



IHS Markit™

# Q3 17 Earnings

Supplemental Financials

September 26, 2017

## 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”). 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 will 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, certain presented stand alone historical results of Markit (now reported as the Financial Services segment of IHS Markit) have been adjusted to reflect a November 30<sup>th</sup> fiscal year end.

## 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 of IHS Markit non-GAAP measures to the most directly comparable GAAP measures are provided with the schedules to the most recent IHS Markit quarterly earnings release and are available on IHS Markit’s website ([www.ihsmarkit.com](http://www.ihsmarkit.com)). 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.

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.

# We are reaffirming 2017 guidance

\$ in millions, except for per share amounts

	2017 IHS Markit Guidance			
	Low	Mid	High	Additional Commentary
<b>Revenue</b>	<b>\$3,490</b>	<b>\$3,525</b>	<b>\$3,560</b>	• Trending at <b>high</b> end
<i>Total organic growth %</i>	2%	3%	4%	
<b>Adjusted EBITDA</b>	<b>\$1,375</b>	<b>\$1,388</b>	<b>\$1,400</b>	• Trending at <b>low to midpoint</b>
<b>Adjusted EPS</b>	<b>\$2.02</b>	<b>\$2.05</b>	<b>\$2.08</b>	• Trending at <b>midpoint</b>

## Additional items of the following:

- Depreciation expense of **\$155 - \$165** million
- Amortization (acquisition related intangibles) expense of **\$325 - \$340** million
- Interest expense, net of **\$145 - \$150** million, trending toward high end
- Stock-based compensation expense of **\$240 - \$250** million
- GAAP effective tax rate of **negative 5%**
- Adjusted effective tax rate of **20% - 21%**
- Weighted average diluted shares between **413 - 417** million

# Quarterly Revenue by Reported Segment

## Quarterly Revenue - SEGMENT View

For the period ended:		2016 Reported <sup>(1)</sup>					2017 Reported		
		Feb	May	Aug	Nov	Nov	Feb	May	Aug
		Q1 16	Q2 16	Q3 16	Q4 16	FY 16	Q1 17	Q2 17	Q3 17
Recurring	Resources	181	191	186	182	739	177	177	177
	Transportation	148	155	157	161	621	161	167	174
	CMS	114	116	114	114	458	112	114	115
	Financial Services			91	165	255	168	173	173
	<b>Total Recurring Fixed Revenue</b>	<b>443</b>	<b>462</b>	<b>548</b>	<b>621</b>	<b>2,074</b>	<b>617</b>	<b>631</b>	<b>638</b>
	Recurring Variable - Financial Services			57	107	164	106	116	110
	<b>Total IHS Markit Recurring Revenue</b>	<b>\$ 443</b>	<b>\$ 462</b>	<b>\$ 605</b>	<b>\$ 729</b>	<b>\$ 2,238</b>	<b>\$ 724</b>	<b>\$ 747</b>	<b>\$ 748</b>
Non-Recurring	Resources	35	30	24	31	121	20	47	25 <sup>(2)</sup>
	Transportation	51	76	70	75	271	64	75	83 <sup>(3)</sup>
	CMS	19	20	16	19	74	15	17	24 <sup>(4)</sup>
	Financial Services			9	20	29	22	20	24
	<b>Total IHS Markit Non-Recurring Revenue</b>	<b>\$ 105</b>	<b>\$ 126</b>	<b>\$ 120</b>	<b>\$ 145</b>	<b>\$ 496</b>	<b>\$ 121</b>	<b>\$ 160</b>	<b>\$ 157</b>
Total	Resources	216	221	210	214	861	197	224	202 <sup>(2)</sup>
	Transportation	200	231	227	235	893	225	242	257 <sup>(3)</sup>
	CMS	133	136	130	133	532	126	131	139 <sup>(4)</sup>
	Financial Services			157	292	449	296	309	307
	<b>Total IHS Markit Revenue</b>	<b>\$ 548</b>	<b>\$ 588</b>	<b>\$ 725</b>	<b>\$ 874</b>	<b>\$ 2,735</b>	<b>\$ 844</b>	<b>\$ 906</b>	<b>\$ 905</b>

(1) Reflects reported IHS Markit results including Financial Services from July 12, 2016 - November 30, 2016

(2) Resources revenue impacted by the shift in CERAWEEK timing. The event was held in the second quarter of 2017 versus the first quarter of 2016.

