



# 1Q2021 Earnings Presentation

May 4, 2021

SERVE | ADD VALUE | INNOVATE



# Forward-Looking Statements, Safe Harbor, and Non-GAAP Financial Measures

## Forward-Looking Statements

This release contains forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. This includes, but is not limited to, our expectation and ability to pay a cash dividend on our common stock in the future, subject to the determination by our Board of Directors and based on an evaluation of our earnings, financial condition and requirements, business conditions, capital allocation determinations, and other factors, risks, and uncertainties. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “target,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements, because they involve known and unknown risks, uncertainties, and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements.

Other factors that could materially affect actual results, levels of activity, performance, or achievements can be found in our quarterly reports on Form 10-Q, annual reports on Form 10-K, and current reports on Form 8-K filed with the Securities and Exchange Commission. If any of these risks or uncertainties materialize or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement in this release reflects our current views with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.

## Notes Regarding the Use of Non-GAAP Financial Measures

We have provided certain non-GAAP financial information as supplemental information regarding our operating results. These measures are not in accordance with, or an alternative for, U.S. GAAP and may be different from non-GAAP measures reported by other companies. We believe that our presentation of non-GAAP measures provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. In addition, our management uses these measures for reviewing our financial results, for budgeting and planning purposes, and for evaluating the performance of senior management.



# 1Q2021 Business and Financial Highlights

- Organic constant currency (OCC) revenue grew 3.4%, led by continued solid growth in the insurance segment.
- In the 85% of our consolidated revenues that are predominantly subscription or subject to long-term contracts where we have not identified any material impacts from COVID-19, OCC revenue growth was approximately 4.9%.
- In the remaining 15% of our consolidated revenues that are more transactional in nature and negatively impacted by COVID-19, OCC revenue declined approximately 5.9%, demonstrating continued sequential improvement.
- OCC adjusted EBITDA grew 5.2%, reflecting strong operational discipline and lower travel expenses offset in part by a return to more normal levels of headcount growth.
- Free cash flow grew 25.8%, reflecting strong customer collections and reduced expenses.
- Approximately \$147 million of capital was returned to shareholders through share repurchases and dividends.

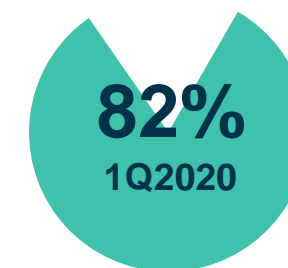


# Financial Summary

## Three months ended March 31

	2021	2020	% change
Revenue	\$726M	\$690M	5.3%
Net income	169	172	(1.8)
Adjusted net income	203	194	4.6
Adjusted EBITDA	346	318	8.7
Adjusted EBITDA margin	47.6%	46.1%	149 bps
Diluted GAAP EPS	\$1.03	\$1.04	(1.0)
Diluted adjusted EPS	\$1.23	\$1.17	5.1
Free cash flow	390	310	25.8

