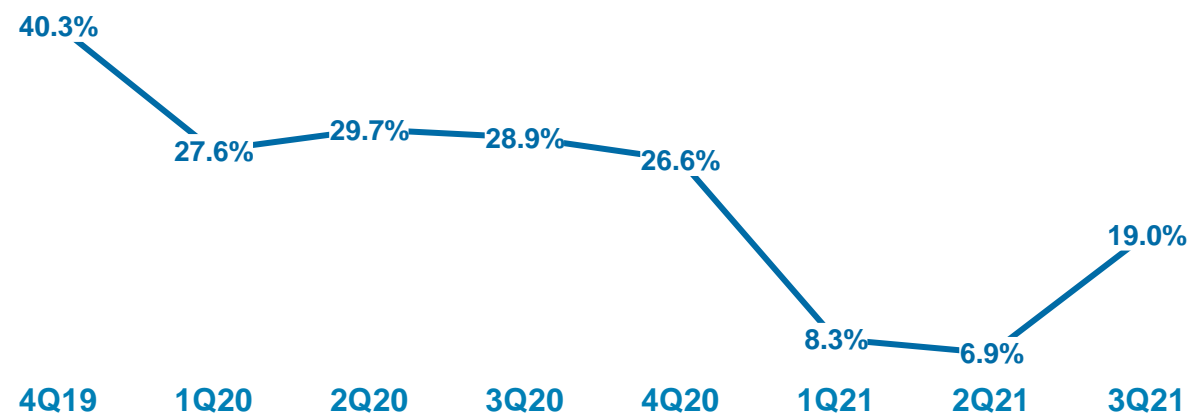
Business Highlights

- OCC revenue declined 13.5%, as strong recovery growth in spend-informed analytics was more than offset by the negative impact of certain contract transitions and lower bankruptcy revenues due to government support and forbearance programs.
- Total adjusted EBITDA margin was 19.0%, an improvement from the prior two quarters, reflecting expense discipline and lower bad debt expense.

Organic Constant Currency Growth



Total Adjusted EBITDA Margin



Cash Flow and Capital



Cash Flow Utilization

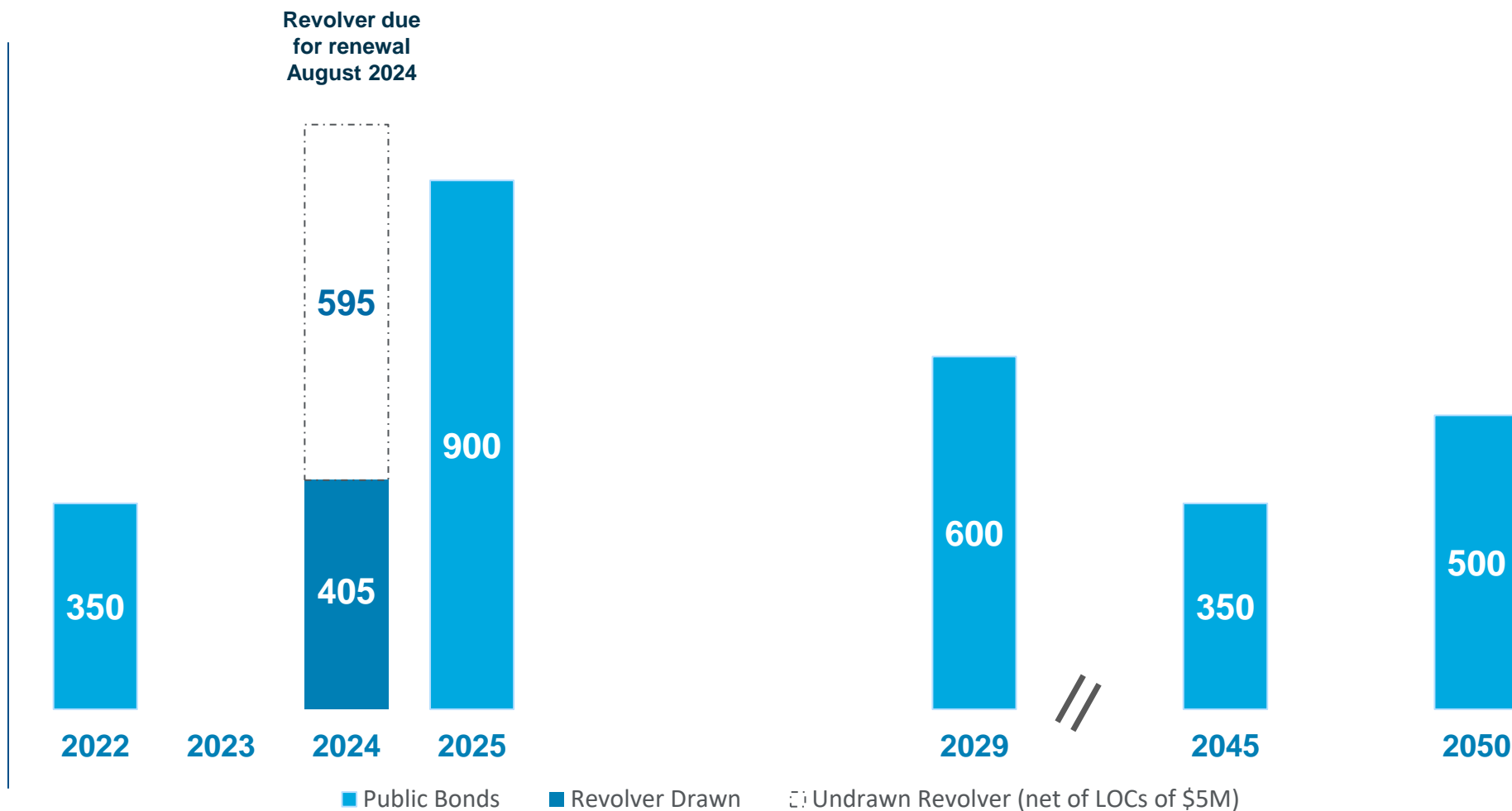
(in \$ millions)	2019	2020	YTD21	3Q20	3Q21
Net cash provided by operating activities	\$956M	\$1,068M	\$967M	\$207M	\$285M
Capital expenditures	(217)	(247)	(183)	(65)	(61)
Free cash flow (FCF)	740	821	784	142	224
Acquisitions (net of cash acquired) and related items¹	(704)	(396)	(49)	(160)	(18)
Proceeds from sale of assets and settlement of related note	2	23	—	—	—
Net debt (repayments) borrowings	450	50	(95)	—	15
Purchase of investments in a nonpublic company	—	(100)	(21)	—	(6)
Repurchases of common stock	(300)	(349)	(400)	(50)	(150)
Dividends paid	(164)	(176)	(141)	(44)	(47)

