



# IHS Markit

A global leader in critical information, analytics, and solutions

January 2018

## Forward-looking statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” “aim” and similar expressions, and variations or negatives of these words. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation may include the expectations of management regarding plans, strategies, objectives and anticipated financial and operating results of IHS Markit. IHS Markit’s estimates and forward-looking statements are mainly based on its current expectations and estimates of future events and trends, which affect or may affect its businesses and operations. Although IHS Markit believes that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to IHS Markit. These and other forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements. Important risk factors that may cause such a difference include, but are not limited to, those risks discussed in IHS Markit’s filings with the US Securities and Exchange Commission (the “SEC”), including its Annual Report on Form 10-K. IHS Markit’s SEC filings are available at [www.sec.gov](http://www.sec.gov) or on the investor relations section of its website, [www.ihsmarkit.com](http://www.ihsmarkit.com). However, those factors should not be considered to be a complete statement of all potential risks and uncertainties. Other factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on IHS Markit’s consolidated financial condition, results of operations, credit rating or liquidity. IHS Markit does not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. All forward-looking statements are qualified in their entirety by this cautionary statement.

## Important Information

IHS Inc. was the accounting acquirer in the merger with Markit Ltd. IHS operated, and IHS Markit operates, under a fiscal year that ends on November 30th of each year, while Markit operated under a fiscal year that ended on December 31st of each year. As a result, financial results for the fiscal year ended November 30, 2016 include 12 months of results of IHS and results of Markit from and after the July 12, 2016 closing date of the merger in the new Financial Services segment that IHS Markit has created.

Unless otherwise indicated in this presentation, the combined historical information presented is based on the reported GAAP results of IHS for its fiscal year ended November 30<sup>th</sup> and the historical IFRS results of Markit (now reported as the Financial Services segment of IHS Markit) adjusted to reflect a fiscal year ended November 30<sup>th</sup>. The combined historical financial information set forth in this presentation has not been prepared in accordance with SEC rules, including Article 11 of Regulation S-X, and it therefore does not reflect any of the pro forma adjustments that would be required by Article 11 of Regulation S-X. In addition, certain stand alone historical results of Markit (now reported as the Financial Services segment of IHS Markit) are presented based on the reported results of Markit for its December 31<sup>st</sup> fiscal year without any adjustment for the new fiscal year.

## Non-GAAP measures

Non-GAAP financial information is presented only as a supplement to IHS Markit’s financial information based on GAAP. Non-GAAP financial information is provided to enhance the reader’s understanding of the financial performance of IHS Markit, but none of these non-GAAP financial measures are recognized terms under GAAP and should not be considered in isolation from, or as a substitute for, financial measures calculated in accordance with GAAP. Definitions and reconciliations of IHS Markit non-GAAP measures to the most directly comparable GAAP measures are provided with the schedules to the IHS Markit quarterly earnings releases (or the IHS Inc. quarterly earnings releases as applicable) and are available on IHS Markit’s website ([www.ihsmarkit.com](http://www.ihsmarkit.com)).

IHS Markit uses non-GAAP measures in its operational and financial decision making, and believes that it is useful to exclude certain items in order to focus on what it regards to be a more reliable indicator of the underlying operating performance of the business and its ability to generate cash flow from operations. As a result, internal management reports used during monthly operating reviews feature non-GAAP measures. IHS Markit also believes that investors may find non-GAAP financial measures for IHS Markit useful for the same reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures.

Non-GAAP measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies comparable to IHS Markit, many of which present non-GAAP measures when reporting their results. These measures can be useful in evaluating IHS Markit’s performance against its peer companies because it believes the measures provide users with valuable insight into key components of GAAP financial disclosures. However, non-GAAP measures have limitations as an analytical tool. Non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies. They are not presentations made in accordance with GAAP, are not measures of financial condition or liquidity and should not be considered as an alternative to profit or loss for the period determined in accordance with GAAP or operating cash flows determined in accordance with GAAP. As a result, you should not consider such performance measures in isolation from, or as a substitute analysis for, results of operations as determined in accordance with GAAP.

This presentation also includes certain forward looking non-GAAP financial measures. IHS Markit is unable to present a reconciliation of this forward looking non-GAAP financial information because management cannot reliably predict all of the necessary components of such measures. Accordingly, investors are cautioned not to place undue reliance on this information.

## Trademarks, Service Marks and Copyrights

IHS Markit owns or has rights to use the trademarks, service marks and trade names that it uses in connection with the operation of our business; other trademarks, service marks and trade names referred to in this presentation are, to its knowledge, the property of their respective owners. IHS Markit also owns or has the rights to copyrights that protect aspects of its products and services. Solely for convenience, the trademarks, service marks, tradenames and copyrights referred to in this presentation are listed without the ®, TM and © symbols, but IHS Markit will assert, to the fullest extent under applicable law, its rights or the rights of the applicable licensors to these trademarks, service marks and tradenames.

# We created the global leader in information, analytics and solutions

- > Global, multi-industry scale in capital-intensive markets
- > Strong competitive position supported by breadth and depth of product offerings
- > Unique proprietary industry information and expertise creates exciting opportunities in analytics
- > Proven track record of organic growth and economic resilience
- > Recurring revenue model with strong revenue visibility and high renewal rates
- > High operating leverage, strong free cash flow, and capital structure flexibility

Driving toward and consistently achieving our long-term financial goals should produce strong shareholder returns

## Long-term annual financial goals

**4%-6%** organic revenue growth

**44-46%** adj EBITDA margin

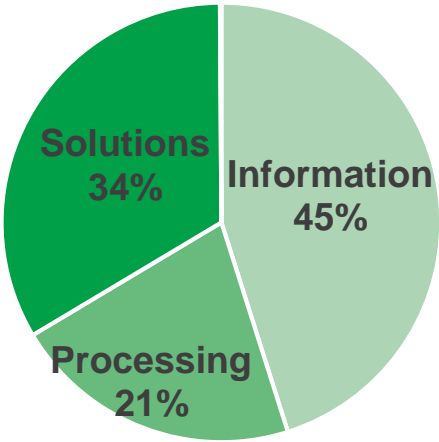
**Up to ~\$500M** acquisition purchase price

**\$500M+** annual share buy back

**Solid double-digit** adj EPS growth

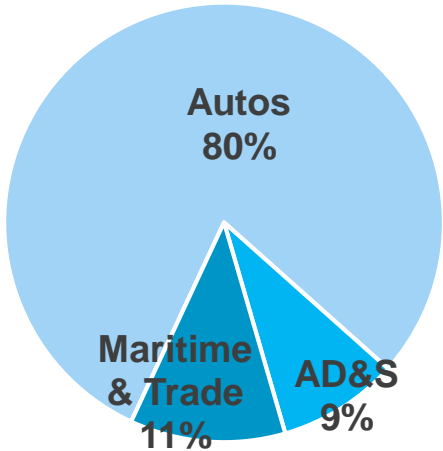
# Our diversified portfolio of leading assets reflects multiple areas of strong performance in high-growth industries

