

Verisk Analytics

Eva Huston, Chief Financial Officer



SERVE | ADD VALUE | INNOVATE



Forward Looking Statements, Safe Harbor & 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. 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 Verisk’s 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

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, such as organic constant currency revenue, adjusted EBITDA, adjusted EBITDA margin, adjusted net income from continuing operations, adjusted EPS, and free cash flow, 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 and for budgeting and planning purposes.



Verisk is a Leading Vertical Data Analytics Provider

The Verisk Way – Distinctives



Unique Data Assets



Deep Domain Expertise



First-to-Market Innovations



Deep Customer Workflow Integration

Thematically Focused

Pricing and Underwriting

Preventing Fraud and Abuse

Asset and Risk Selection

Portfolio and Financial Optimization

Compliance

Verticals We Serve



Insight via Proprietary/Unstructured Data



Analytics Framework



Digital Platforms



Global IT/Data Center Infrastructure

Recognition





Unique/Valuable Data Assets are the Foundation for Our Solutions

19B+ More than 19 billion records in commercial and personal lines

- More than 1,800 insurers provide data
- Almost 3 billion records processed each year

100+ More than 100 models covering natural hazards in 100 countries

37 37 years of VIN auto information

4.75M+ More than 4.75 million safety data sheets (SDSs) covering hazardous chemicals in the supply chain

3.7M+ Detailed information on more than 3.7 million commercial buildings and 26 million businesses

1.5B Depersonalized information on 1.5 billion credit and debit card accounts

1B+ Insurance claim management and fraud-fighting database with more than 1 billion claims

- Used by more than 90% of the P&C industry

14PB Data centers holding about 14 petabytes—14,000,000 gigabytes—of data

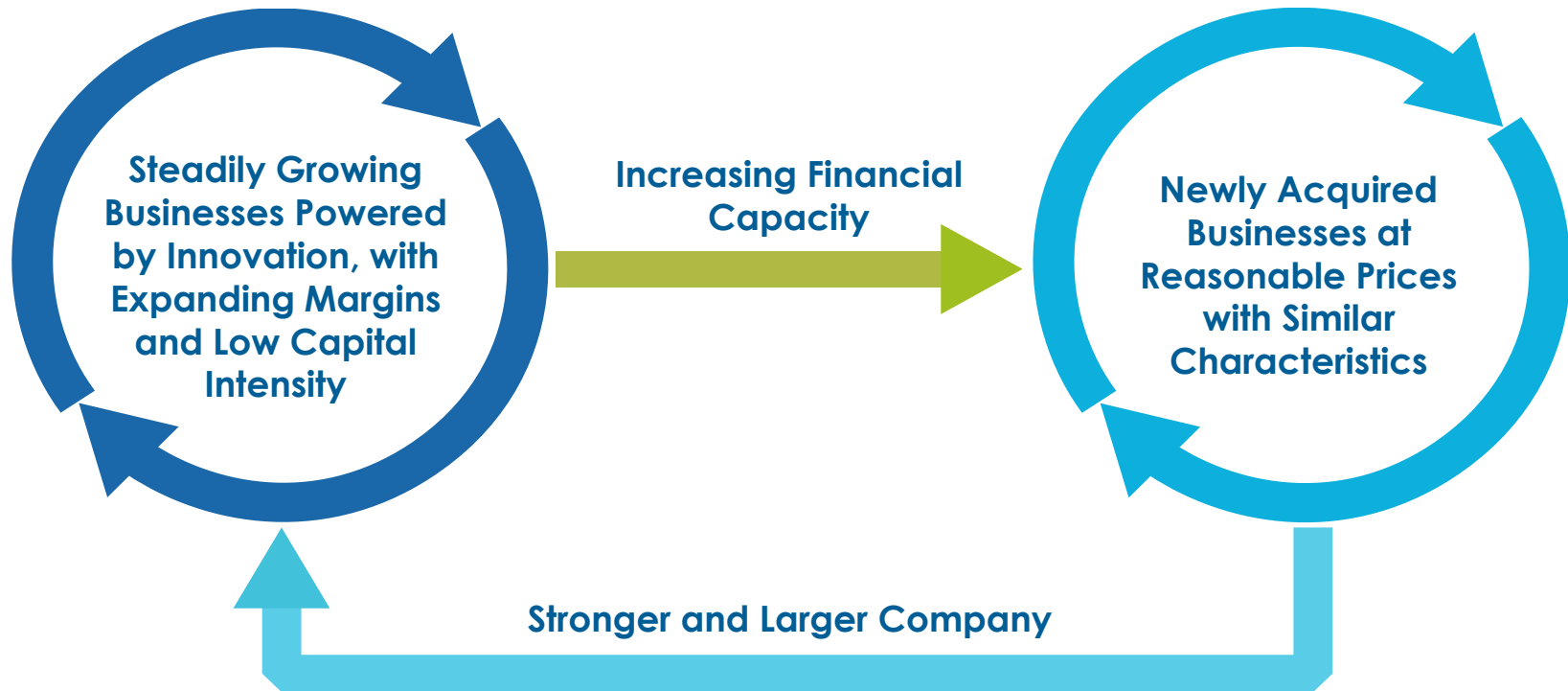
5M Approximately 5 million annual claim assignments for property losses

- Used by 22 of the top 25 insurers

55M+ More than 55 million energy data points in the global upstream oil and gas industry



