



IHS Markit™

Q4 17 Earnings

Supplemental Financials

January 16, 2018

Forward-looking statements

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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 30th 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). 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 updating 2018 guidance

\$ in millions, except for per share amounts

	2018 IHS Markit Guidance			
	Low	Mid	High	Additional Commentary
Revenue	\$3,800	\$3,825	\$3,850	• Initial guidance was \$3,770 - \$3,830
<i>Total organic growth %</i>	4%	to	5%	
Adjusted EBITDA	\$1,500	\$1,513	\$1,525	
Adjusted EPS	\$2.23	\$2.25	\$2.27	• Initial guidance was \$2.17 - \$2.23

Additional items of the following:

- Depreciation expense of **\$180 - \$190** million
- Amortization (acquisition related intangibles) expense of **\$340 - \$350** million
- Net interest expense of **\$180 - \$190** million
- Stock-based compensation expense of **\$200 - \$220** million
- Adjusted effective tax rate of **18% - 20%**, initial guidance was 20% - 23%
- Weighted average diluted shares between **405 - 410** million
- Capital expenditures to be approximately **6% to 7%** of revenue
- Free cash flow as a percentage of Adjusted EBITDA in the **mid-60's**

Quarterly Revenue by Reported Segment

Quarterly Revenue SEGMENT View

For the period ended:		2016 Reported ⁽¹⁾					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	Nov Q4 17	Nov FY 17
Recurring	Resources	181	191	186	182	739	177	177	177	181	712
	Transportation	148	155	157	161	621	161	167	174	188	690
	CMS	114	116	114	114	458	112	114	115	118	458
	Financial Services			91	165	255	168	173	173	178	691
	Total Recurring Fixed Revenue	443	462	548	621	2,074	617	631	638	665	2,550
	Recurring Variable - Financial Services			57	107	164	106	116	110	117	449
	Total IHS Markit Recurring Revenue	\$ 443	\$ 462	\$ 605	\$ 729	\$ 2,238	\$ 724	\$ 747	\$ 748	\$ 782	\$ 3,000
Non-Recurring	Resources	35	30	24	31	121	20	47	25	36	128 ⁽²⁾
	Transportation	51	76	70	75	271	64	75	83	79	302 ⁽³⁾
	CMS	19	20	16	19	74	15	17	24	23	79 ⁽⁴⁾
	Financial Services			9	20	29	22	20	24	26	92
	Total IHS Markit Non-Recurring Revenue	\$ 105	\$ 126	\$ 120	\$ 145	\$ 496	\$ 121	\$ 160	\$ 157	\$ 163	\$ 600
Total	Resources	216	221	210	214	861	197	224	202	216	839 ⁽²⁾
	Transportation	200	231	227	235	893	225	242	257	267	991 ⁽³⁾
	CMS	133	136	130	133	532	126	131	139	140	536 ⁽⁴⁾
	Financial Services			157	292	449	296	309	307	321	1,233
	Total IHS Markit Revenue	\$ 548	\$ 588	\$ 725	\$ 874	\$ 2,735	\$ 844	\$ 906	\$ 905	\$ 945	\$ 3,600

(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 ⁽¹⁾					2017 Reported					2017 Normalized ⁽⁵⁾		
		Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov	Nov	Feb	May	Aug
		Q1 16	Q2 16	Q3 16	Q4 16	FY 16	Q1 17	Q2 17	Q3 17	Q4 17	FY 17	Q1 17	Q2 17	Q3 17
Recurring	Resources	-7%	-8%	-10%	-10%	-9%	-8%	-6%	-4%	-1%	-5%			
	Transportation	10%	10%	9%	9%	10%	9%	9%	11%	11%	10%			
	CMS	4%	3%	0%	1%	2%	1%	1%	1%	1%	1%			
	Financial Services			3%	2%	2%	2%	4%	3%	7%	4%			
	Total Recurring Fixed	1%	1%	-1%	0%	0%	1%	2%	2%	5%	2%			
	Recurring Variable - Financial Services			3%	11%	8%	12%	14%	4%	8%	9%			
	Total Recurring Organic Growth %	1%	1%	0%	1%	1%	2%	3%	3%	5%	3%			
Non-Recurring	Resources	28% ⁽²⁾	-36% ⁽²⁾	-21%	-3%	-12%	-48%	54%	1%	10%	3%	-13%	5%	
	Transportation	9%	19%	9%	14%	13%	18%	1%	19%	4%	10%	10%	6%	
	CMS	3%	-1%	-44% ⁽⁴⁾	-20%	-19%	-20%	-13%	48%	13%	6%			-4%
	Financial Services			10%	-15%	-8%	30%	11%	28%	27%	24%			
	Total Non-Recurring Organic Growth %	14%	-6%	-12%	-1%	-3%	-5%	12%	21%	10%	9%	4%	4%	14%
Total	Resources	-2% ⁽³⁾	-13% ⁽³⁾	-12%	-9%	-9%	-14%	3%	-4%	1%	-4%	-8%	-4%	
	Transportation	10%	12%	9%	11%	10%	11%	6%	13%	9%	10%	9%	8%	
	CMS	4%	2%	-9% ⁽⁴⁾	-3%	-2%	-2%	-1%	7%	3%	2%			1%
	Financial Services			3%	4%	4%	7%	8%	5%	8%	7%			
	Total Organic Growth %	3%	-1%	-2%	1%	0%	1%	5%	5%	6%	4%	2%	3%	4%