**Financial Services**  
(34% of total revenue)<sup>1</sup>



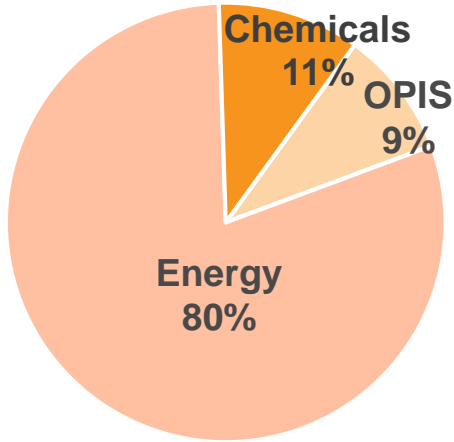
- Strong fixed income, pricing and reference data
- High growth valuation, indices, and equities businesses

**Transportation**  
(26% of total revenue)<sup>1</sup>



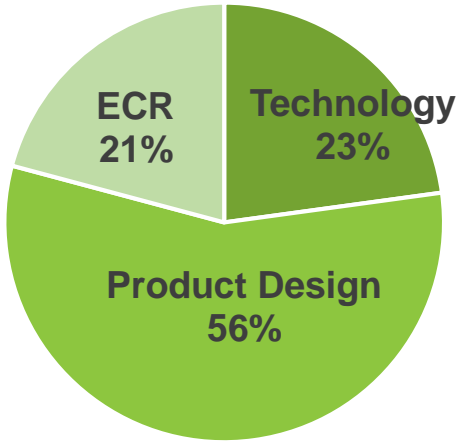
- Sustainable strength due to continued new products
- Strong market position in legacy Polk and CARFAX

**Resources**  
(25% of total revenue)<sup>1</sup>



- Best-in-class assets plus upstream market stabilization
- High growth chemicals and downstream pricing business

**CMS**  
(15% of total revenue)<sup>1</sup>



- Leading distributor of technical engineering standards
- Solid market position in economic and country risk analysis

<sup>1</sup>Represents 2016 revenue distribution including 12 months of Financial Services and 12 months of OPIS and CARPROOF

# We have large proprietary databases in our verticals and workflows

## Financial Services

- Consensus data from 70+ banks supplemented with data from exchanges, clearing houses and interdealer brokers
- Leading pricing provider covering 11k CDS curves and 6.5k Loan facilities
- Intraday pricing coverage on 2.5m corporate & sovereign bonds (GSAC), securitized products and municipal bonds
- PMI data sets that covers 83% of global GDP

## Auto

- Began tracking automotive data in 1922
- Current data covers 99% of global vehicle production and 97% of global vehicle sales
- 3.2bn vehicle ownership records relating to 650mm US vehicles over a 20-year period
- Production and sales forecasts for 40,000+ global make, model, body-type, and transmission variants

## Energy

- Worldwide data, some dating from 1850s
  - 5.8mm wells
  - 1.2mm oil and gas pipeline miles
  - 4.4mm regulatory, mineral rights, and contract documents
  - 30,000 power plants and 21,000 industrial plants
- Track over 5,000 conventional and unconventional exploration plays
- More than 5bn historical spot, rack and retail prices for North America which have been collected since 1980

## Chemical

- Data for 1,400+ manufacturing processes, some dating back 50+ years
- Production, trade and capacity industry analysis and forecasts for 250+ chemicals in 50+ countries
- Extensive library of detailed techno-economic analysis of chemicals and refining process technologies

## Product Design

- 1.7mm+ engineering standards from 370+ standards organizations
- 75mm+ vetted technical publications
- 30+ leading technical publishers
- 10,000+ widely-used technical eBooks
- 1.7mm+ patents globally

## Aerospace, Defense & Security

- Budget forecasts for ~98% of global defense spending
- Over 150,000 terrorism-related events on file with more analyzed and added daily
- Specifications on ~25,000 military vehicles, naval vessels and aircraft types with 115+ years of database information

## Maritime

- Began tracking 250+ years ago
- Sole appointed authority for assigning mandatory International Maritime Organization ship and company numbers
- Data on over 200,000 active large ships in international waters
- Monthly import/export stats covering 85 countries tracking > 90% of international trade value

## Technology

- Largest component database with 30+ years of history, covering 500mm+ parts
- Active monitoring of critical part changes and risks to design, sourcing & compliance
- Teardown analysis of more than 2,500 electronic devices, identifying and pricing more than 3mm components

More than 5,000 analysts, data scientists, financial experts and industry specialists worldwide

- Unsurpassed know-how to interpret data to create information and insight
- Award-winning forecasting
- Trusted relationships with industry leaders
- Our colleagues share a single focus on serving our customers



# Our information and insights help clients answer critical questions

Vertical	Representative Questions		
<b>Financial Services</b>	<ul style="list-style-type: none"> <li>What is the value / liquidity of my portfolio? (bonds, swaps, loans, ETF, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>What is the counterparty risk associated with doing business with a particular entity?</li> </ul>	<ul style="list-style-type: none"> <li>How can I navigate the current regulatory landscape quickly and efficiently? (Basel III, MiFID II, FRTB)</li> </ul>
<b>Economic Country Risk</b>	<ul style="list-style-type: none"> <li>Which markets offer the strongest growth potential and how can I assess and mitigate risks in those markets?</li> </ul>	<ul style="list-style-type: none"> <li>When is the best time to buy inputs into my production and which sources are most reliable?</li> </ul>	<ul style="list-style-type: none"> <li>How do I identify, measure and mitigate political violence risk exposures?</li> </ul>
<b>Auto</b>	<ul style="list-style-type: none"> <li>How did my dealer loyalty last month compare with my competitor set?</li> </ul>	<ul style="list-style-type: none"> <li>Which households are likely to return to market in the next 3 months and are most likely to consider my vehicle?</li> </ul>	<ul style="list-style-type: none"> <li>What is the optimum dealer network I need to support my growth strategy in China?</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>Where are Oil and Gas investments going and how can I organize our efforts to sell my product?</li> </ul>	<ul style="list-style-type: none"> <li>Where is the competition acquiring mineral access and how can I gain an advantage?</li> </ul>	<ul style="list-style-type: none"> <li>How will price differentials, environmental protection and economic security shape energy markets?</li> </ul>
<b>Chemical</b>	<ul style="list-style-type: none"> <li>Should I be building or drawing inventories?</li> </ul>	<ul style="list-style-type: none"> <li>What are my expected profit levels for next month/year?</li> </ul>	<ul style="list-style-type: none"> <li>What is the optimum mix of products and what geo-markets should I target?</li> </ul>
<b>Maritime</b>	<ul style="list-style-type: none"> <li>What vessels are coming into my territorial waters, who owns them and where have they been before now?</li> </ul>	<ul style="list-style-type: none"> <li>What are the risks associated with this vessel carrying my cargo?</li> </ul>	<ul style="list-style-type: none"> <li>How do merchandise trade flows affect my country's export opportunities?</li> </ul>
<b>Aerospace, Defense &amp; Security</b>	<ul style="list-style-type: none"> <li>Given declining defense budgets in Western markets, where are the new opportunities?</li> </ul>	<ul style="list-style-type: none"> <li>How do I quantify, understand and counter the threat from extremist terrorist organizations?</li> </ul>	<ul style="list-style-type: none"> <li>Are there commercial or civilian uses for my technology?</li> </ul>
<b>Product Design</b>	<ul style="list-style-type: none"> <li>How can I recognize market, technology, and competitive trends faster than competition?</li> </ul>	<ul style="list-style-type: none"> <li>How do I solve problems faster to boost engineering productivity?</li> </ul>	<ul style="list-style-type: none"> <li>How do I stay in compliance with changing regulations?</li> </ul>