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



Capital Structure

	as of Sept.-2021
(in \$ millions)	
Bonds	\$2,700
Revolver Drawn	\$405
Total Debt ¹	\$3,105
Debt/EBITDA ²	2.37x
Covenant level ³	3.50x
Investment Grade Ratings	
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 2.47x i.e. total debt (including finance lease liabilities & surety bonds)/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.

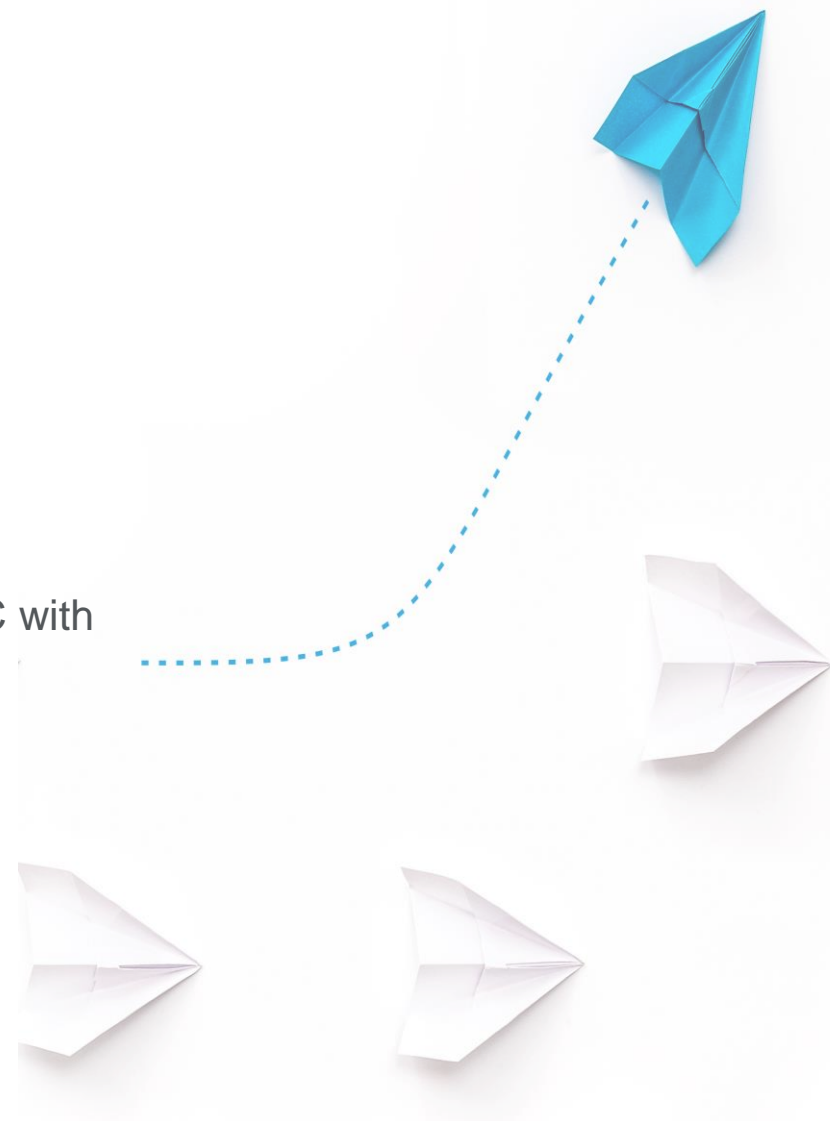
The second step-up in the leverage covenant level can occur only if actual leverage is <=3.00x at two consecutive quarter ends after the occurrence of the first step-up..