## Subscription/Long-Term Revenue



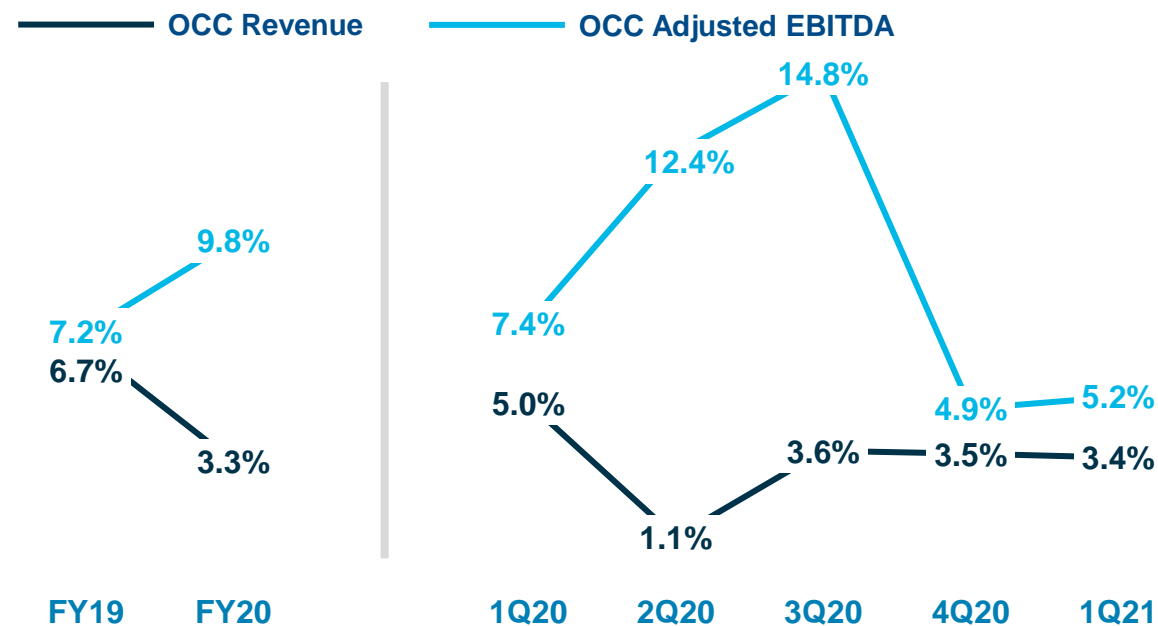
## International Revenue





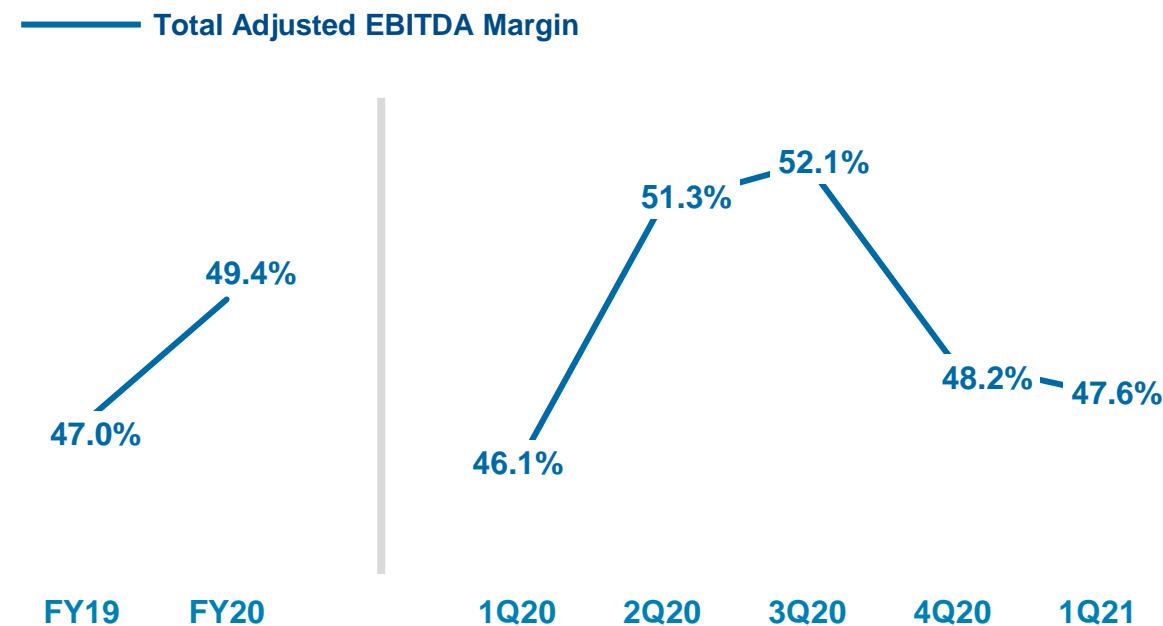
# Organic Constant Currency Growth and Adjusted EBITDA Margins

## 1Q Financial Review



### Highlights

- OCC revenue growth was 3.4%, driven by growth in our subscription revenues and partially offset by declines in our COVID-sensitive revenues.
- OCC adjusted EBITDA growth was 5.2%, demonstrating operating leverage despite reduced revenue growth due to COVID-19 impacts.



### Highlights

- Total adjusted EBITDA margin was 47.6%, an expansion of 149 basis points, reflecting operating discipline and reduced travel expenses as a result of COVID-19 restrictions.
- This level of margin reflects continued investment in our technology transformation, including the cloud transition, our breakout opportunities, as well as the impact of recent acquisitions.

# Segments





# Insurance

## Industry-leading data analytics and insights

### Underwriting & Rating Solutions



Industry-standard insurance programs, property-specific underwriting & rating information, and underwriting solutions



Catastrophe and extreme event models and data covering natural and man-made risks such as terrorism



Integrated suite of software that provides full end-to-end management of all insurance and reinsurance business

### Claims Solutions



Claims Analytics

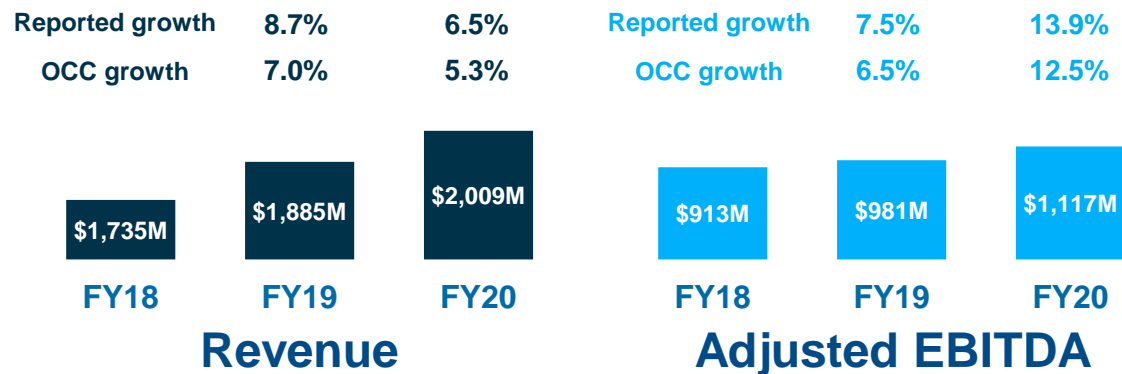
Integrated analytics solutions for improving claim outcomes and fighting fraud at every step of the process



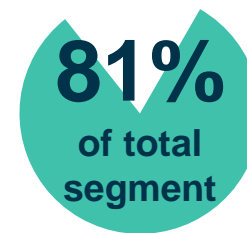
Xactware

Loss quantification and repair cost estimating for professionals involved in all phases of building and repair