# Broad and deep customer relationships in our verticals

**>85%**

of the Fortune  
Global 500

**>75%**

of the Fortune  
US 1000

**94 / 100**

Largest U.S.  
corporates

**49 / 50**

Largest  
U.S. banks

**10 / 10**

Largest automobile  
companies in the world

**49 / 50**

Largest global oil  
companies



Global  
investment banks  
(14/14)

Largest  
hedge funds  
(50/50)

Largest  
global asset managers  
(50/50)

Largest  
global custodians  
(10/10)

G20  
governments  
(20/20)

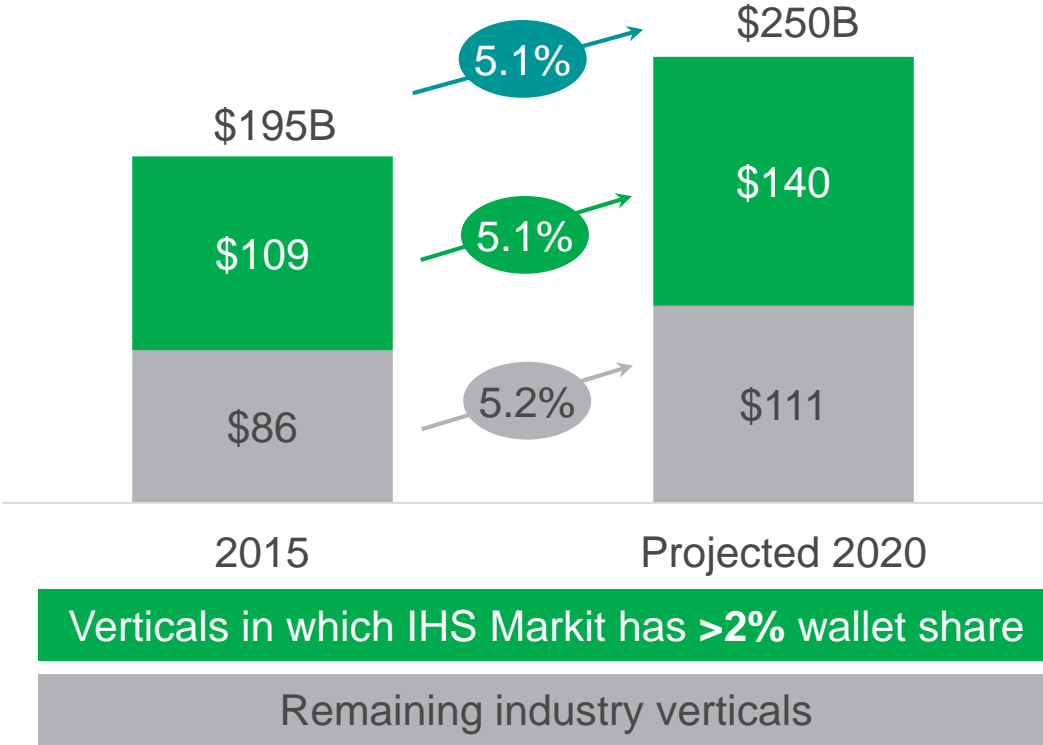
# Our path forward

# Our strategy will aid us in consistently achieving our long-term financial goals

- The information services industry is very attractive globally
- We have leading assets, talent and competitive positioning in large growing global markets
- Merger cost synergies over \$125M provide financial flexibility for targeted investments to realize further value from our assets
- Advanced analytics present a significant opportunity
- Strategy supports a higher propensity to achieve upper-end of growth targets, expand margins and return capital to shareholders

# Information Services is poised to grow at 5.1% vs 2.8% GDP growth due to demand for information

**Total revenue (\$B)**



	2015		2020
Global GDP	~\$68T	→ 2.8%	~\$78T
Information intensity	28 bps	→ 2.7%	32bps

Source: IHS Markit and BCG

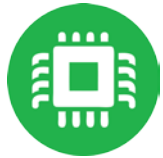
# We have a strong foundation that positions us well to compete over the long term



## PRODUCT

Strong offerings, many with #1 market positions, many that can attain that status