Capital 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.



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 Constant Currency (OCC)

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 define “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. 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	3Q21			3Q20		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$557.9M	\$165.9M	\$35.2M	\$504.3M	\$158.1M	\$40.3M
Revenues from acquisitions and dispositions	(16.2)	(1.1)	—	(1.5)	—	—
Organic revenues	541.7	164.8	35.2	502.8	158.1	40.3
EBITDA	311.5	60.5	6.7	292.1	62.4	11.7
Acquisition-related costs (earn-outs)	0.1	—	—	—	—	—
Adjusted EBITDA	311.6	60.5	6.7	292.1	62.4	11.7
Adjusted EBITDA from acquisitions and dispositions	(5.7)	1.5	—	(0.2)	—	—
Organic adjusted EBITDA	305.9	62.0	6.7	291.9	62.4	11.7



Non-GAAP Reconciliations

Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation	YTD21			YTD20		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$1,643.5M	\$484.4M	\$104.7M	\$1,491.8M	\$460.8M	\$118.6M
Revenues from acquisitions and disposition	(44.7)	(1.5)	—	(5.5)	—	(1.3)
Organic revenues	1,598.8	482.9	104.7	1,486.3	460.8	117.3
EBITDA	911.2	171.8	12.0	848.3	163.4	37.6
Acquisition-related costs (earn-outs)	0.1	—	—	2.6	—	—
Gain from dispositions	—	—	—	(15.9)	—	(3.5)
Adjusted EBITDA	911.3	171.8	12.0	835.0	163.4	34.1
Adjusted EBITDA from acquisitions and dispositions	(14.7)	1.6	—	3.7	—	(0.7)
Organic adjusted EBITDA	896.6	173.4	12.0	838.7	163.4	33.4



Non-GAAP Reconciliations

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

Adjusted Net Income and EPS

	YTD21	YTD20	3Q21	3Q20
Net income	\$524.5M	\$536.5M	\$204.9M	\$185.8M
plus: Amortization of intangibles	133.1	123.6	37.6	41.5
less: Income tax effect on amortization of intangibles	(29.2)	(27.1)	(8.2)	(9.1)
plus: Acquisition-related costs and interest expense (earn-outs)	0.1	2.6	0.1	—
less: Income tax effect on acquisition-related costs and interest expense (earn-outs)	—	(0.6)	—	—
less: Gain from dispositions	—	(19.4)	—	—
plus: Income tax effect on gain from dispositions	—	9.6	—	—
Adjusted net income	628.5	625.2	234.4	218.2
Diluted EPS attributable to Verisk	\$3.21	\$3.24	\$1.24	\$1.12
Diluted adjusted EPS	\$3.85	\$3.78	\$1.44	\$1.32
Weighted-average diluted shares outstanding	163.4M	165.5M	162.8M	165.7M

Free Cash Flow

	YTD21	YTD20	3Q21	3Q20
Net cash provided by operating activities	\$967.1M	\$819.2M	\$285.2M	\$207.1M
Capital expenditures	(183.1)	(174.4)	(61.4)	(64.8)
Free cash flow	784.0	644.8	223.8	142.3



Non-GAAP Reconciliations

Adjusted EBITDA | Historical Full-Year Periods

Segment Adjusted EBITDA Reconciliation	2020	2019	2018
Insurance Segment – EBITDA	\$1,131.0M	\$824.1M	\$930.7M
Insurance Segment – Acquisition-related costs (earn-outs)	2.1	32.1	(0.8)
Insurance Segment – Gain and interest income on subordinated promissory note receivable	—	—	(17.2)
Gain from dispositions	(15.9)	—	—
Insurance Segment – Litigation reserve	—	125.0	—
Insurance Segment – Adjusted EBITDA	1,117.2	981.2	912.7
Energy and Specialized Markets Segment – EBITDA	\$215.1	\$140.4	\$155.9
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	215.1	182.2	156.9
Financial Services Segment – EBITDA	\$47.7	\$54.4	\$58.9
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 –(Gain) Loss from dispositions	(3.5)	6.2	—
Financial Services Segment – Adjusted EBITDA	44.2	60.6	60.6



Verisk™

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