The Verisk Formula



We can continue to drive leading organic growth

Strong capital structure

Balanced expectations for M&A spend

Return capital to shareholders



Where Speed and Focus Will Matter Most

Development and Commercialization of Breakout Solutions

Capable champions, fully dedicated, incented

Execution of Major Technology and Platform Projects

Agile methods, careful scoping, time-bound

Talent Development: Acquisition and Pruning

Thinking ahead, frank assessments, pro-action

Enhanced Sensitivity to Customers

Presence, system view, information management

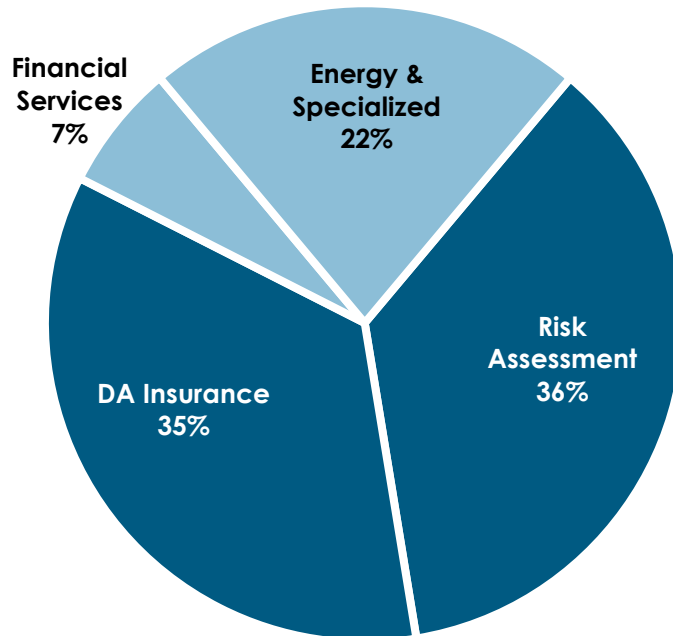


“What would it take to do x in half the time you have proposed?”

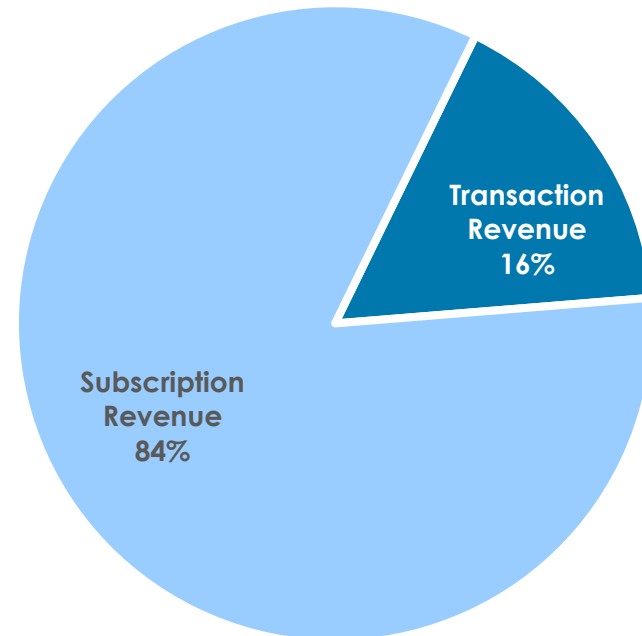


Diverse, Highly Recurring Revenue Sources

2016 Revenue Distribution



2016 Subscription Base





Insurance: Industry-Leading Analytics Solutions



Risk Assessment

Industry-Standard Insurance Programs

Property Information

Underwriting Solutions



Competitive Advantage

Extensive time-series data and coverage language in >200M policies

Comprehensive database of 3.7M commercial buildings & ratings on ~46,000 fire protection areas

