# BMO Capital Markets 18th Annual Back to School Conference

Chip Merritt, SVP, Investor Relations

September 13, 2018

S&P Global



## Comparison of adjusted information to U.S. GAAP information

This presentation includes adjusted financial measures that are derived from the Company's continuing operations. This non-GAAP information is provided in order to allow investors to make meaningful comparisons of the Company's operating performance between periods and to view the Company's business from the same perspective as Company management.

The Company's earnings release dated July 26, 2018 contains exhibits that reconcile the differences between the non-GAAP measures and comparable financial measures calculated in accordance with U.S. GAAP. Such exhibits are available on the Company's website at http://investor.spglobal.com/quarterly-earnings

# “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995

This presentation contains “forward-looking statements,” as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management’s current views concerning future events, trends, contingencies or results, appear at various places in this report and use words like “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “future,” “intend,” “plan,” “potential,” “predict,” “project,” “strategy,” “target” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would.” For example, management may use forward-looking statements when addressing topics such as: the outcome of contingencies; future actions by regulators; changes in the Company’s business strategies and methods of generating revenue; the development and performance of the Company’s services and products; the expected impact of acquisitions and dispositions; the Company’s effective tax rates; and the Company’s cost structure, dividend policy, cash flows or liquidity.

Forward-looking statements are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include, among other things:

- the impact of the recent acquisition of Kensho, including the impact on the Company’s results of operations; any failure to successfully integrate Kensho into the Company’s operations; any failure to attract and retain key employees; and the risk of litigation, unexpected costs, charges or expenses relating to the acquisition;
- worldwide economic, financial, political and regulatory conditions, including geopolitical uncertainty and conditions that may result from legislative, regulatory, trade and policy changes associated with the current U.S. administration or the United Kingdom’s withdrawal from the European Union;
- the rapidly evolving regulatory environment, in Europe, the United States and elsewhere, affecting Ratings, Platts, Indices, and Market Intelligence, including new and amended regulations and the Company’s compliance therewith;
- our ability to make acquisitions and dispositions and successfully integrate the businesses we acquire;
- the outcome of litigation, government and regulatory proceedings, investigations and inquiries;
- the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances;
- the demand and market for credit ratings in and across the sectors and geographies where the Company operates;
- concerns in the marketplace affecting the Company’s credibility or otherwise affecting market perceptions of the integrity or utility of independent credit ratings;
- the effect of competitive products and pricing, including the level of success of new product developments and global expansion;
- consolidation in the Company’s end-customer markets;
- the introduction of competing products or technologies by other companies;
- the impact of customer cost-cutting pressures, including in the financial services industry and the commodities markets;
- a decline in the demand for credit risk management tools by financial institutions;
- the level of merger and acquisition activity in the United States and abroad;
- the volatility of the energy marketplace;
- the health of the commodities markets;
- our ability to attract, incentivize and retain key employees;
- the Company’s ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential information and data, and the potential of a system or network disruption that results in regulatory penalties, remedial costs or improper disclosure of confidential information or data;
- the Company’s ability to successfully recover should it experience a disaster or other business continuity problem from a hurricane, flood, earthquake, terrorist attack, pandemic, security breach, cyber-attack, power loss, telecommunications failure or other natural or man-made event;
- our ability to adjust to changes in European and United Kingdom markets as the United Kingdom leaves the European Union, and the impact of the United Kingdom’s departure on our credit rating activities and other European and United Kingdom offerings;
- changes in applicable tax or accounting requirements;
- guidance and information regarding the implementation of the Tax Cuts and Jobs Act;
- the level of the Company’s future cash flows and capital investments;
- the impact on the Company’s revenue and net income caused by fluctuations in foreign currency exchange rates; and
- the Company’s exposure to potential criminal sanctions or civil penalties if it fails to comply with foreign and U.S. laws and regulations that are applicable in the domestic and international jurisdictions in which it operates, including sanctions laws relating to countries such as Iran, Russia, Sudan and Syria, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, and local laws prohibiting corrupt payments to government officials, as well as import and export restrictions.

