



IHS Markit™

# IHS Markit Acquisition of Ipreo

## Repositioning our Financial Services Businesses

21 May 2018

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## Transaction highlights

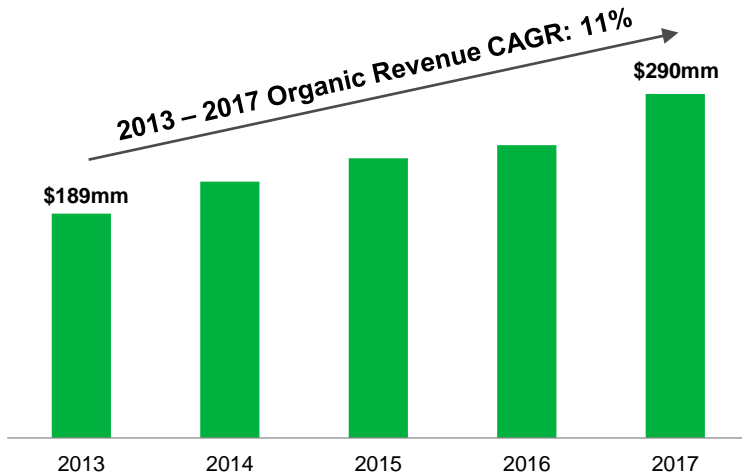
- ✓ **Ipreo is a high growth business with highly complementary Financial Services business lines**
  - ✓ Leading provider of workflow tools, data and content for over 3,500 clients globally
  - ✓ Expands the size of our addressable market, including increasing our presence in the primary and secondary capital markets, particularly in the rapidly growing alternatives sector (including private equity, private debt and real estate)
  - ✓ Significant cost and revenue synergies across all business lines enhance value creation
- ✓ **Financially compelling \$1.855 billion transaction**
  - ✓ Increases our target organic growth rate range from 4-6% to 5-7%
  - ✓ Delivers Adjusted EPS accretion in 2019 and strengthens our ability to deliver double-digit Adjusted EPS growth
- ✓ **Repositions our Financial Services businesses when combined with our planned sale of MarkitSERV**

# Ipreo at a glance

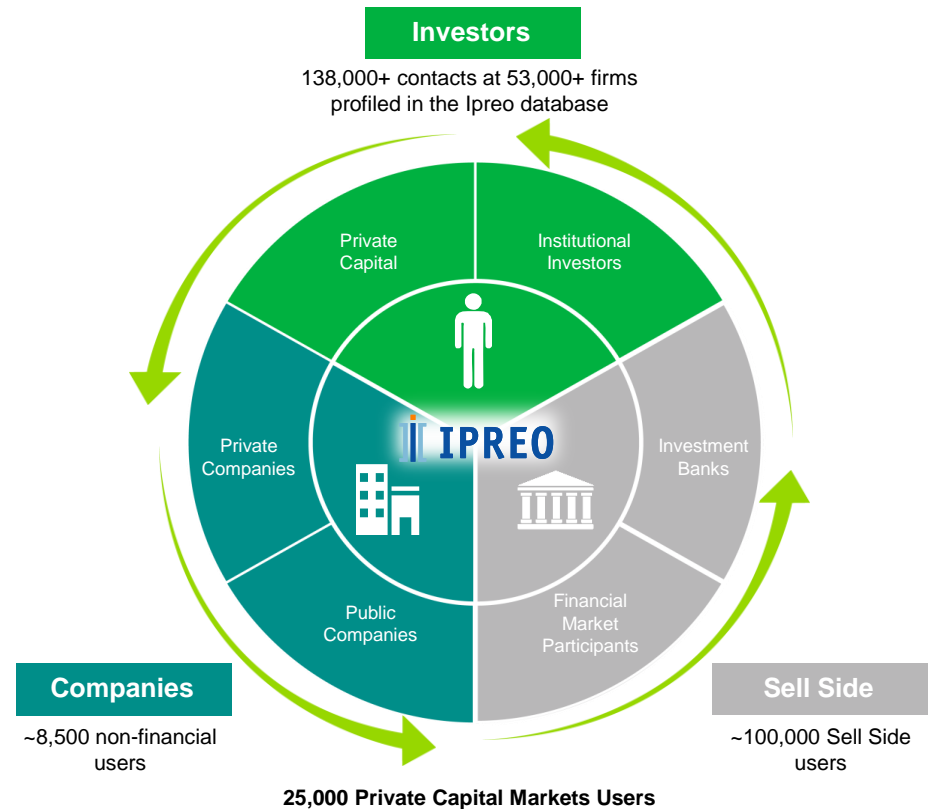
Ipreo is a leading brand providing software solutions and data to participants in the global capital markets

## COMPANY SNAPSHOT

- Deep expertise in workflow tools, data and content
- Over 3,500 clients globally with 100,000+ individual users
- Global operation serving customers in every major financial center around the world
- 93% recurring revenue (65% recurring – fixed, 28% recurring – variable)