---



## TECHNOLOGY

Powerful diverse technology and expertise we can leverage

---



## COLLEAGUES

Talented colleagues with common vision, mission and values

---



## CUSTOMERS

Broad and deep trusted relationships in attractive end-markets

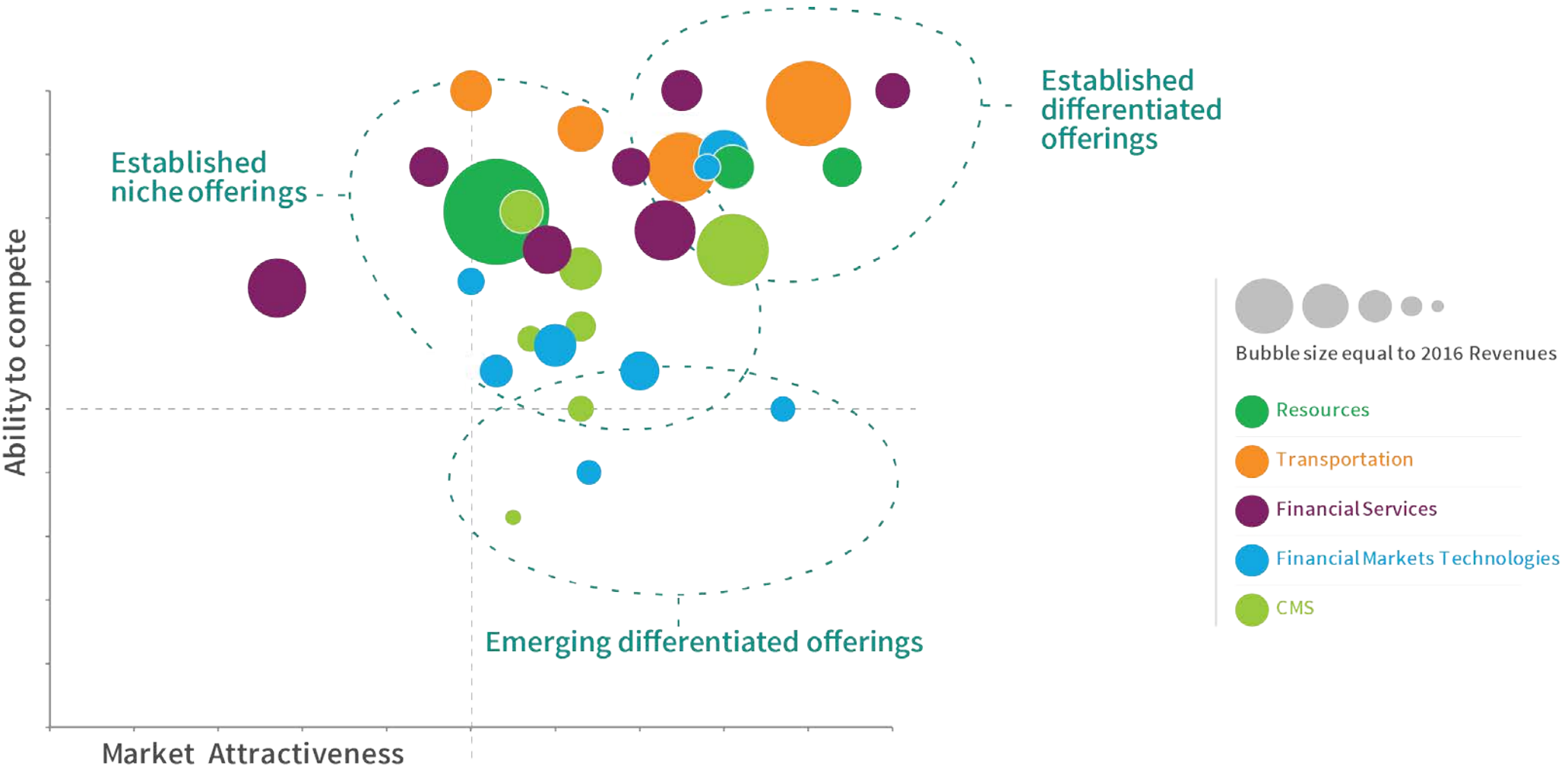
---



## BRAND

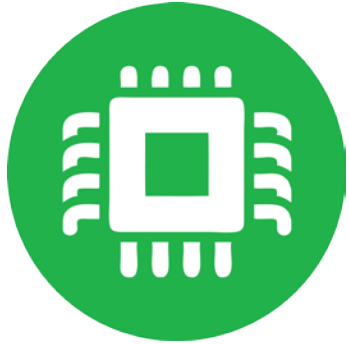
Strong, well-known brand and sub-brands in many key verticals

# Our product divisions are well positioned for sustainable growth



Source: IHS Markit and BCG

# We will make targeted investments across four key areas



## TECHNOLOGY

Continued investment in machine learning, artificial intelligence and cloud-based delivery



## PRODUCT

Additional investment in organic growth, including predictive analytics and business tools



## CUSTOMERS

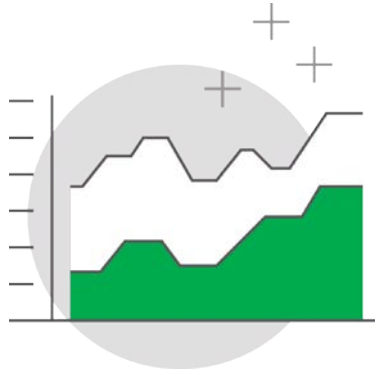
Leveraging our customer relationships to increase retention and cross-sell



## COLLEAGUES

Inspiring and investing in our global team to drive our growth

# Advanced analytics present a significant opportunity for IHS Markit



## OPPORTUNITY

- Leverage combined proprietary datasets and apply new analytical methods
- Streamline data infrastructure to optimize operations

## WHY NOW?

- Customer demand is strong for deeper insight
- Required technology is well established, accessible and economically feasible
  - > Able to capture and store massive amounts of complex data
  - > Cluster computing enables rapid, near real-time processing of data