The factors noted above are not exhaustive. The Company and its subsidiaries operate in a dynamic business environment in which new risks emerge frequently. Accordingly, the Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made, except as required by applicable law. Further information about the Company’s businesses, including information about factors that could materially affect its results of operations and financial condition, is contained in the Company’s filings with the SEC, including the “Risk Factors” section in the Company’s most recently filed Annual Report on Form 10-K.



# 360° view makes us vital to the global markets.

We provide data and analytics, research and commentary, benchmarks and credit ratings through the collective strength of our divisions.

S&P Global Ratings

S&P Global Market Intelligence

S&P Dow Jones Indices
A Division of S&P Global

S&P Global Platts

## Secular market trends position S&P Global for sustained long-term growth

| | |
|---|---|
| Total corporate debt outstanding continues to grow over time | Major financing and data required for infrastructure investments |
| Investors searching for unique data with ubiquitous delivery | EQUITY ETFs — Assets continue to shift to index-related investments |
| ESG investing gaining momentum | Improving commodity markets and trade flow changes drive price assessments usage |



## A Growing Ecosystem: Recent Fintech Investments

KENSHO

panjiva

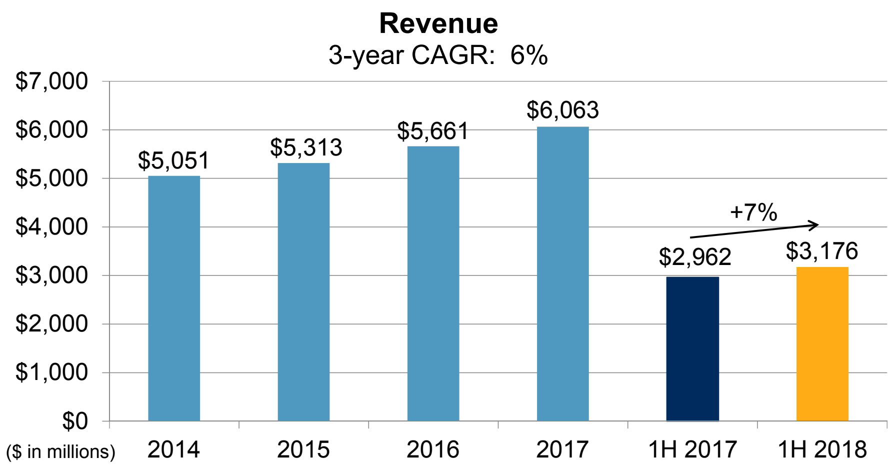
S&P Global

Ursa

Pragmatix
Unbox Your Data

To scale exposure to emerging technologies, S&P Global is a limited partner in two fintech-focused-funds: Green Visor (San Francisco) and Arbor (Hong Kong and Israel)

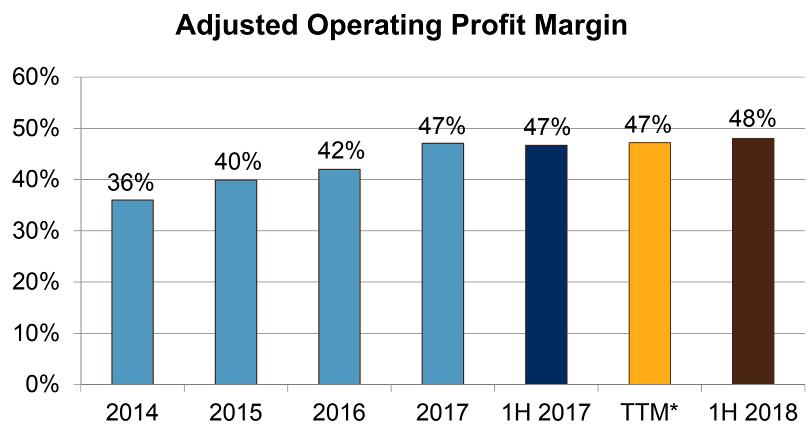
## S&P Global extends succession of solid revenue growth




Note: McGraw Hill Construction was sold in 2014, and was reclassified to discontinued operations.