### Historical Performance



### 1Q2021



% Subscription



Revenue



Adjusted EBITDA



# Insurance Quarterly Performance

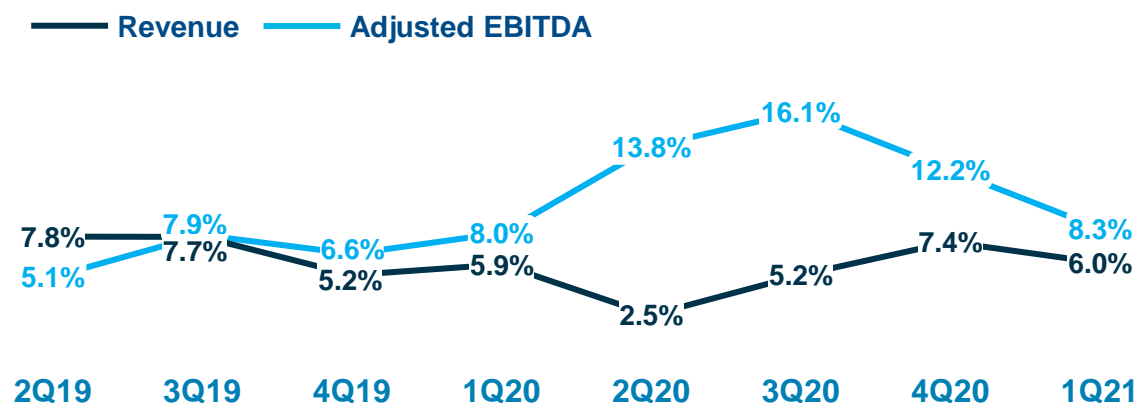
## Financials

	1Q21	1Q20	% change Reported	OCC
UW & rating	\$377M	\$350M	7.7%	5.3%
Claims	159	145	9.0	7.9
<b>Revenue</b>	<b>536</b>	<b>495</b>	<b>8.1</b>	<b>6.0</b>
<b>Adjusted EBITDA</b>	<b>289</b>	<b>257</b>	<b>12.2</b>	<b>8.3</b>
Total margin	53.9%	52.0%		

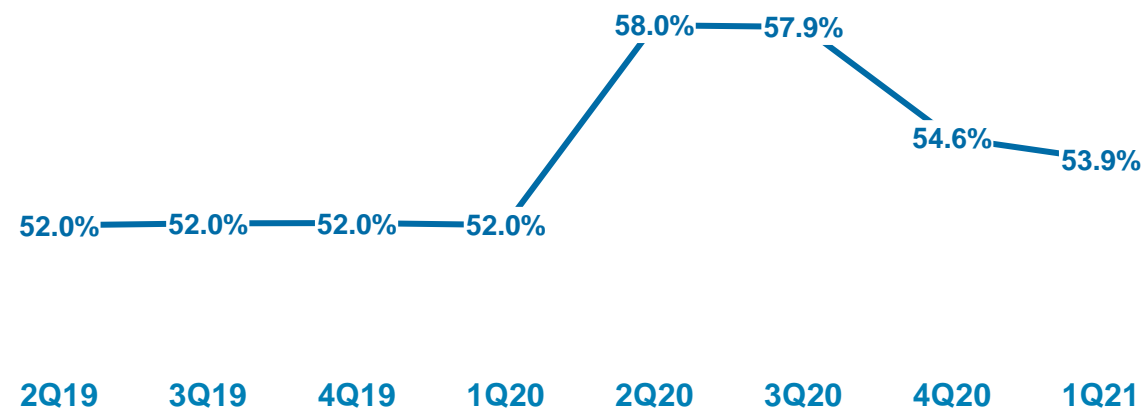
## Business Highlights

- UW & rating grew 5.3% on an OCC basis, and was broad-based across both personal and commercial lines.
  - Industry-standard programs, catastrophe modeling solutions, and international software solutions delivered solid growth.
- Claims delivered 7.9% OCC growth despite declines in certain COVID-19 impacted solutions.
  - Solid growth in repair cost estimating offset declines in certain COVID-19 impacted solutions. Modest benefit from storm-related revenues in the quarter.
- Total adjusted EBITDA margin expanded to 53.9% reflecting core leverage and lower travel expenses. We continued to invest in our key breakout areas.

## Organic Constant Currency Growth



## Total Adjusted EBITDA Margin







# Energy and Specialized Markets

Unique insight on the world's energy resources and intelligent compliance solutions

## Energy



Energy and natural resources solutions across Research & Analytics and Advisory Services

Providing engaging digital platforms and tools to support objective decision making for the oil and gas, metals and mining, chemicals, subsurface, and power and renewables industries



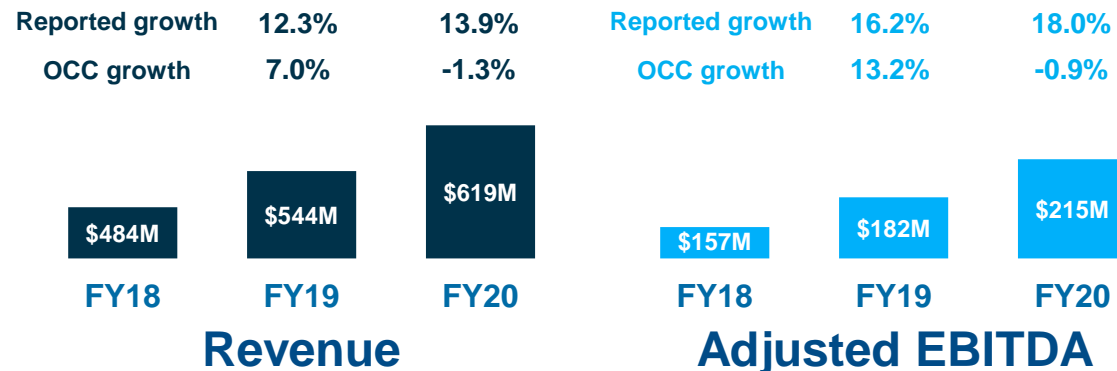
Spend and cost data from millions of transactions across thousands of services, materials, and equipment categories