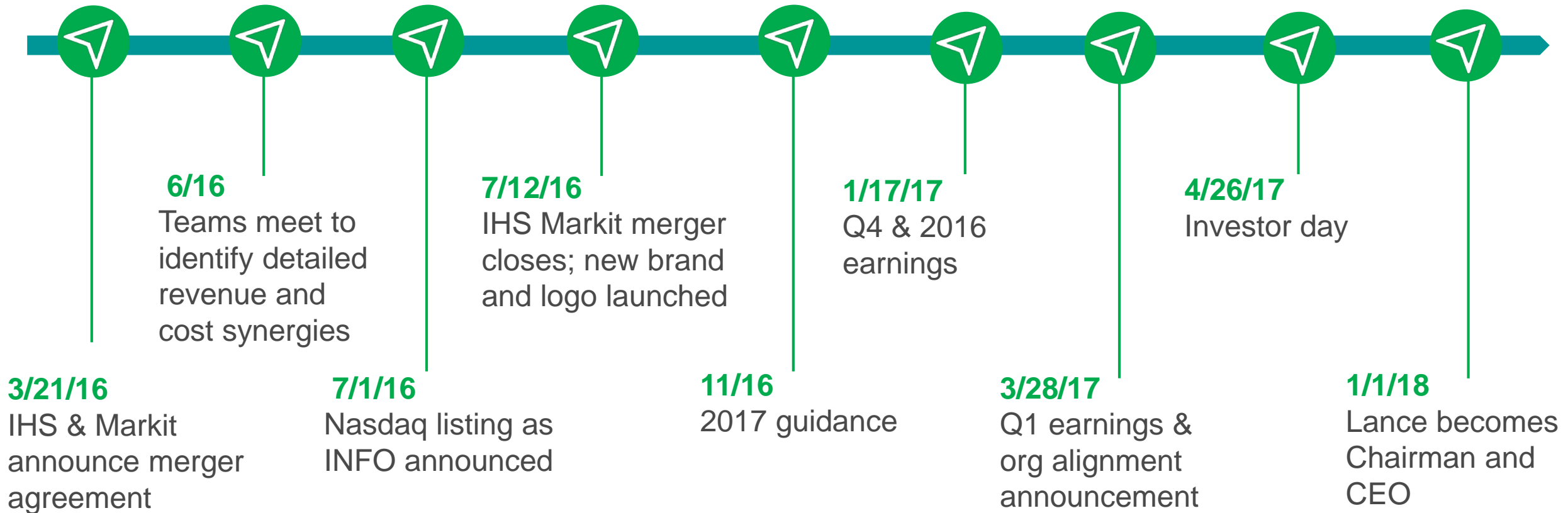


# Leveraging our proprietary data and industry expertise positions us to benefit from increasing demand for analytics

	Data	Industry expertise	Analytics	Computing power
IHS Markit	<ul style="list-style-type: none"> <li>Rich proprietary datasets</li> <li>Can comingle client data</li> </ul>	<ul style="list-style-type: none"> <li>Deep subject expertise</li> <li>Good grasp of client needs</li> <li>Access to clients</li> </ul>	<ul style="list-style-type: none"> <li>Analytic teams investment required</li> </ul>	<ul style="list-style-type: none"> <li>Can leverage commoditized computational power</li> </ul>
Analytics start-ups	<ul style="list-style-type: none"> <li>Limited access to proprietary data</li> </ul>	<ul style="list-style-type: none"> <li>Missing deep understanding of client specific problems</li> </ul>	<ul style="list-style-type: none"> <li>State-of-the-art analytics</li> <li>Strong talent base</li> </ul>	<ul style="list-style-type: none"> <li>Can leverage commoditized computational power</li> </ul>
Big tech companies	<ul style="list-style-type: none"> <li>Limited access to proprietary data</li> </ul>	<ul style="list-style-type: none"> <li>Limited industry expertise</li> </ul>	<ul style="list-style-type: none"> <li>Strong advanced analytics</li> <li>Large teams</li> </ul>	<ul style="list-style-type: none"> <li>Superior computational power</li> </ul>

# Integration update

# Merger and integration timeline



We are pleased with our progress against our commitments

## WHEN MERGER ANNOUNCED

Deal would close in **Q3**

Cost synergies of **\$35M in 2017**

Revenue synergies of **\$10M in 2017**

Long Term Adj. **EBITDA margin in low to mid 40s**

**Buyback \$1.0B** of shares in 2017

2017 Adj. **EPS target of ~\$2.08**

## As of Investor Day (4/17)

Closed in **Q2**

↑ to **~\$50M**

On track

↑ to **mid 40s**

↑ to **\$1.2B of shares**

**\$2.08** within guidance range

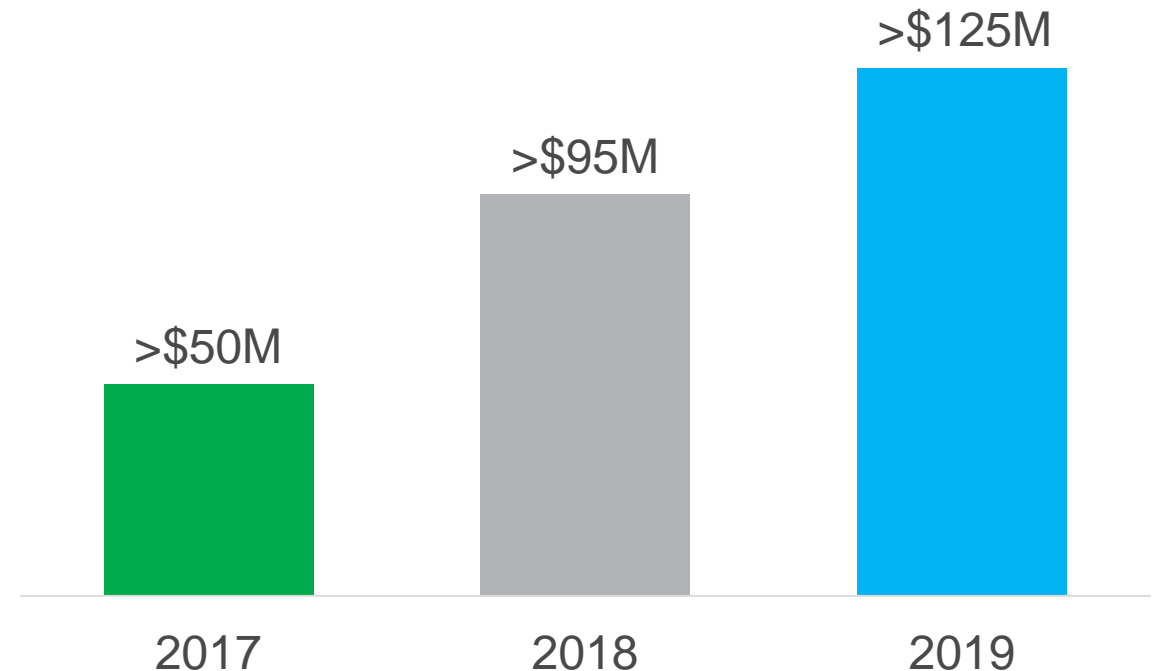
# Line-of-sight to achieve cost savings targets; savings above target will be reinvested in the business

**Cost savings ratio target 1:1.5x**

- Integrate corporate functions
- Rationalize IT infrastructure
- Use centers of excellence in cost-competitive locations
- Optimize real estate and other costs



## In-year synergies



Actual synergies and other cost savings, including the costs required to achieve these synergies and savings, may differ materially from the current expectations, and IHS Markit cannot assure investors that it will achieve the full amount of these estimated synergies on schedule or at all.