(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

For the period ended:		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	Nov Q4 17	Nov FY 17
Segment	Segment Revenue \$										
	Information	131	131	133	131	526	133	138	140	146	557
	Processing	59	63	64	63	249	62	68	61	67	258
	Solutions	95	101	97	98	390	101	103	106	108	417
	Total Financial Services Revenue	\$ 285	\$ 294	\$ 294	\$ 292	\$ 1,165	\$ 296	\$ 309	\$ 307	\$ 321	\$ 1,233
	Total revenue growth %	7%	9%	5%	1%	5%	4%	5%	4%	10%	6%
	Segment Organic Growth %										
Information	6%	6%	3%	4%	5%	4%	8%	5%	10%	7%	
Processing	-6%	-8%	0%	9%	-1%	12%	14%	-3%	4%	6%	
Solutions	3%	6%	6%	0%	4%	10%	5%	10%	9%	8%	
Total Organic Growth %	2%	3%	3%	4%	3%	7%	8%	5%	8%	7%	
Category	Category Revenue \$										
	Recurring Fixed	169	170	169	165	672	168	173	173	178	692
	Recurring Variable	99	105	107	107	418	106	116	110	117	449
	Non-Recurring	17	19	19	20	75	22	20	24	26	92
	Total Financial Services Revenue	\$ 285	\$ 294	\$ 294	\$ 292	\$ 1,165	\$ 296	\$ 309	\$ 307	\$ 321	\$ 1,233

Quarterly Adjusted EBITDA View*

Adjusted EBITDA

For the period ended:	2016 Reported ⁽¹⁾					2017 Reported				
	Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov	Nov
	Q1 16	Q2 16	Q3 16	Q4 16	FY 16	Q1 17	Q2 17	Q3 17	Q4 17	FY 17
Total Adjusted EBITDA										
Resources	87	94	94	92	368	80	100	89	92	360
Transportation	73	91	89	101	353	90	98	110	110	408
CMS	28	31	33	36	128	29	32	32	33	125
Financial Services			65	125	190	129	139	138	148	554
Shared services	(9)	(14)	(12)	(16)	(51)	(7)	(16)	(18)	(17)	(58)
Total IHS Markit Adjusted EBITDA	\$ 180	\$ 201	\$ 269	\$ 338	\$ 988	\$ 320	\$ 353	\$ 351	\$ 366	\$ 1,390
Adjusted EBITDA Margin %										
Resources	40.5%	42.3%	44.9%	43.3%	42.7%	40.6%	44.5%	43.8%	42.6%	42.9%
Transportation	36.8%	39.2%	39.0%	42.8%	39.6%	39.9%	40.5%	42.8%	41.4%	41.2%
CMS	20.7%	22.7%	25.6%	27.0%	24.0%	22.6%	24.3%	23.1%	23.4%	23.4%
Financial Services			41.4%	42.9%	42.4%	43.7%	44.9%	45.0%	46.0%	44.9%
Total Adjusted EBITDA Margin %	32.8%	34.1%	37.1%	38.7%	36.1%	37.9%	38.9%	38.8%	38.7%	38.6%
Total margin expansion (bps)	170	350	490	510	420	510	480	170	0	250
Total Adjusted EBITDA Margin excl. aM %									39.3%	38.7% ⁽²⁾
Total margin expansion (bps) excl. aM									60	260 ⁽²⁾

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

(2) Excluding the effect of the aM acquisition, Transportation Adjusted EBITDA margin was 43.4 percent and 41.7 percent for the three and twelve months ended November 30, 2017, respectively, Total Adjusted EBITDA margin was 39.3 percent and 38.7 percent for the same respective periods, and margin expansion was 60 bps and 260 bps for the same respective periods.

* Refer to financial earnings releases on www.investor.IHSMarkit.com for Adjusted EBITDA reconciliations to the nearest GAAP reported measure