## Specialized Markets

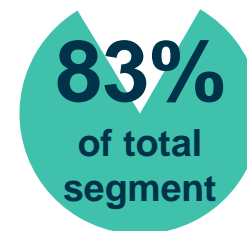


Supporting compliance with global environmental health and safety requirements

### Historical Performance



### 1Q2021



% Subscription



Revenue



Adjusted EBITDA



# Energy and Specialized Markets Quarterly Performance

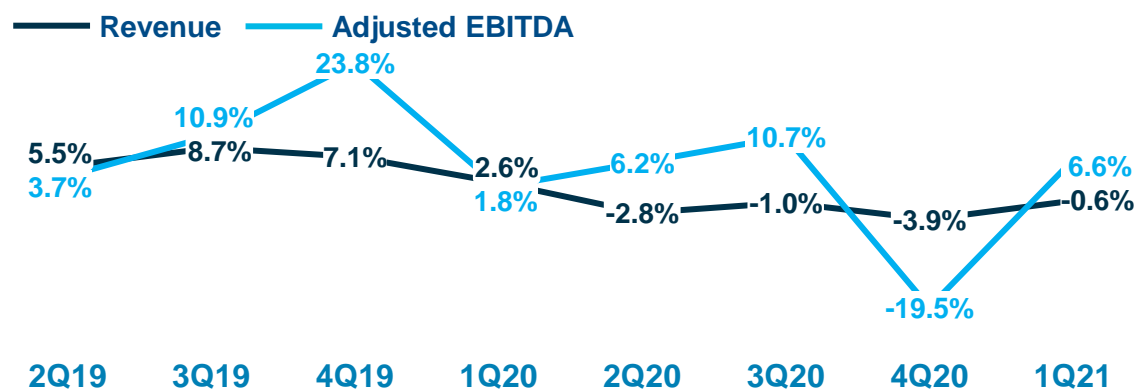
## Financials

	1Q21	1Q20	% change	
			Reported	OCC
Revenue	\$156M	\$154M	1.3%	-0.6%
Adjusted EBITDA	53.7	49.4	8.8	6.6
Total margin	34.4%	32.0%		

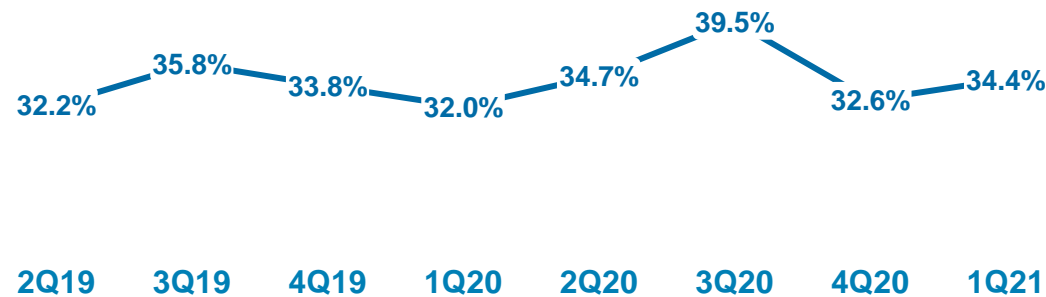
## Business Highlights

- OCC revenue decreased 0.6%, reflecting modest sequential improvement as the end market continues to recover from the effects of the pandemic.
- Breakout areas, including the energy transition and chemicals, experienced strong growth.
- Total adjusted EBITDA margin expanded 237 bps to 34.4%, reflecting cost discipline and the benefits from certain cost actions taken last year. We continue to invest in key innovation projects, including Lens.

## Organic Constant Currency Growth



## Total Adjusted EBITDA Margin





# Financial Services

Big data, predictive analytics, and insights



Argus Portfolio Management

Solutions for financial institutions, including competitive benchmarking, decisioning algorithms and advisory services, and data management platforms

Fraud & Credit Risk Management

Tools for bankruptcy management and debt collection, and solutions to detect fraud and illicit or noncompliant merchant activity for e-commerce and payments companies

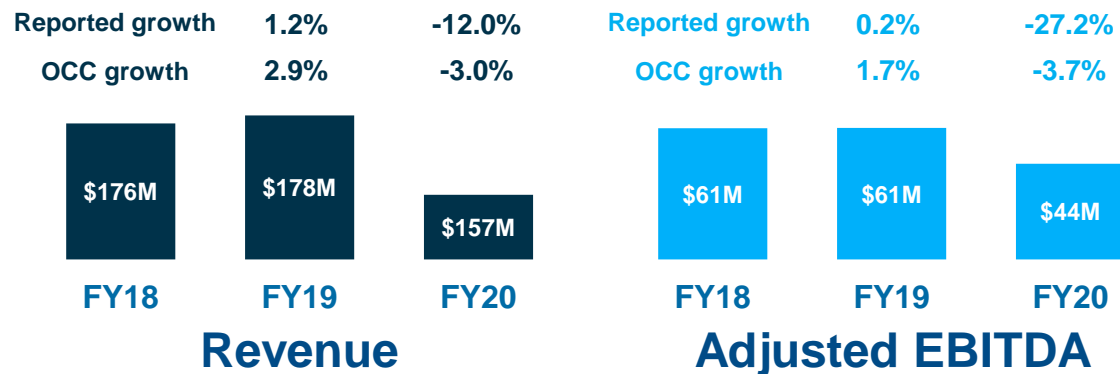
Management Information & Regulatory Reporting

MIS solutions and regulatory reporting solutions for the banking sector

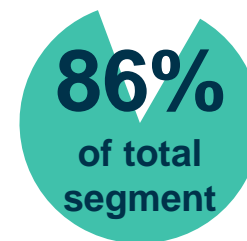
Spend-Informed Analytics

Consumer spending analysis and insights, including marketing targeting models and campaign measurement tools