# Revenue synergy groundwork now turning pipeline into sales

- Account management in place to cross-sell to financial markets and corporate customers
- Breadth and depth of products across end-markets is clear differentiator
- CRM being implemented in 2017 will help with cross-sell by having single view of customer
- Achieved 2017 revenue **synergy goal of \$10M**
- Confident in **\$100M of run-rate revenue synergies exiting 2019**



# Financial Performance and Capital Strategy

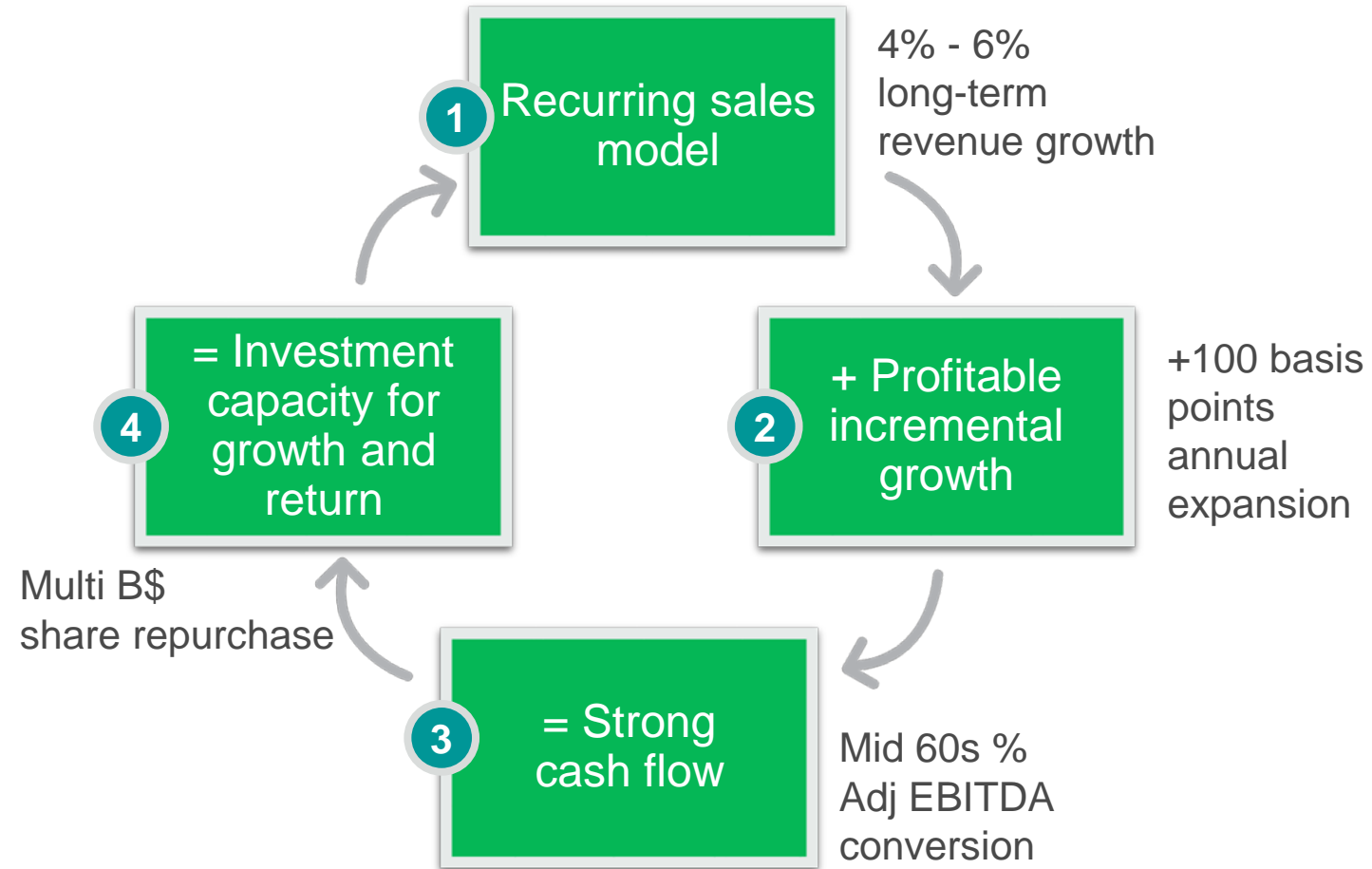
# IHS Markit business model creates a cycle of profitable growth and reinvestment capacity