(3) Transportation revenue impacted by the shift in TPM conference timing. The event was held in the first quarter of 2017 versus the second quarter of 2016.

(4) CMS revenue reflects biennial contribution from BPVC in the third quarter of 2017.

## Quarterly Organic Growth

For the period ended:	2016 Reported <sup>(1)</sup>					2017 Reported			2017 Normalized <sup>(5)</sup>		
	Feb	May	Aug	Nov	Nov	Feb	May	Aug	Feb	May	Aug
	Q1 16	Q2 16	Q3 16	Q4 16	FY 16	Q1 17	Q2 17	Q3 17	Q1 17	Q2 17	Q3 17
Resources	-7%	-8%	-10%	-10%	-9%	-8%	-6%	-4%			
Transportation	10%	10%	9%	9%	10%	9%	9%	11%			
CMS	4%	3%	0%	1%	2%	1%	1%	1%			
Financial Services			3%	2%	2%	2%	4%	3%			
<b>Total Recurring Fixed</b>	<b>1%</b>	<b>1%</b>	<b>-1%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>			
Recurring Variable - Financial Services			3%	11%	8%	12%	14%	4%			
<b>Total Recurring Organic Growth %</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>			
Resources	28% <sup>(2)</sup>	-36% <sup>(2)</sup>	-21%	-3%	-12%	-48%	54%	1%	-13%	5%	
Transportation	9%	19%	9%	14%	13%	18%	1%	19%	10%	6%	
CMS	3%	-1%	-44% <sup>(4)</sup>	-20%	-19%	-20%	-13%	48%			-4%
Financial Services			10%	-15%	-8%	30%	11%	28%			
<b>Total Non-Recurring Organic Growth %</b>	<b>14%</b>	<b>-6%</b>	<b>-12%</b>	<b>-1%</b>	<b>-3%</b>	<b>-5%</b>	<b>12%</b>	<b>21%</b>	<b>4%</b>	<b>4%</b>	<b>14%</b>
Resources	-2% <sup>(3)</sup>	-13% <sup>(3)</sup>	-12%	-9%	-9%	-14%	3%	-4%	-8%	-4%	
Transportation	10%	12%	9%	11%	10%	11%	6%	13%	9%	8%	
CMS	4%	2%	-9% <sup>(4)</sup>	-3%	-2%	-2%	-1%	7%			1%
Financial Services			3%	4%	4%	7%	8%	5%			
<b>Total Organic Growth %</b>	<b>3%</b>	<b>-1%</b>	<b>-2%</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>	<b>5%</b>	<b>5%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>

(1) Reflects reported IHS Markit results including Financial Services from July 12, 2016 - November 30, 2016

(2) Normalized for the Q1 / Q2 CERAWeek event timing shift, resources non-recurring organic growth was (23%) in Q1 16 and (5%) in Q2 16.

(3) Normalized for the Q1 / Q2 CERAWeek event timing shift, resources total organic growth was (9%) in Q1 16 and (7%) in Q2 16.

(4) Normalized to exclude impact of BPVC, CMS non-recurring organic growth was (23%) and CMS total organic growth was (4%) in Q3 16.

(5) Reflects 2017 normalization for event timing between Q1 and Q2 (CERAWeek in Resources and TPM annual maritime conference in Transportation) and for the exclusion of BPVC revenue within CMS.