Comprehensive industry-standard information

Industry database totaling 1 billion claims

100M structural estimation price points and integrated network

Advanced science, advanced software platform covering 100 countries

Primary Competitors

Internal

Internal



Internal

Various



Decision Analytics

Claims Adjudication and Fraud Detection Solutions

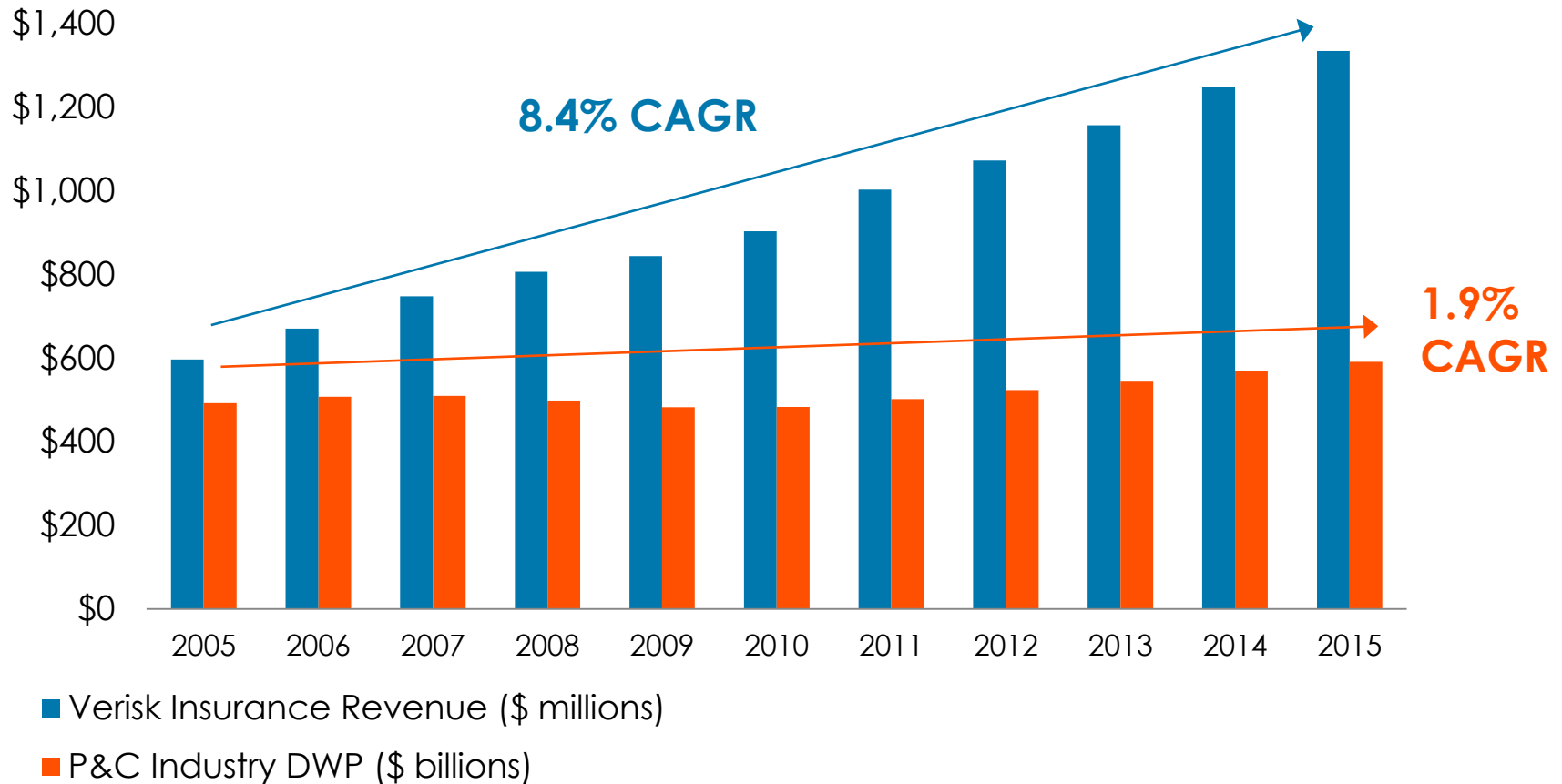
Property Damage Claims Estimating

Catastrophe Modeling

Certain competitors offer point solutions that compete with Verisk, but no other firm provides the same depth of solutions and analytics