**Predictable** and highly resilient recurring revenue streams

Proprietary “**must-have**” offerings

**Incremental margin growth** from “build once sell many times” model

**Strong cash conversion creates** continuous cash flow and investment capacity for growth and return





# The IHS – Markit merger creates levers to drive higher combined growth and return

**Operational & financial levers:**

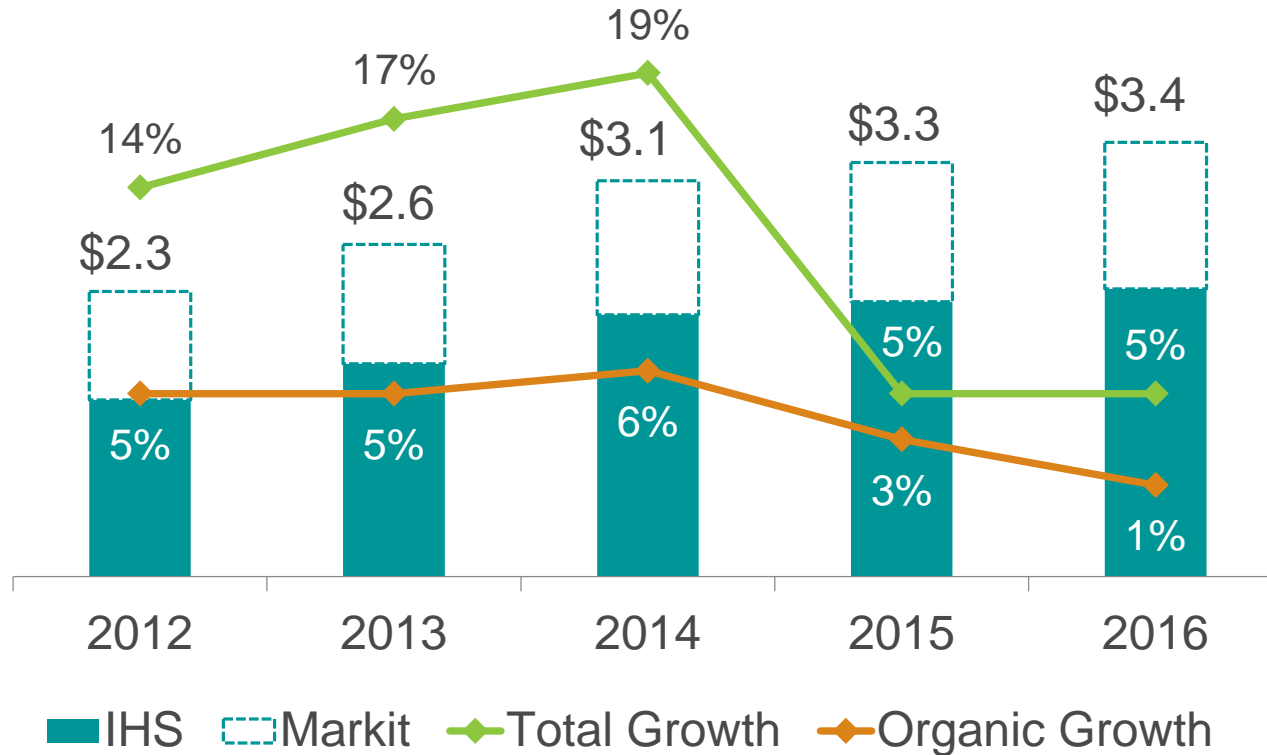
**IHS and Markit stand alone**

**IHS Markit combined capability**

<b>Scaled verticals</b>	IHS = 2; Markit = 1	3 scaled end market verticals
<b>Revenue synergy</b>	N/A	\$100M run-rate exiting 2019
<b>Expense synergy</b>	N/A	> \$125M by end of 2019
<b>Adjusted tax rate</b>	High 20s %	18-20%
<b>Annual investment capacity</b>	IHS = \$600 - \$700M; Markit = \$400M - \$500M	\$1.2B+ supported by efficient tax structure & global cash access
<b>Return of capital</b>	Less consistent	\$2.2B repurchase in 2017-18; \$500M+ annual repurchase beyond

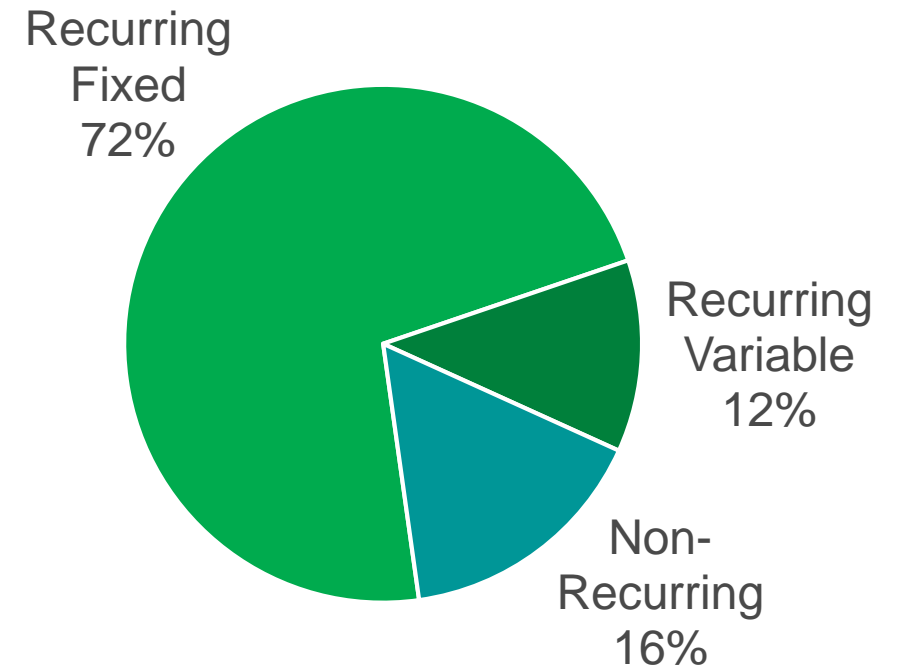
# Highly recurring revenue delivers strong and resilient growth

## Total Revenue (\$B)<sup>1</sup> +11% Annualized Growth



## Revenue Sources

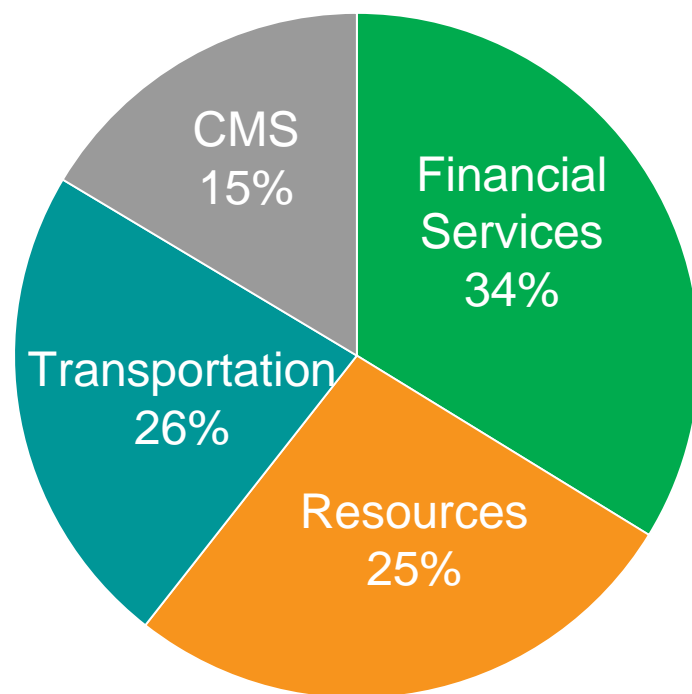
84% recurring revenue



<sup>1</sup> 2012-2014 represents Markit's reported revenue for year ended December 31. 2015 and 2016 represent 12 months ended November 30.

# Scaled segments drive balanced revenue and solid long-term growth potential

## 2016 Revenue Distribution<sup>1</sup>



## Organic Growth Profile

	3-Year Average	Long-Term Target
Financial Services	5%	Mid single digit
Transportation	9%	High single digit
Resources	(3%)	Mid single digit
CMS <sup>2</sup>	2%	Low / Mid single digit
<b>Total IHS Markit</b>	<b>3%</b>	<b>4% - 6% long term</b>
Total IHS Markit 5-year average	4%	

<sup>1</sup> Represents 12 months of combined IHS and Markit revenue for fiscal year ended November 30, 2016

<sup>2</sup>Organic growth rate is normalized to exclude BPVC impact

# Core operating leverage plus synergies will drive incrementally higher margin expansion while also allowing investment

## Margin Expansion Sensitivity (bps)<sup>1</sup>

Base Cost Inflation	Organic Revenue Growth %			
	3%	4%	5%	6%
+0%	+140	+190	+230	+270
+1%	+80	+130	+170	+210
+2%	+20	+70	+110	+160
+3%	(40)	+10	+50	+100