## Historical Performance



## 1Q2021



% Subscription



Revenue



Adjusted EBITDA



# Financial Services Quarterly Performance

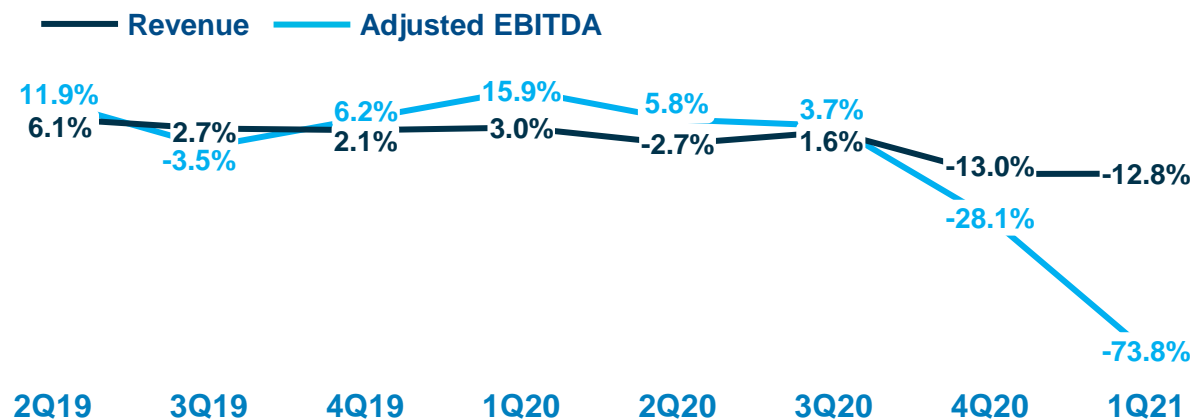
## Financials

			% change	
	1Q21	1Q20	Reported	OCC
Revenue	\$34M	\$40M	-15.0%	-12.8%
Adjusted EBITDA	2.9	11.2	-74.4	-73.8
Total margin	8.3%	27.6%		

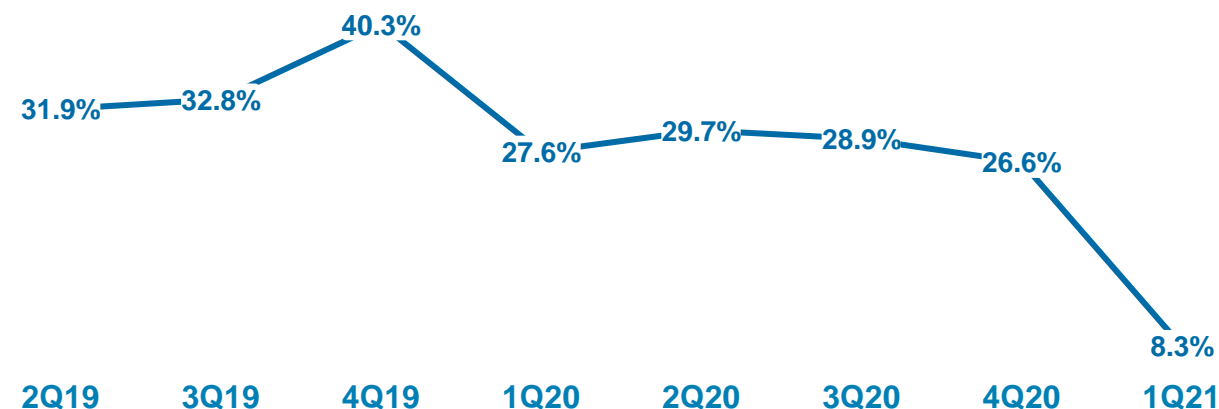
## Business Highlights

- OCC revenue declined 12.8%, reflecting the impact of certain contract transitions, lower levels of project spending from our bank customers stemming from COVID-19, and fewer bankruptcies owing to government support and forbearance programs.
- Total adjusted EBITDA margin declined to 8.3%, reflecting the impact of lower sales volumes.

## Organic Constant Currency Growth



## Total Adjusted EBITDA Margin



# Cash Flow and Capital



## Cash Flow Utilization

(in \$ millions)	2018	2019	2020	1Q20	1Q21
Net cash provided by operating activities	\$934M	\$956M	\$1,068M	\$363M	\$449M
Capital expenditures	(231)	(217)	(247)	(53)	(59)
Free cash flow (FCF)	703	740	821	310	390
Acquisitions (net of cash acquired) and related items <sup>1</sup>	(153)	(704)	(396)	(64)	(15)
Proceeds from sale of assets and settlement of related note	121	2	23	23	—
Net debt (repayments) borrowings	(300)	450	50	(55)	50
Purchase of investments in a nonpublic company	—	—	(100)	—	—
Repurchases of common stock	(439)	(300)	(349)	(174)	(100)
Dividends paid	—	(164)	(176)	(44)	(47)