## Adjusting operating profit margin improvement continues

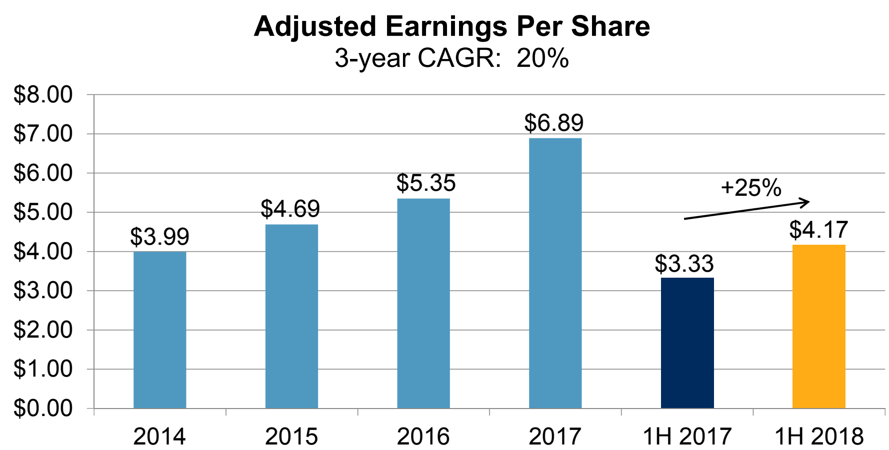



Notes:

McGraw Hill Construction was sold in 2014 and was reclassified to discontinued operations. Beginning in 2016, the Company began excluding deal-related amortization from its non-GAAP results. The excluded figures were, $48 million in 2014, $67 million in 2015, $96 million in 2016, $98 million in 2017, $49 million in 1H 2017, and $57 million in 1H 2018.

* 2Q 2018 Trailing Twelve Months

# Adjusted earnings per share growth continues

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# Our Capital Management Philosophy

**Continued Dividend Growth**

**Steady Growth**

- Continue our 45-year track record of steady annual dividend growth

**≥75%**

**FCF[1] Return to Shareholders**

- Return capital to shareholders via share repurchases and dividends
- Execute share repurchases in a disciplined manner

**Prudent & Flexible Balance Sheet**

**Financial Health**

- Committed to investment-grade credit rating
- Target adjusted gross leverage[2] to adjusted EBITDA ratio of 1.75x to 2.25x

1) Free Cash Flow represents operating cash flow, less capex and distributions to non-controlling interests, and excludes tax on gain from sale of assets, and any after-tax legal and regulatory settlements and insurance recoveries

2) Adjusted gross leverage includes debt, unfunded portion of pension liabilities (~$224 Million), SPDJI put option (~$1.43 Billion), and the expected NPV of operating leases (~$753 Million)

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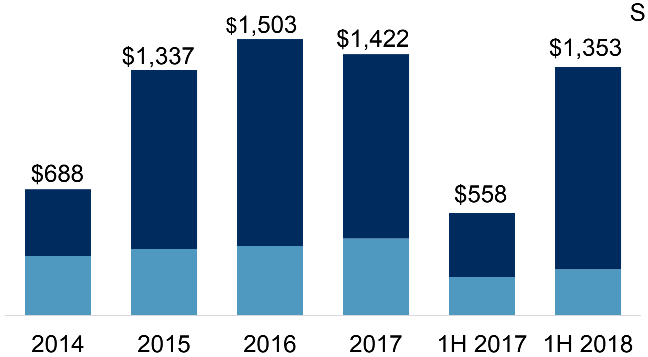
## Strong track record of returning substantial cash to shareholders

RETURNED OVER

**$6 Billion**

SINCE START OF 2014




($ in millions)