<sup>1</sup> Assumes 85% flow through on revenue growth

## Expense Control Levers

---

**Low incremental revenue cost**

---

**Best cost locations**

---

**Scaled infrastructure**

- > CRM and HR systems
  - > Data Center consolidation
- 

**Shared services / facilities**

---

**Sales efficiency**

---

**Product platforms**

---

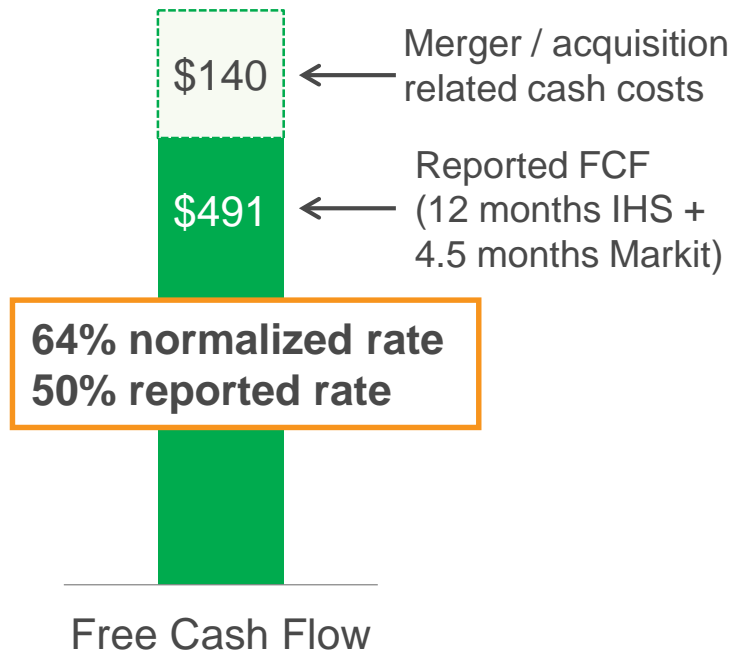
**Management simplification and delayering**

---

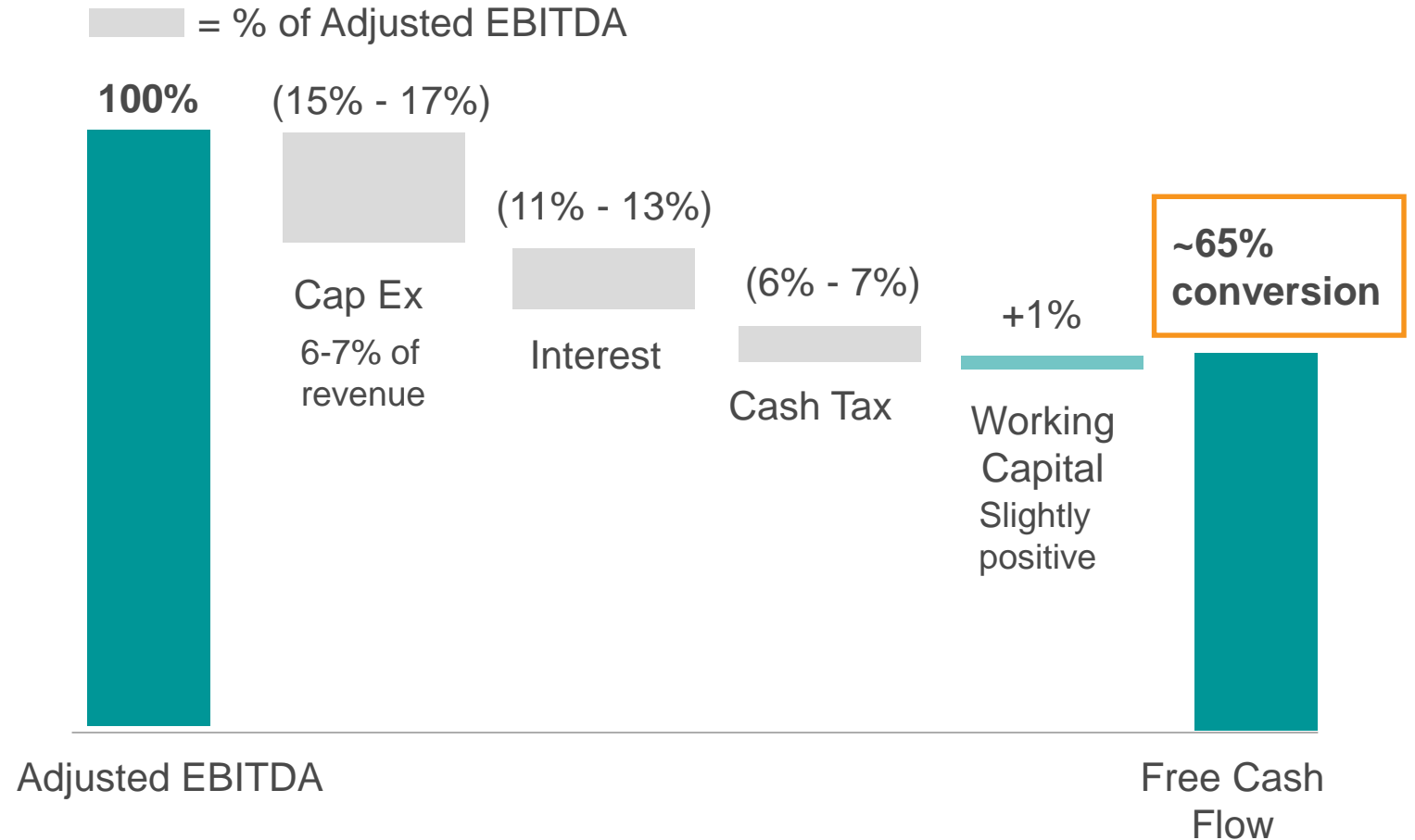
# We can maintain a mid-60s free cash flow conversion rate

## 2016 Actual FCF

Normalized FCF = \$631M



## Sustainable Mid-60s % Cash Conversion



# Post-merger financial policy is consistent with historical approach



**Maintain  
2.0x – 3.0x target  
leverage  
range**

In near term, operating at higher end of range

May temporarily exceed for strategic opportunity (followed by period of deleveraging)



**Balance  
acquisitions and  
share repurchase  
within target  
leverage range**

Limit acquisitions to focus on successful integration

Execute authorized \$2.2B share repurchase (2017 and 2018)

Execute \$500M + annual repurchase beginning 2019



**No common  
dividend**

Maintains capital flexibility



**Develop and  
maintain diversified  
funding access**

Promotes greater transaction ease and liquidity

# Multiple levers will drive achievement of long-term financial objectives and total shareholder return

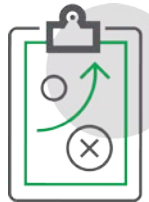
## TECHNOLOGY & PRODUCT DEVELOPMENT

New product innovation and technology development

New product sales and cross-selling opportunities

4-6% organic revenue growth

## BUSINESS MODEL



Operating leverage and cost synergies

Margin expansion and high cash conversion

Adjusted EBITDA margin growth to mid 40% range with mid 60s FCF conversion rate

## STRUCTURE



Investment capacity from cash conversion and efficient tax structure

Consistent return of capital and continued investment

Double-digit Adjusted EPS growth