Insurance: Verisk and Property/Casualty Industry Growth

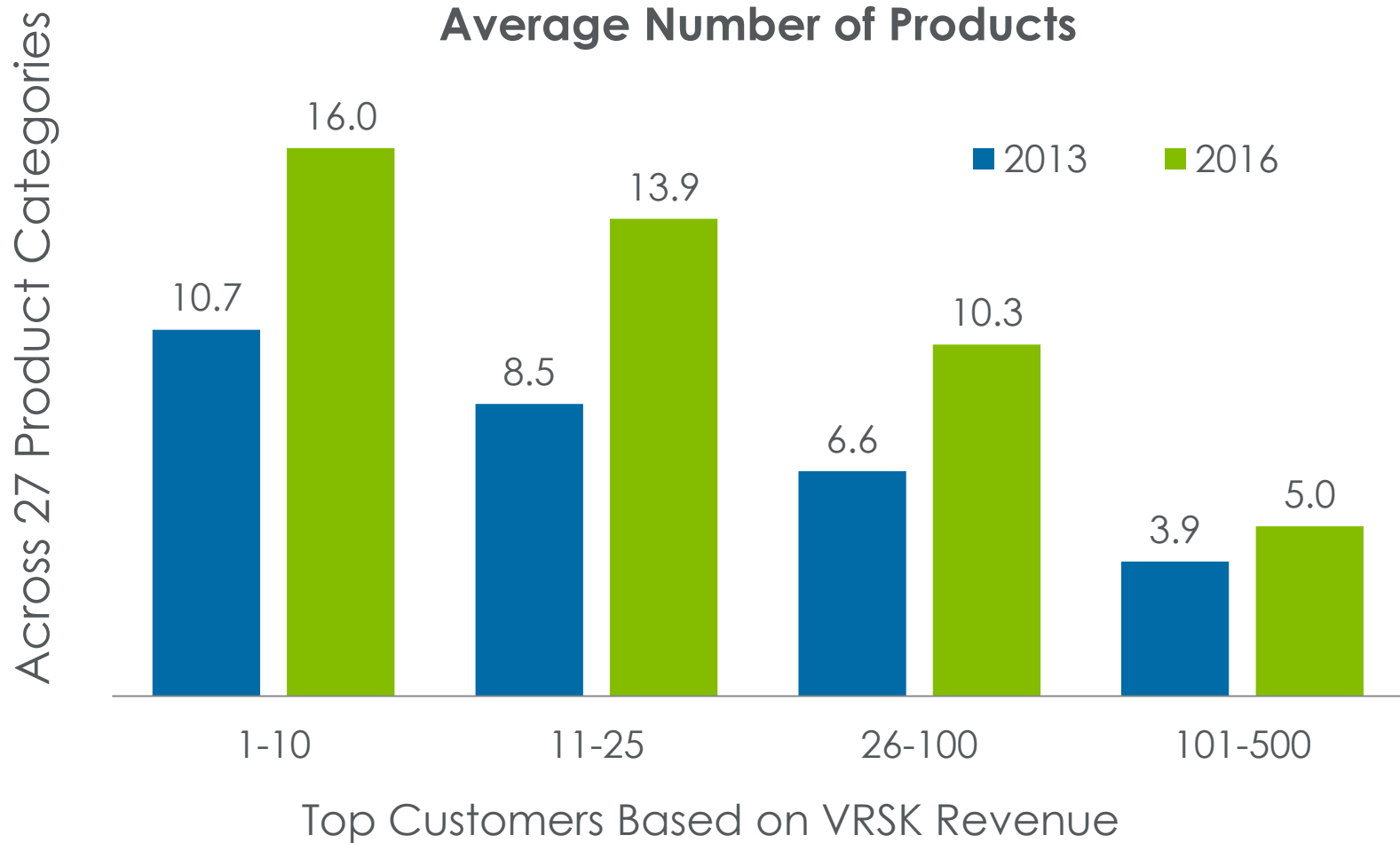


**Verisk revenue: Highly recurring and predictable
(~83% subscription)**



Insurance: Growth Opportunities

Cross-Sell 2013-2016





Insurance: Building on Our Unique Heritage



Growth Opportunities

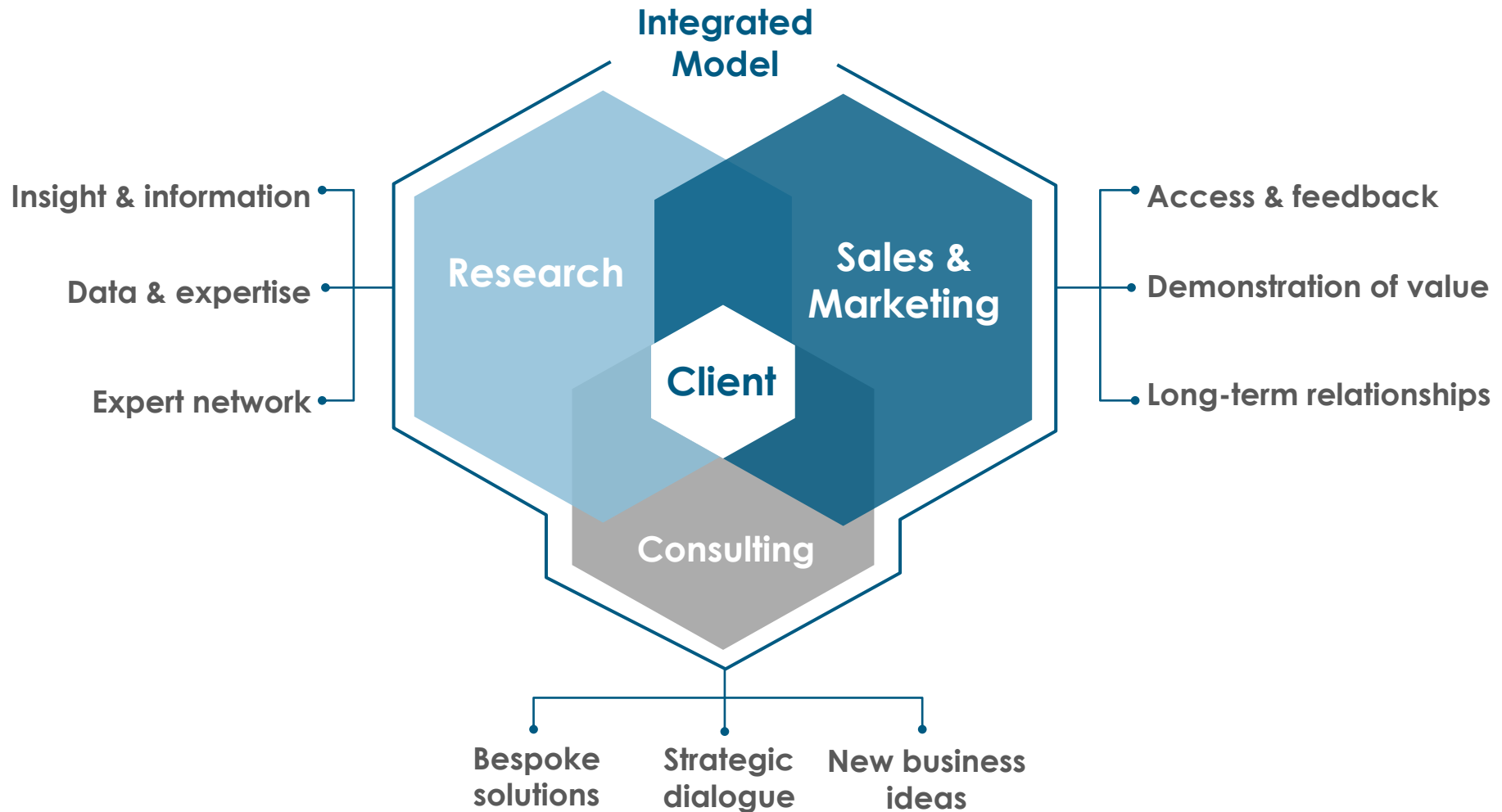


Industrywide Focus	New Solutions	New Customer Sets
<ul style="list-style-type: none"> • Big Data & Predictive Analytics • Automation: Flow Underwriting & Claims Adjudication • Digital Engagement 	<ul style="list-style-type: none"> • Telematics / IoT • Remote Imagery • Cyber • Claim Experience 	<ul style="list-style-type: none"> • Global • Excess & Surplus Lines • Marketing Departments • Energy





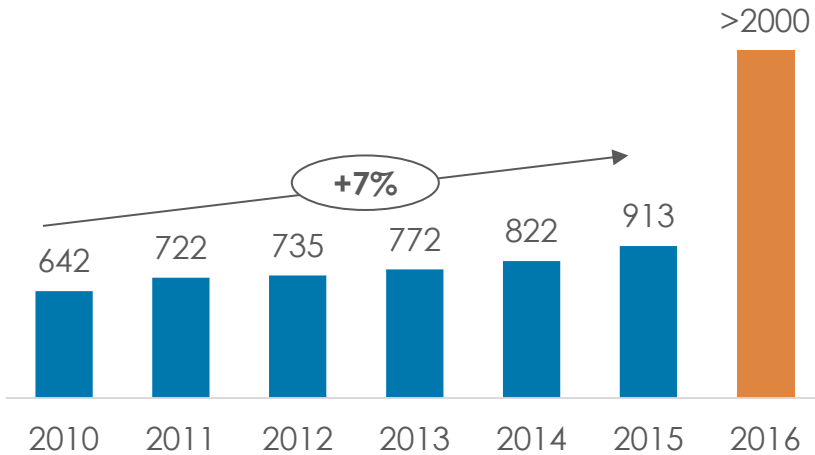
Energy: Simple Business Model Focused on Clients



