



IHS Markit™

Q1 18 Earnings

Supplemental Financials

March 27, 2018

Forward-looking statements

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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	\$3,825	\$3,850	\$3,875	Prior guidance was \$3,800 - \$3,850
<i>Total organic growth %</i>	4%	to	5%	
Adjusted EBITDA	\$1,500	\$1,513	\$1,525	
Adjusted EPS	\$2.23	\$2.25	\$2.27	

Additional items of the following:

- Depreciation expense of **\$180 - \$190** million
- Amortization (acquisition related intangibles) expense of **\$340 - \$350** million
- Interest expense, net of **\$180 - \$190** million
- Stock-based compensation expense of **\$200 - \$220** million
- Adjusted effective tax rate of **18% - 20%**
- 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:		2017 Reported					2018
		Feb	May	Aug	Nov	Nov	Feb
		Q1 17	Q2 17	Q3 17	Q4 17	FY 17	Q1 18
Recurring	Resources	177	177	177	181	712	183
	Transportation	161	167	174	188	690	199
	CMS	112	114	115	118	458	119
	Financial Services	168	173	173	178	692	182
	Total Recurring Fixed	617	631	638	665	2,550	683
	Recurring Variable - Financial Services	106	116	110	117	449	117
	Total IHS Markit Recurring Revenue	\$ 724	\$ 747	\$ 748	\$ 782	\$ 3,000	800
Non-Recurring	Resources	20	47	25	36	128	22
	Transportation	64	75	83	79	302	71
	CMS	15	17	24	23	79	19
	Financial Services	22	20	24	26	92	20
	Total IHS Markit Non-Recurring Revenue	\$ 121	\$ 159	\$ 157	\$ 163	\$ 600	132
Total	Resources	197	224	202	216	839	205
	Transportation	225	242	257	267	992	270
	CMS	127	131	139	140	536	138
	Financial Services	296	309	307	321	1,233	319
	Total IHS Markit Revenue	\$ 845	\$ 906	\$ 905	\$ 945	\$ 3,600	932

Quarterly Organic Growth

For the period ended:		2017 Reported					2018	2017 Normalized ⁽¹⁾		
		Feb	May	Aug	Nov	Nov	Feb	Feb	May	Aug
		Q1 17	Q2 17	Q3 17	Q4 17	FY 17	Q1 18	Q1 17	Q2 17	Q3 17
Recurring	Resources	-8%	-6%	-4%	-1%	-5%	3%			
	Transportation	9%	9%	11%	11%	10%	11%			
	CMS	1%	1%	1%	1%	1%	3%			
	Financial Services	2%	4%	3%	7%	4%	6%			
	Total Recurring Fixed	1%	2%	2%	5%	2%	6%			
	Recurring Variable - Financial Services	12%	14%	4%	8%	9%	7%			
	Total Recurring Organic Growth %	2%	3%	3%	5%	3%	6%			
Non-Recurring	Resources	-48%	54%	1%	10%	3%	8%	-13%	5%	
	Transportation	18%	1%	19%	4%	10%	10%	10%	6%	
	CMS	-20%	-13%	48%	13%	6%	21%			-4%
	Financial Services	30%	11%	28%	27%	24%	-9%			
	Total Non-Recurring Organic Growth %	-5%	12%	21%	10%	9%	8%	4%	4%	14%
Total	Resources	-14%	3%	-4%	1%	-4%	3%	-8%	-4%	
	Transportation	11%	6%	13%	9%	10%	10%	9%	8%	
	CMS	-2%	-1%	7%	3%	2%	5%			1%
	Financial Services	7%	8%	5%	8%	7%	6%			
	Total Organic Growth %	1%	5%	5%	6%	4%	6%	2%	3%	4%

(1) 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:		2017					2018
		Feb Q1 17	May Q2 17	Aug Q3 17	Nov Q4 17	Nov FY 17	Feb Q1 18
Segment	Segment Revenue \$						
	Information	133	138	140	146	557	147
	Processing	62	68	61	67	258	63
	Solutions	101	103	106	108	417	109
	Total Financial Services Revenue	\$ 296	\$ 309	\$ 307	\$ 321	\$ 1,233	319
	Total revenue growth %	4%	5%	4%	10%	6%	8%
	Segment Organic Growth %						
Information	4%	8%	5%	10%	7%	9%	
Processing	12%	14%	-3%	4%	6%	-2%	
Solutions	10%	5%	10%	9%	8%	6%	
Total Organic Growth %	7%	8%	5%	8%	7%	6%	
Category	Category Revenue \$						
	Recurring	168	173	173	178	692	182
	Recurring Variable	106	116	110	117	449	117
	Non-Recurring	22	20	24	26	92	20
	Total Financial Services Revenue	\$ 296	\$ 309	\$ 307	\$ 321	\$ 1,233	\$ 319

Quarterly Adjusted EBITDA by Reported Segment

Quarterly Adjusted EBITDA View*

For the period ended:		2017 Reported					2018
		Feb Q1 17	May Q2 17	Aug Q3 17	Nov Q4 17	Nov FY 17	Feb Q1 18
Adjusted EBITDA	Total Adjusted EBITDA						
	Resources	80	100	89	92	360	85
	Transportation	90	98	110	110	408	110
	CMS	29	32	32	33	125	32
	Financial Services	129	139	138	148	554	145
	Shared services	(7)	(16)	(18)	(17)	(58)	(13)
	Total IHS Markit Adjusted EBITDA	\$ 320	\$ 353	\$ 351	\$ 366	\$ 1,390	359
	Adjusted EBITDA Margin %						
	Resources	40.6%	44.5%	43.8%	42.6%	42.9%	41.4%
	Transportation	39.9%	40.5%	42.8%	41.4%	41.2%	40.7% ⁽¹⁾
	CMS	22.6%	24.3%	23.1%	23.4%	23.4%	23.1%
	Financial Services	43.7%	44.9%	45.0%	46.0%	44.9%	45.5%
Total Adjusted EBITDA Margin %	37.9%	38.9%	38.8%	38.7%	38.6%	38.6%	
Total margin expansion (bps)	510	480	170	0	250	70	
Total Adjusted EBITDA Margin excl. aM %				39.3%	38.7%	39.4%	
Total margin expansion (bps) excl. aM				60	260	150	

(1) Excluding the effect of the aM acquisition, Transportation Adjusted EBITDA margin was 43.4 percent, 41.7 percent and 43.9 percent for the three and twelve months ended November 30, 2017, and the three months ended February 28, 2018, respectively.

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