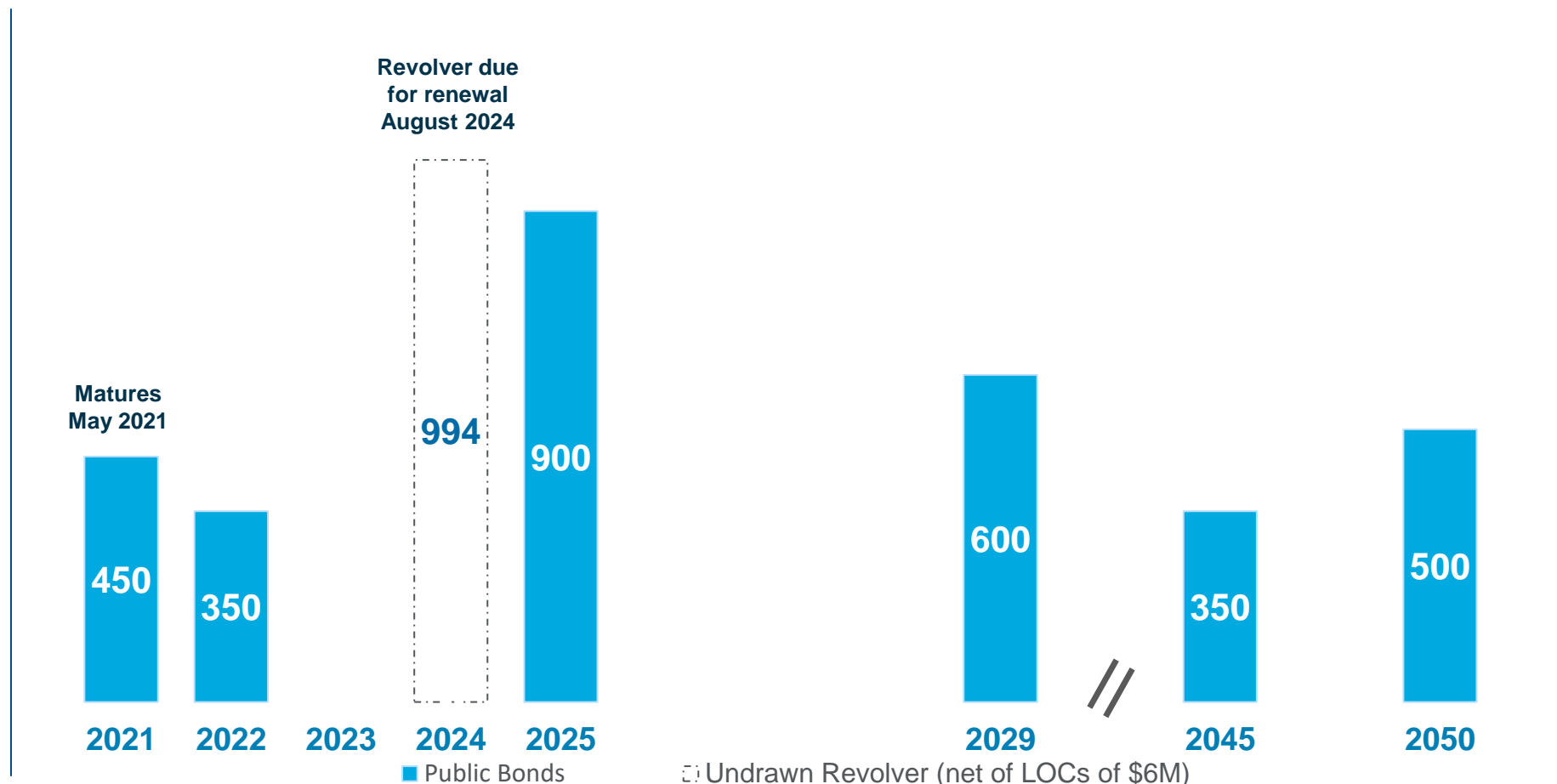
1. Includes acquisition-related earnout payments from both operating and financing activities.





# Capital Structure

	as of Mar-2021
(in \$ millions)	
<b>Bonds</b>	<b>\$3,150</b>
<b>Revolver Drawn</b>	<b>\$0</b>
<b>Total Debt <sup>1</sup></b>	<b>\$3,150</b>
<b>Debt/EBITDA <sup>2</sup></b>	<b>2.26x</b>
<b>Covenant level <sup>3</sup></b>	<b>3.50x</b>
<b>Investment Grade Ratings</b>	
S&P	BBB
Moody's	Baa2
Fitch	BBB+



1. Total debt excludes finance lease liabilities, any issued letters of credit, and issued surety bonds.

2. Per bank covenant; leverage based on reported (face) EBITDA is 2.25x i.e. total debt/unadjusted EBITDA.

3. At Verisk's election, covenant may increase once to 4.25x and once to 4.00x for a period of up to 12 months twice in the facility life.

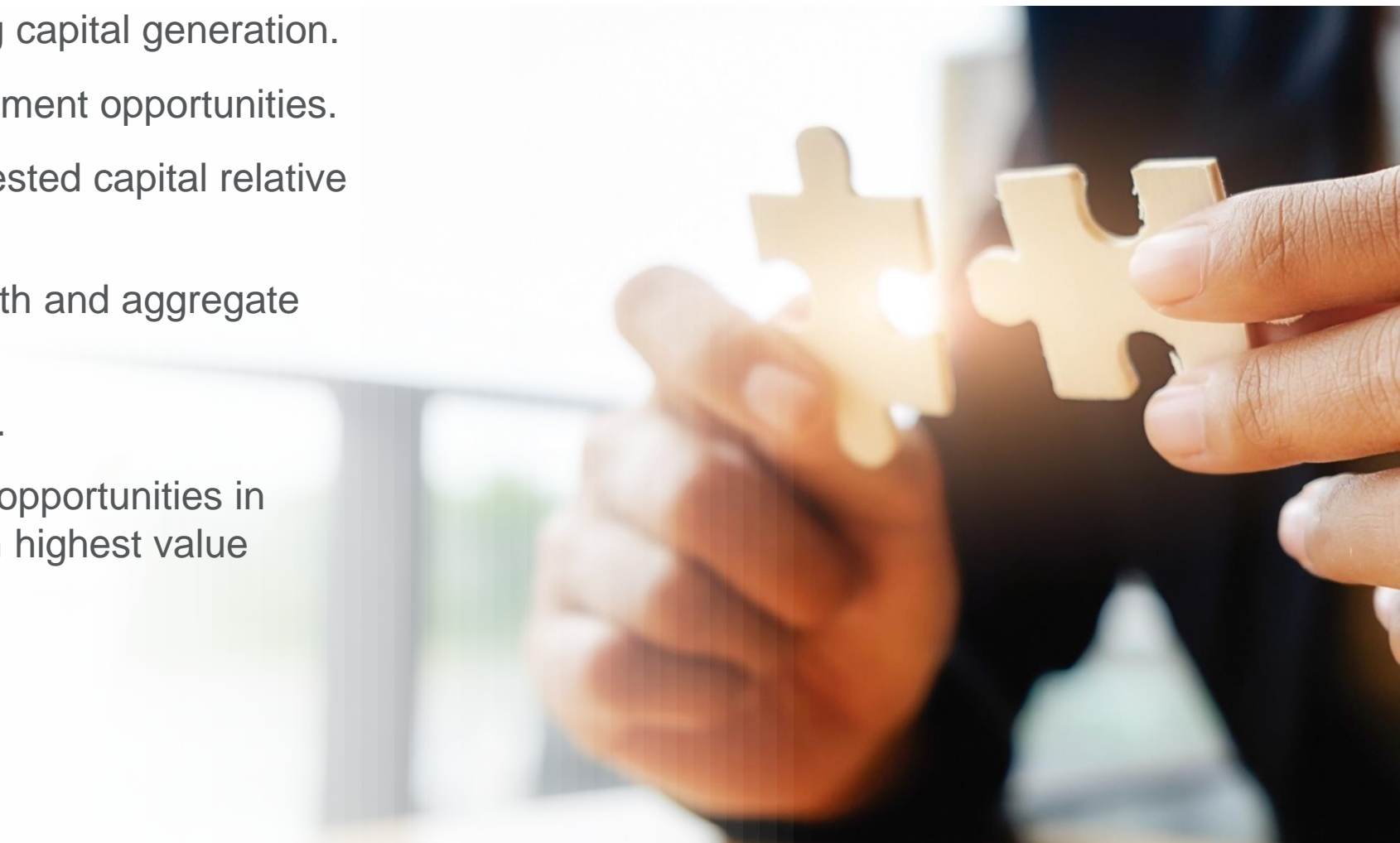
The second step-up in the leverage covenant level can occur only if actual leverage is <=3.00x at two consecutive quarter ends after the occurrence of the first step-up..