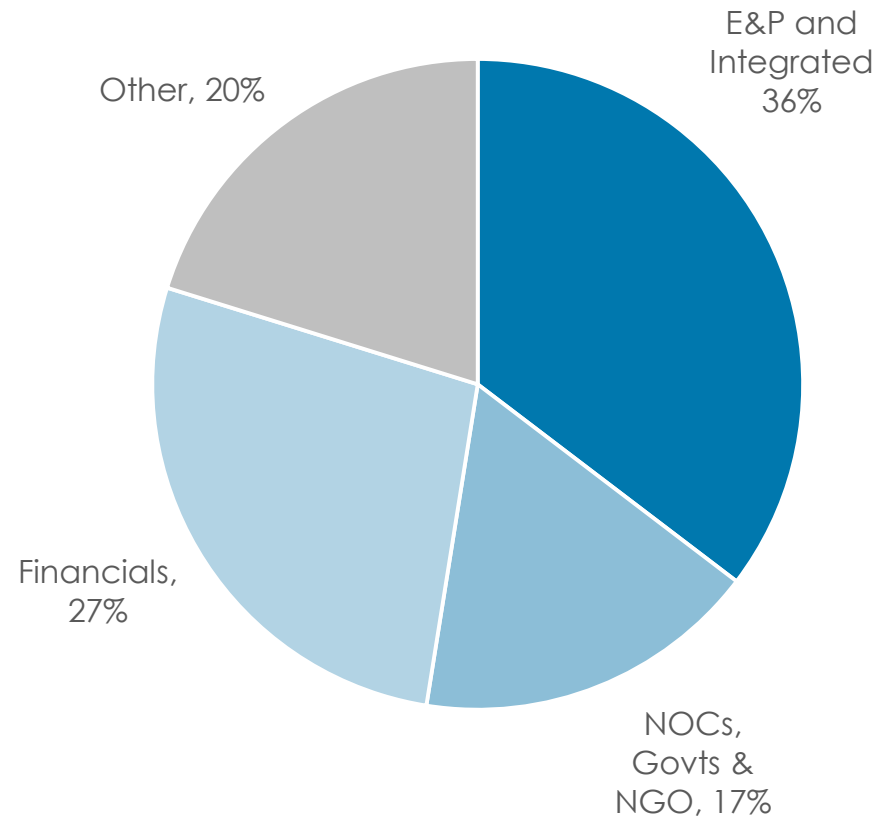


Energy: Diverse Subscription Customer Set

Growing No. of Customers¹



End User Mix²



Low Customer Concentration¹

24%

Top 10 Client
Subscription Value
(Nov 2016)

<4%

Maximum
Individual
Customer Value

1. Wood Mackenzie core only pre-2016, excludes Acquisitions, who add approx. 1,100 new subscription clients

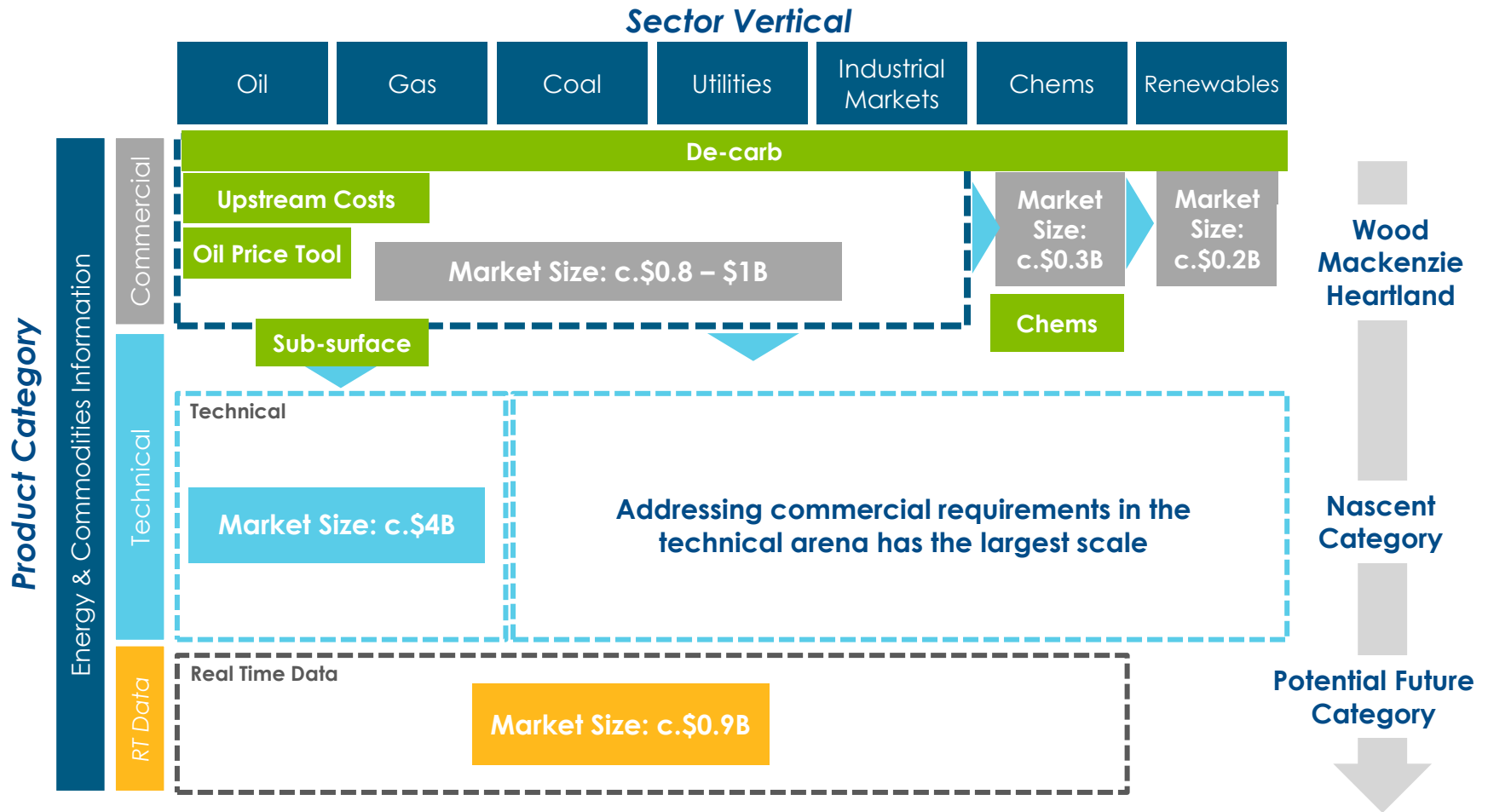
2. Represents figures for Nov 2016 for Wood Mackenzie core subscriptions only

NOC = National Oil Company; NGO = Nongovernment Organization; E&P = Exploration & Production; Other includes Utilities, Manufacturing, Conglomerates, and Professional Services.