## IPREO SITS AT THE CORE OF THE CAPITAL MARKETS ECOSYSTEM



# Highly complementary businesses

Ipreo presents a unique opportunity to acquire a high growth business with highly complementary business lines



<b>Capital Markets Workflow</b>	<ul style="list-style-type: none"> <li>• Primary markets origination and syndication workflow</li> </ul>	<b>+</b>	<ul style="list-style-type: none"> <li>• Deep and unique asset class expertise covering secondary markets and buy side</li> </ul>	<b>=</b>	<ul style="list-style-type: none"> <li>• Cross asset end-to-end solutions covering pre and post trade workflows</li> </ul>
<b>Corporates</b>	<ul style="list-style-type: none"> <li>• Investor relations offerings for corporate CFOs and Treasurers</li> </ul>	<b>+</b>	<ul style="list-style-type: none"> <li>• 50,000 corporate customers</li> </ul>	<b>=</b>	<ul style="list-style-type: none"> <li>• Integrated data and intelligence solutions for corporate CFOs, treasurers and IR</li> </ul>
<b>Private Capital Markets</b>	<ul style="list-style-type: none"> <li>• Leading PCM offerings to General and Limited Partners, with first mover advantage</li> </ul>	<b>+</b>	<ul style="list-style-type: none"> <li>• Large credit-focused customer base</li> <li>• Strong portfolio valuations offering</li> </ul>	<b>=</b>	<ul style="list-style-type: none"> <li>• Fully integrated PCM solutions across data management, reporting and independent valuations</li> </ul>
<b>Data</b>	<ul style="list-style-type: none"> <li>• Deep data capabilities across the complete capital formation lifecycle</li> </ul>	<b>+</b>	<ul style="list-style-type: none"> <li>• Broad multi asset class pricing, reference data, indices and analytics</li> </ul>	<b>=</b>	<ul style="list-style-type: none"> <li>• Actionable intelligence and decision making tools</li> </ul>

## STRONG STRATEGIC RATIONALE

- ✓ Provides IHS Markit with a broad, cross asset class business in the primary markets
- ✓ Deep expertise across the capital markets, private markets and corporate solutions
- ✓ Expanded footprint in rapidly growing alternatives market
- ✓ Ipreo operates strong “network effect” businesses with large customer bases
- ✓ Large cross-selling opportunities into IHS Markit’s corporate customer base and opportunities to monetize Ipreo’s data

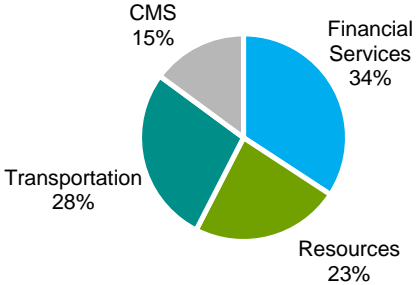
# Financially compelling acquisition

The acquisition of Ipreo is expected to increase IHS Markit’s organic growth rate and create significant value

- Purchase price of \$1.855 billion
  - > Purchase price represents a multiple of 16x expected 2019 Adjusted EBITDA of \$115 million (15x adjusted for tax step-up) <sup>(1)</sup>
- Pro forma bank leverage of approximately 3.6x at close, delevering to below 3.0x by Q3 2019

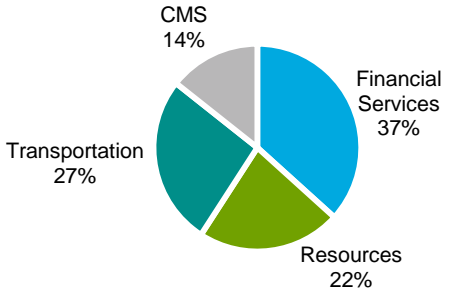
<b>Drives Organic Growth</b>	<ul style="list-style-type: none"> <li>• Ipreo standalone organic growth of 10%+</li> <li>• Increases IHS Markit’s overall organic growth profile from 4-6% to 5-7%</li> <li>• Increases Financial Services growth profile to the mid- to high-single digits</li> </ul>
<b>Meaningful Financial Impact</b>	<ul style="list-style-type: none"> <li>• 2019 Revenue of \$370 million</li> <li>• 2019 Adjusted EBITDA contribution of \$115 million                             <ul style="list-style-type: none"> <li>&gt; Ipreo has made substantial investments in new growth initiatives</li> <li>&gt; Significant operating leverage expected to drive outsized margin expansion from these growth investments over the next few years</li> </ul> </li> </ul>
<b>Adj. EPS Accretive</b>	<ul style="list-style-type: none"> <li>• Maintain forward target of double-digit Adjusted EPS growth</li> </ul>
<b>Synergies</b>	<ul style="list-style-type: none"> <li>• Significant run-rate synergies of approximately \$55 million                             <ul style="list-style-type: none"> <li>&gt; Run-rate cost synergies of \$20 million expected to be achieved by the end of 2019</li> <li>&gt; Run-rate revenue synergies of \$35 million expected to be achieved by the end of 2021</li> </ul> </li> </ul>

## INFO Standalone FY 2017



**Total Revenue: \$3.6bn**

## INFO Pro Forma FY 2017 <sup>(2)</sup>



**Total Revenue: \$3.7bn**

1. Tax basis step-up benefit of ~\$125 million.  
 2. 2017 revenue pro forma for acquisition of Ipreo and divestiture of MarkitSERV.