# Capital Management Philosophy

## Focused on value creation and improving ROIC

- Understand and optimize operating capital generation.
- Identify internal and external investment opportunities.
- Compare estimated returns on invested capital relative to risk-weighted WACC.
- Compare operating cash flow growth and aggregate value creation opportunity.
- Evaluate capital return alternatives.
- Allocate capital to attractive return opportunities in excess of risk-adjusted WACC with highest value creation opportunity.
- Determine capital return allocation.
- Target leverage of 2–3x.



# Appendix:

## Supplemental Slides and/or Non-GAAP Reconciliations



# Non-GAAP Reconciliations

## Specified Metrics

The company has provided certain non-GAAP financial information as supplemental information regarding its operating results. These measures are not in accordance with, or an alternative for, U.S. GAAP and may be different from non-GAAP measures reported by other companies. The company believes that its presentation of non-GAAP measures provides useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. In addition, the company's management uses these measures for reviewing the financial results of the company, for budgeting and planning purposes, and for evaluating the performance of senior management.

### EBITDA, Adjusted EBITDA, and Adjusted EBITDA Expenses

EBITDA represents GAAP net income adjusted for (i) depreciation and amortization of fixed assets; (ii) amortization of intangible assets; (iii) interest expense; and (iv) provision for income taxes. Adjusted EBITDA represents EBITDA adjusted for acquisition-related costs (earn-outs), gain/loss from dispositions (which include businesses held for sale), nonrecurring gain/loss, and interest income on the subordinated promissory note. Adjusted EBITDA expenses represent adjusted EBITDA net of revenues. The company believes these measures are useful and meaningful because they allow for greater transparency regarding the company's operating performance and facilitate period-to-period comparison.

### Adjusted Net Income and Diluted Adjusted EPS

Adjusted net income represents GAAP net income adjusted for (i) amortization of intangible assets, net of tax; (ii) acquisition-related costs (earn-outs), net of tax; (iii) gain/loss from dispositions (which include businesses held for sale), net of tax; (iv) nonrecurring gain/loss, net of tax; and (v) interest income on the subordinated promissory note, net of tax. Diluted adjusted EPS represents adjusted net income divided by weighted-average diluted shares. The company believes these measures are useful and meaningful because they allow evaluation of the after-tax profitability of the company's results excluding the after-tax effect of acquisition-related costs and nonrecurring items.

### Free Cash Flow

Free cash flow represents net cash provided by operating activities determined in accordance with GAAP minus payments for capital expenditures. The company believes free cash flow is an important measure of the recurring cash generated by the company's operations that may be available to repay debt obligations, repurchase its stock, invest in future growth through new business development activities, or make acquisitions.

### Organic Constant Currency (OCC)

The company's operating results, such as, but not limited to, revenue and adjusted EBITDA, reported in U.S. dollars are affected by foreign currency exchange rate fluctuations because the underlying foreign currencies in which it transacts change in value over time compared with the U.S. dollar; accordingly, it presents certain constant currency financial information to assess how the company performed excluding the impact of foreign currency exchange rate fluctuations. The company calculates constant currency by translating comparable prior-year-period results at the currency exchange rates used in the current period. The company defines "organic" as operating results excluding the effect of recent acquisitions and dispositions (which include businesses held for sale) that have occurred over the past year. An acquisition is included as organic at the beginning of the calendar quarter that occurs subsequent to the one-year anniversary of the acquisition date. Once an acquisition is included in its current-period organic base, its comparable prior-year-period operating results are also included to calculate organic growth. A disposition (which includes a business held for sale) is excluded from organic at the beginning of the calendar quarter in which the disposition occurs (or when a business meets the held-for-sale criteria under U.S. GAAP). Once a disposition is excluded from its current-period organic base, its comparable prior-year-period operating results are also excluded to calculate organic growth. The organic presentation enables investors to assess the growth of the business without the impact of recent acquisitions for which there is no prior-year comparison. A disposition's results are removed from all prior periods presented to allow for comparability. The company believes organic constant currency is a useful and meaningful measure to enhance investors' understanding of the continuing operating performance of its business and to facilitate the comparison of period-to-period performance because it excludes the impact of foreign exchange rate movements, acquisitions, and dispositions.