## Financial Services Revenue

		2016					2017		
		Feb Q1 16	May Q2 16	Aug Q3 16	Nov Q4 16	Nov FY 16	Feb Q1 17	May Q2 17	Aug Q3 17
For the period ended:									
Segment	<b>Segment Revenue \$</b>								
	Information	131	131	133	131	526	133	138	140
	Processing	59	63	64	63	249	62	68	61
	Solutions	95	101	97	98	390	101	103	106
	<b>Total Financial Services Revenue</b>	<b>\$ 285</b>	<b>\$ 294</b>	<b>\$ 294</b>	<b>\$ 292</b>	<b>\$ 1,165</b>	<b>\$ 296</b>	<b>\$ 309</b>	<b>\$ 307</b>
	Total revenue growth %	7%	9%	5%	1%	5%	4%	5%	4%
	<b>Segment Organic Growth %</b>								
	Information	6%	6%	3%	4%	5%	4%	8%	5%
	Processing	-6%	-8%	0%	9%	-1%	12%	14%	-3%
	Solutions	3%	6%	6%	0%	4%	10%	5%	10%
<b>Total Organic Growth %</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>3%</b>	<b>7%</b>	<b>8%</b>	<b>5%</b>	
Category	<b>Category Revenue \$</b>								
	Recurring Fixed	169	170	169	165	672	168	173	173
	Recurring Variable	99	105	107	107	418	106	116	110
	Non-Recurring	17	19	19	20	75	22	20	24
	<b>Total Financial Services Revenue</b>	<b>\$ 285</b>	<b>\$ 294</b>	<b>\$ 294</b>	<b>\$ 292</b>	<b>\$ 1,165</b>	<b>\$ 296</b>	<b>\$ 309</b>	<b>\$ 307</b>

# Quarterly Adjusted EBITDA by Reported Segment

## Quarterly Adjusted EBITDA View\*

For the period ended:

	2016 Reported <sup>(1)</sup>					2017 Reported		
	Feb Q1 16	May Q2 16	Aug Q3 16	Nov Q4 16	Nov FY 16	Feb Q1 17	May Q2 17	Aug Q3 17
<b>Total Adjusted EBITDA</b>								
Resources	87	94	94	92	368	80	100	89
Transportation	73	91	89	101	353	90	98	110
CMS	28	31	33	36	128	29	32	32
Financial Services			65	125	190	129	139	138
Shared services	(9)	(14)	(12)	(16)	(51)	(7)	(16)	(18)
<b>Total IHS Markit Adjusted EBITDA</b>	<b>\$ 180</b>	<b>\$ 201</b>	<b>\$ 269</b>	<b>\$ 338</b>	<b>\$ 988</b>	<b>\$ 320</b>	<b>\$ 353</b>	<b>\$ 351</b>
<b>Adjusted EBITDA Margin %</b>								
Resources	40.5%	42.3%	44.9%	43.3%	42.7%	40.6%	44.5%	43.8%
Transportation	36.8%	39.2%	39.0%	42.8%	39.6%	39.9%	40.5%	42.8%
CMS	20.7%	22.7%	25.6%	27.0%	24.0%	22.6%	24.3%	23.1%
Financial Services			41.4%	42.9%	42.4%	43.7%	44.9%	45.0%
<b>Total Adjusted EBITDA Margin %</b>	<b>32.8%</b>	<b>34.1%</b>	<b>37.1%</b>	<b>38.7%</b>	<b>36.1%</b>	<b>37.9%</b>	<b>38.9%</b>	<b>38.8%</b>
Total margin expansion (bps)	170	350	490	510	420	515	480	170

(1) Reflects reported IHS Markit results including Financial Services from July 12, 2016 - November 30, 2016

\* Refer to financial earnings releases on [www.investor.IHSMarkit.com](http://www.investor.IHSMarkit.com) for Adjusted EBITDA reconciliations to the nearest GAAP reported measure