# Well-positioned across business verticals

Ipreo is a leading player across its businesses

Global Markets Group	Fixed Income	<ul style="list-style-type: none"> <li>• Fixed Income bookbuilding platforms (IssueBook)</li> <li>• Market standard communication network for Fixed Income issuances (IssueNet)</li> </ul>
	Loans	<ul style="list-style-type: none"> <li>• Market standard in European, APAC and LatAm loan syndication software</li> <li>• Growing base in North America</li> </ul>
	Municipals	<ul style="list-style-type: none"> <li>• U.S. municipal bond new issuance solutions</li> <li>• Investing in innovation to deepen existing client relationships</li> </ul>
	Equity & Retail	<ul style="list-style-type: none"> <li>• Equity and Retail bookbuilding products, with a strength in North America</li> </ul>
	Research, Sales & Trading	<ul style="list-style-type: none"> <li>• Investor profiles and holdings data increase product dependencies</li> </ul>
Corporate		<ul style="list-style-type: none"> <li>• Shareholder intelligence and workflow for the corporate suite</li> <li>• Corporate business consistently delivering outsized growth</li> </ul>
Private Capital Markets		<ul style="list-style-type: none"> <li>• Provides solutions to many of the most meaningful private markets investors:               <ul style="list-style-type: none"> <li>&gt; 13 of the 20 largest private equity firms</li> <li>&gt; 9 of the 20 largest real estate firms</li> <li>&gt; 21 of the 50 largest venture capital firms</li> </ul> </li> </ul>

# Large addressable markets with strong tailwinds

## SECULAR TAILWINDS DRIVING GROWTH ACROSS IPREO'S BUSINESSES

### Increased Need for Automated Workflow Solutions

- Increased complexity of the capital markets
- More sophisticated investment vehicles

### Increased Regulation and Compliance

- High level of regulatory scrutiny
- Increasing focus on compliance and risk management

### Trend Towards Outsourcing

- High costs associated with building in-house systems
- Industry cost pressures

## EXPANDS CAPABILITIES IN ALTERNATIVES, A LARGE AND GROWING MARKET SEGMENT

- **Acquisition of Ipreo provides IHS Markit with increased exposure to rapidly growing alternatives sector**
  - > Over \$10 trillion of assets under management invested in alternatives (including private equity, private debt and real estate), which is expected to grow to \$21 trillion by 2025 <sup>(1)</sup>
  - > Significantly underpenetrated market for workflow, reporting and analytics solutions
  - > Increasing demand for portfolio management, reporting and data management solutions

1. PwC, 2017. "Asset & Wealth Management Revolution: Embracing Exponential Change."



# Acquisition timing considerations and financing plan

## Transaction Financing

- Fully committed financing for the transaction with \$1.855 billion bank financing
- Continue to target terming out capital structure to achieve two-thirds fixed debt by year-end 2018
- Pro forma bank leverage of approximately 3.6x at transaction close, delevering to below 3.0x by Q3 2019 <sup>(1)</sup>
  - > Share repurchase program will be suspended until leverage returns to targeted 2.0x-3.0x range

## Regulatory Approvals and Anticipated Closing

- Transaction subject to regulatory filings and approvals from the UK Financial Conduct Authority and U.S. Hart-Scott Rodino Act
- Expect to close the acquisition in the second half of 2018

1. Leverage definition per bank covenants.

## Planned divestiture of MarkitSERV

Following detailed review of the business as part of disciplined capital allocation strategy, we are initiating a process to divest our derivatives processing business, MarkitSERV

- MarkitSERV is a leading provider of end-to-end trade processing and workflow solutions across OTC derivatives asset classes
- In FY2017, MarkitSERV generated approximately \$150 million in revenue
- The divestiture supports IHS Markit's increase in target organic growth profile from 4-6% to 5-7%
- Provides incremental opportunity to accelerate delevering below 3.0x

# Conclusion

Acquisition of Ipreo is attractive across all key metrics



## Unique Strategic Opportunity

- Highly complementary businesses
- Large cross-selling and data monetization opportunities



## Large Market Opportunity

- Increases the size of IHS Markit's addressable market
- Increases exposure to rapidly growing alternatives sector (including private equity, private debt and real estate)
- Strong secular tailwinds driving growth across Ipreo's business verticals



## Significant Synergies

- Approximately \$20 million in run-rate cost synergies by 2019 and \$35 million in run-rate revenue synergies by 2021



## Financial Compelling

- Expected to increase IHS Markit's organic growth rate to 5-7%
- Adjusted EPS accretive
- 2019 Adjusted EBITDA contribution of \$115 million