# Non-GAAP Reconciliations

## Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation	1Q21			1Q20		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$535.6M	\$156.2M	\$34.3M	\$495.3M	\$154.2M	\$40.3M
Revenues from acquisitions and dispositions	(12.5)	—	—	(4.0)	—	(1.4)
<b>Organic revenues</b>	<b>523.1</b>	<b>156.2</b>	<b>34.3</b>	<b>491.3</b>	<b>154.2</b>	<b>38.9</b>
EBITDA	289.0	53.7	2.9	273.2	49.4	14.7
Acquisition-related costs (earn-outs)	(0.1)	—	—	0.1	—	—
Gain from dispositions	—	—	—	(15.9)	—	(3.5)
<b>Adjusted EBITDA</b>	<b>288.9</b>	<b>53.7</b>	<b>2.9</b>	<b>257.4</b>	<b>49.4</b>	<b>11.2</b>
Adjusted EBITDA from acquisitions and dispositions	(3.2)	—	—	3.9	—	(0.8)
<b>Organic adjusted EBITDA</b>	<b>285.7</b>	<b>53.7</b>	<b>2.9</b>	<b>261.3</b>	<b>49.2</b>	<b>10.4</b>



# Non-GAAP Reconciliations

## Segment Results and EBITDA | Prior-Years Period

Segment Results Summary and Adjusted EBITDA Reconciliation	FY 2020			FY 2019		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$2,008.7M	\$619.2M	\$156.7M	\$1,885.4M	\$543.7M	\$178.0M
Revenues from acquisitions and disposition	(68.5)	(98.3)	(3.1)	(44.0)	(14.8)	(19.2)
<b>Organic revenues</b>	<b>1,940.2</b>	<b>520.8</b>	<b>153.6</b>	<b>1,841.4</b>	<b>528.9</b>	<b>158.8</b>
EBITDA	1,131.0	215.1	47.7	824.1	140.4	54.4
Acquisition-related costs (earn-outs)	2.1	—	—	32.1	41.9	—
(Gain) loss from dispositions	(15.9)	—	(3.5)	—	—	6.2
Litigation reserve	—	—	—	125.0	—	—
<b>Adjusted EBITDA</b>	<b>1,117.2</b>	<b>215.1</b>	<b>44.2</b>	<b>981.2</b>	<b>182.3</b>	<b>60.6</b>
Adjusted EBITDA from acquisitions and dispositions	(12.8)	(33.8)	2.3	(0.4)	(1.5)	(12.6)
<b>Organic adjusted EBITDA</b>	<b>1,104.4</b>	<b>181.3</b>	<b>46.5</b>	<b>980.8</b>	<b>180.8</b>	<b>48.0</b>





# Non-GAAP Reconciliations

## Adjusted Net Income/EPS and Free Cash Flow | Current and Prior-Year Period

### Adjusted Net Income and EPS

	FY2020	FY2019	1Q21	1Q20
Net income	\$712.7M	\$449.9M	\$168.0M	\$171.7M
plus: Amortization of intangibles	165.9	138.0	45.0	41.0
less: Income tax effect on amortization of intangibles	(36.5)	(29.0)	(9.9)	(9.0)
plus: Litigation reserve	—	125.0	—	—
less: Income tax effect on litigation reserve	—	(29.9)	—	—
plus: Acquisition-related costs and interest expense (earn-outs)	2.1	75.1	(0.1)	0.1
less: (Gain) loss from dispositions	(19.4)	6.2	—	(19.4)
less: Income tax effect on acquisition-related costs and interest expense (earn-outs)	(0.5)	(4.7)	—	—
plus: Income tax effect on (gain) loss from dispositions	9.6	(1.5)	—	9.6
<b>Adjusted net income</b>	<b>833.9</b>	<b>729.1</b>	<b>203.0</b>	<b>194.0</b>
<b>Diluted EPS</b>	<b>\$4.31</b>	<b>\$2.70</b>	<b>\$1.03</b>	<b>\$1.04</b>
<b>Diluted adjusted EPS</b>	<b>\$5.04</b>	<b>\$4.38</b>	<b>\$1.23</b>	<b>\$1.17</b>
Weighted-average diluted shares outstanding	165.3M	166.6M	164.4M	165.7M

### Free Cash Flow

	FY2020	FY2019	1Q21	1Q20
Net cash provided by operating activities	\$1,068.2M	\$956.3M	\$448.7M	\$362.6M
Capital expenditures	(246.8)	(216.8)	(59.2)	(52.9)
<b>Free cash flow</b>	<b>821.4</b>	<b>739.5</b>	<b>389.5</b>	<b>309.7</b>



# Non-GAAP Reconciliations

## Adjusted EBITDA | Historical Full-Year Periods

Segment Adjusted EBITDA Reconciliation	2019	2018	2017
Insurance Segment – EBITDA	\$824.1M	\$930.7M	\$854.5M
Insurance Segment – Acquisition-related costs (earn-outs)	32.1	(0.8)	(0.2)
Insurance Segment – Gain and interest income on subordinated promissory note receivable	—	(17.2)	(11.6)
Insurance Segment – Litigation reserve	125.0	—	—
<b>Insurance Segment – Adjusted EBITDA</b>	<b>981.2</b>	<b>912.7</b>	<b>842.7</b>
Energy and Specialized Markets Segment – EBITDA	\$140.4	\$155.9	\$134.9
Energy and Specialized Markets Segment – Acquisition-related costs (earn-outs)	41.9	2.4	—
Energy and Specialized Markets Segment – Gain and interest income on subordinated promissory note receivable	—	(1.4)	—
<b>Energy and Specialized Markets Segment – Adjusted EBITDA</b>	<b>182.2</b>	<b>156.9</b>	<b>134.9</b>
Financial Services Segment – EBITDA	\$54.4	\$58.9	\$58.4
Financial Services Segment – Acquisition-related costs (earn-outs)	—	3.5	—
Financial Services Segment – Gain and interest income on subordinated promissory note receivable	—	(1.8)	—
Financial Services Segment – Loss from disposition	6.2	—	—
<b>Financial Services Segment – Adjusted EBITDA</b>	<b>60.6</b>	<b>60.6</b>	<b>58.4</b>



Verisk™

SERVE | ADD VALUE | INNOVATE