Energy: Large Addressable Market

Existing Wood Mackenzie Markets, Emerging Verticals and Adjacent Categories





Financial: Our Solution Groups

Benchmarking Studies

Help Understand the External Environment

- Customized... Ever-green subscriptions
- Pricing... annual with modest inflation-type cost increases
- Based on wallet-level customer, account & transaction data
- Users: business heads, product & portfolio managers, risk officers a& regulators

Product Solutions

Make Proprietary Data Accessible & Actionable

- Customized... recurring licenses
- Pricing... installation fees & annual site licensing/maintenance fees
- Data platforms, reg reporting, stress-testing, wallet-based stochastic algorithms
- Users: IT, risk/compliance, decision management, marketing

Analytical Services

Strategic Insights, Planning & Execution Support

- Annual retainers or strategy engagements
- Pricing... annual (retainer) or monthly run-rates, value/time-materials based
- Argus analysts mine its consortia data sets to build & support bank strategies
- Users: business heads, product & portfolio managers, risk officers & associations

Media Effectiveness

Measure Effectiveness & Optimize Targeting of Ads

- Custom installs or partner platforms
- Pricing... multiyear licenses, beta tests, rev-share with partner
- Media & ad effectiveness insights & software
- Users: marketing heads, agencies, bank partners/retailers, ad platforms



Unique Data Enabling Valuable & Differentiated Solutions

	Description	Argus-Verisk*	Credit Bureaus	Payment Networks	Payment Processors
Daily POS Transactions	POS & online transaction detail (merchant, location, amount, date)				
Payment Instruments	Credit card, deposits, checking, and money market account performance				
Product Attributes	Features including pricing, value propositions, pricing, promo detail				
Account-Level P&L	Revenue and cost details including finance charges, fees, losses, OpEx				
Customer Behavior	Usage details including spend, fraud, channel, payment, etc.				
Customer & Wallet Views	Complete consumer view (share of wallet) across issuers and instruments				
Argus Partnerships	Complementary data assets on one common platform (including media)				

Data on millions of merchants, billions of accounts, trillions of \$'s in transactions... updated daily

**Some Argus data assets have been developed in partnership with non-Verisk institutions.*



Differentiated Financial Model

Strong, Stable Revenue Growth...

(\$ millions), (organic revenue growth)

1,431	1,761	1,995
8.0%	7.7%	5.8% constant FX
2014	2015	2016

and Leading Margins Power EPS ^(1,2)

(% EBITDA/Revenue), (\$ Earnings per Share)

50.9%	51.0%	50.4%
\$2.20	\$2.87	\$3.11
2014	2015	2016

Low Capital Intensity...

(CapEx as a % of Revenue)

8.4% ⁽³⁾	7.9%	7.3%
2014	2015	2016

enables Strong Free Cash Flow

(Cash from OPs less CapEx \$ millions)

343 ⁽³⁾	412	479
2014	2015	2016

1. 2015 EBITDA/Adj. EPS exclude 2Q2015 one-time items related to the WoodMac acquisition

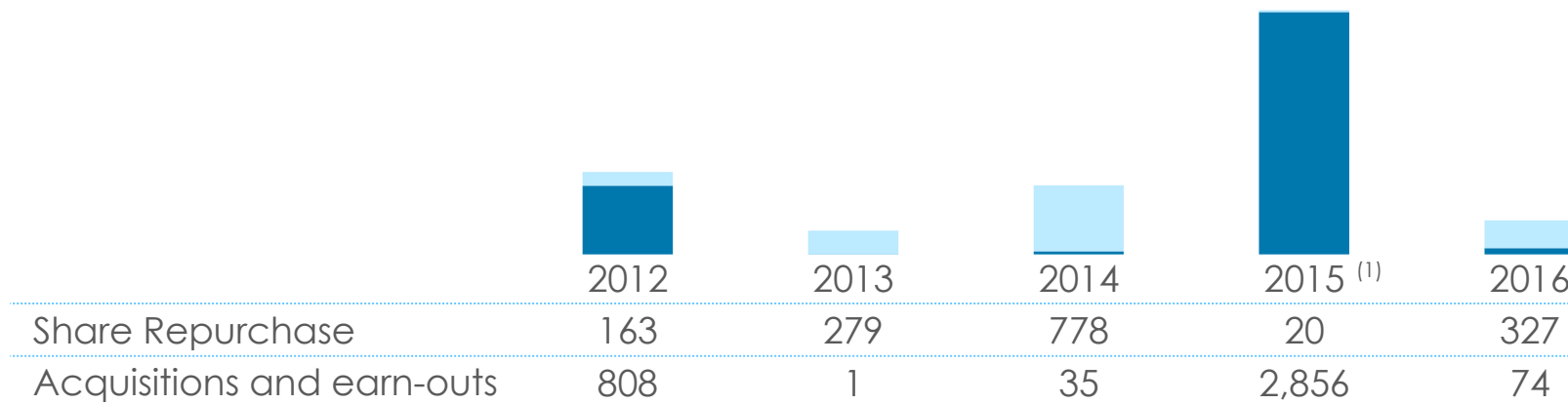
2. 2016 EBITDA/Adj. EPS exclude severance, gain on equity investment, and ESOP charge. 2015 EBITDA excludes gain on sale of warrants.

3. Not presented on a continuing operations basis.

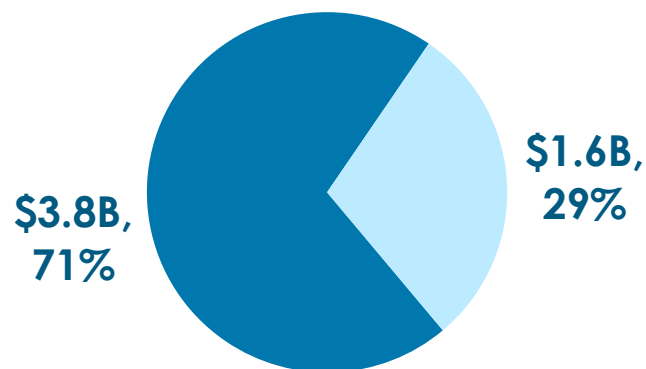


Disciplined Capital Allocation

■ Acquisitions and earn-outs ■ Share Repurchase
(\$ millions)



Cumulative Capital Allocation, \$ billions ⁽²⁾








1. 2015 acquisition amount is net of currency hedges

2. January 01, 2012 through December 31, 2016



2016 Acquisitions

	 	 Analyze Re	Quest Offshore			
Date	Nov 2016	Nov 2016	Oct 2016	Aug 2016	Jul 2016	Apr 2016
Description	Provides market intelligence data and analytics to the property & casualty insurance market	Provides large-scale mapping services and geospatial data and analytic solutions to a wide array of companies and more than 300 public sector organizations	Provides a software analytics suite designed for the reinsurance and insurance industries	Provides strategic market intelligence to the global oil and gas community through subscriptions to their eight proprietary market-forecast databases	Delivers business-to-business news, market analysis, and conferences that inform and connect players in the global clean energy market	Provides value-added services focused on fraud detection, compliance, risk control, and process automation
Vertical	Insurance	Insurance	Insurance	Natural Resources	Natural Resources	Insurance
Location	Middletown, Connecticut	Cambridge, United Kingdom	Halifax, Nova Scotia	Sugar Land, Texas	Boston, Massachusetts	Dublin, Ireland



Multiple Paths to Growth

- **Strong track record of increasing organic revenue**
- **M&A important contributor**
 - Driven by strategy; valuation discipline crucial
 - Cash generation focused: ~19% overall unlevered IRR ⁽¹⁾
 - Exceeded WACC for all deals of size through growth and margin expansion
- **Large and expanding addressable markets**

1. Assumes conservative 10x terminal EBITDA multiple



Guidelines for Capital Allocation Future Success

For M&A

- **Reasonable prices for good businesses**
 - Identify businesses that fit strategy and grow cash flow
 - Seek sticky subscription revenue
- **ROIC provides an additional measure with nearer-term horizon**

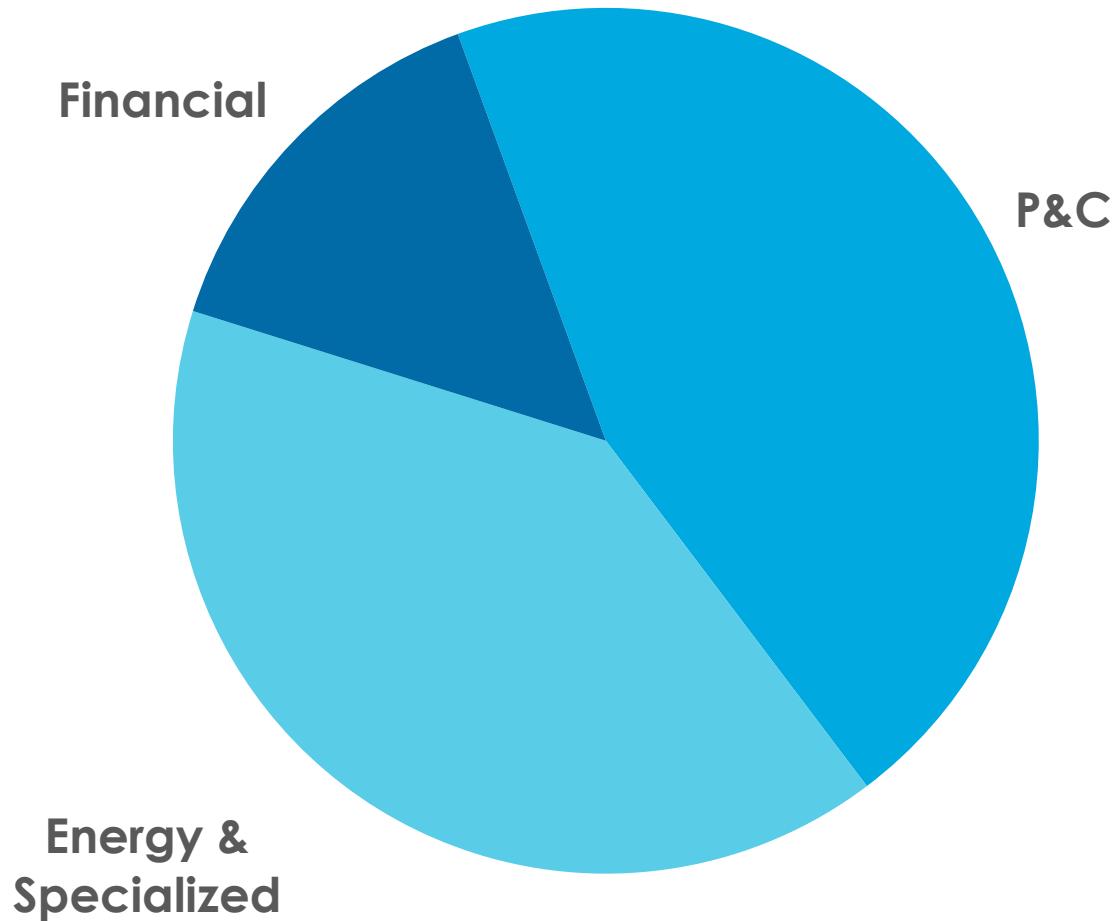
For Buyback

- **Remain disciplined**
 - Volume/price targets
 - Share reduction secondary outcome

Balanced strategy creates flexibility

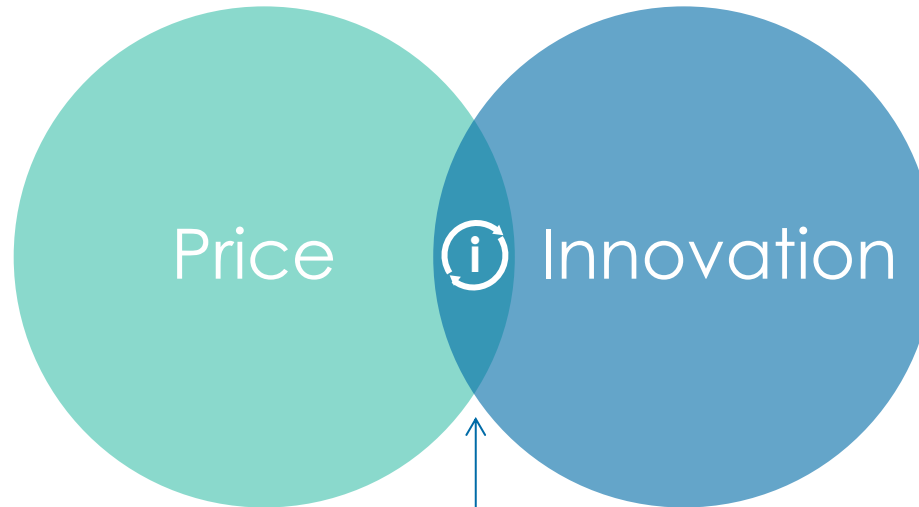


Verisk Addressable Market: \$16 Billion





Innovation Opportunities



“Small i” innovation may be bundled into existing offerings

- Discrete programs, not built materially off of existing solutions
- Material incremental revenue streams
- Genuinely staffed with a 24/7 champion, i.e., someone whose success is directly tied to the success of the project
- Appropriate incentive programs
- May, though not necessarily, require incremental OpEx or CapEx



Conclusion

On average, outlook over time:

- Organic revenue growth consistent with long-term historical performance
- Measured margin expansion
- Drive free cash-flow growth to increase enterprise and shareholder value
- Long-term compounding of growth

“It’s more on our racquet than on anyone else’s”

Appendix





Non-GAAP reconciliations

Constant currency revenue growth

Our operating results reported in U.S. dollars are affected by foreign currency exchange rate fluctuations because the underlying foreign currencies in which we transact change in value over time compared to the U.S. dollar; accordingly, we present certain constant currency financial information to provide a framework to assess how our businesses performed excluding the impact of foreign currency exchange rate fluctuations. We use the term “constant currency” to present results that have been adjusted to exclude foreign currency impact. Foreign currency impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. dollar. This impact is calculated by translating comparable prior period year results at the currency exchange rates used in the current period, rather than the exchange rates in effect during the prior period.



Non-GAAP reconciliations

Adjusted EBITDA ⁽¹⁾ (\$ millions)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Income	451.5	487.5	354.0
Depreciation and amortization of fixed assets and intangible assets	211.6	167.0	95.5
Interest expense	120.0	121.4	70.0
Provision for income taxes	202.2	196.6	208.5
Less: Nonrecurring items related to the Wood Mackenzie acquisition	0.0	-58.6	0.0
Plus: Nonrecurring severance charges	2.1	0.0	0.0
Plus: Nonrecurring ESOP charge	18.8	0.0	0.0
Less: Gain on sale of equity investments	-1.5	0.0	0.0
Adjusted EBITDA from continuing operations	1,004.7	913.9	728.0

1. Figures may not sum due to rounding.



Non-GAAP reconciliations

Adjusted EPS ⁽¹⁾

(\$ millions, except shares and per share amounts)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Income from continuing operations	451.5	487.5	354.0
Plus: Amortization of intangibles	92.5	70.4	30.1
Less: Income tax effect on amortization of intangibles	-24.1	-19.2	-11.4
Plus: Nonrecurring items related to the Wood Mackenzie acquisition	0.0	-45.2	0.0
Plus: Nonrecurring ESOP charges	18.8	0.0	0.0
Less: Income tax effect on one-time items related to the Wood Mackenzie acquisition	0.0	-10.7	0.0
Less: Income tax effect on nonrecurring ESOP charge	-7.2	0.0	0.0
Adjusted net income from continuing operations	531.5	482.8	372.7
Basic adjusted EPS from continuing operations	\$3.16	\$2.92	\$2.25
Diluted adjusted EPS from continuing operations	\$3.11	\$2.87	\$2.20
Weighted average shares outstanding (in millions)			
Basic	168.2	165.1	165.8
Diluted	171.2	168.5	169.1

1. Figures may not sum due to rounding.



Non-GAAP reconciliations

Free Cash Flow ⁽¹⁾ (\$ millions)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net cash provided by operating activities	546.1	623.7	489.4
less: Net cash provided by operating activities from discontinued operations	(21.4)	(73.2)	--
Capital expenditures	(156.5)	(166.1)	(146.8)
less: Capital expenditures from discontinued operations	10.6	27.4	--
plus: taxes paid related to the sale of the healthcare business	100	--	--
Free Cash Flow	478.8	411.8	342.6

1. Figures may not sum due to rounding.



Non-GAAP reconciliations

Adjusted EBITDA ⁽¹⁾ (\$ millions)

	<u>4Q2016</u>	<u>4Q2015</u>
Net Income	107.5	108.0
Depreciation and amortization of fixed assets and intangible assets	50.4	54.9
Interest expense	28.4	32.5
Provision for income taxes	52.7	45.5
Plus: Nonrecurring ESOP charges	18.8	0.0
Adjusted EBITDA from continuing operations	257.8	240.9

1. Figures may not sum due to rounding.



Non-GAAP reconciliations

Adjusted EPS ⁽¹⁾

(\$ millions, except shares and per share amounts)

	<u>4Q2016</u>	<u>4Q2015</u>
Income from continuing operations	107.5	108
Plus: Amortization of intangibles	22.1	27.5
Less: Income tax effect on amortization of intangibles	-5.8	-7.2
Plus: Nonrecurring ESOP charge	18.8	0.0
Less: Income tax effect on nonrecurring ESOP charge	-7.2	0.0
Adjusted net income from continuing operations	135.4	128.3
Basic adjusted EPS from continuing operations	\$0.81	\$0.76
Diluted adjusted EPS from continuing operations	\$0.80	\$0.74
Weighted average shares outstanding (in millions)		
Basic	167.4	169.4
Diluted	170.2	172.6

1. Figures may not sum due to rounding.