Initiated $1 billion ASR in 1Q 2018

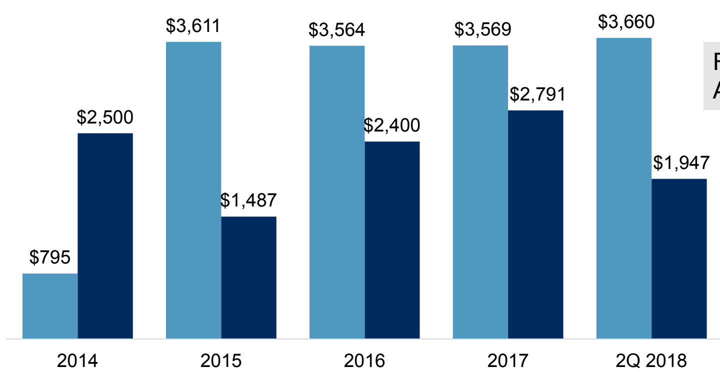
Share Repurchases
Dividend



## S&P Global: A strong balance sheet

Period-end debt and cash position

($ in millions)



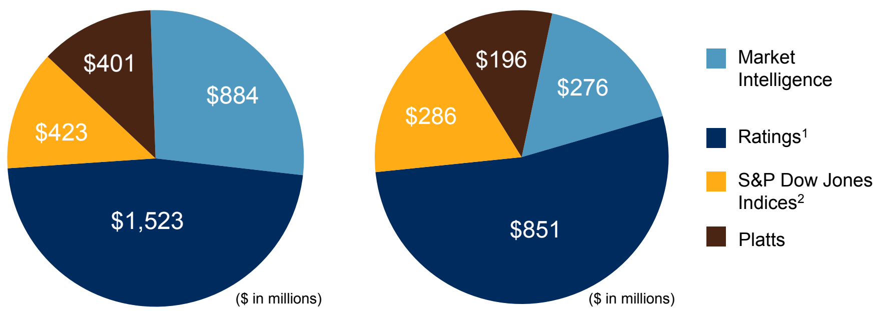

Funded $1 billion ASR in 1Q 2018

Debt
Cash, cash equivalents, restricted cash, and short-term investments

# 1H 2018: Results by segment

Revenue: $3,176 million

Adjusted segment operating profit: $1,609 million



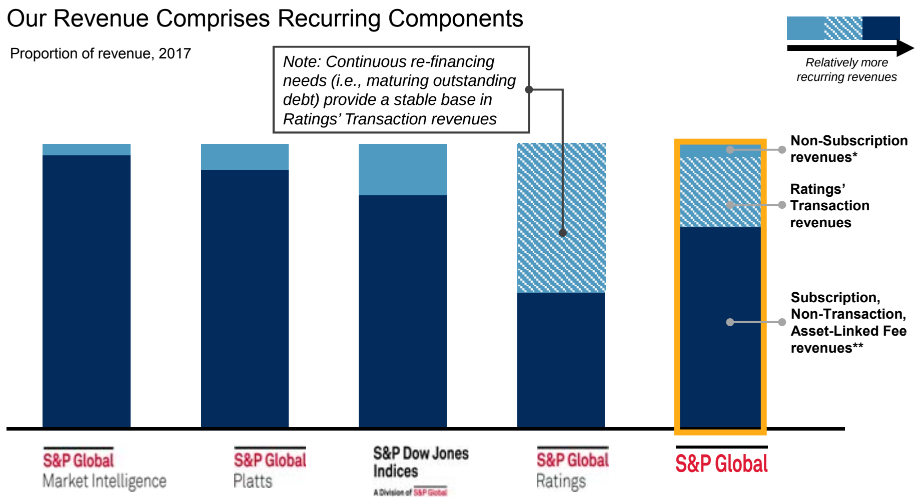

Notes: Revenue chart excludes consolidating adjustments
1) Includes CRISIL
2) Includes operating profit attributable to the noncontrolling interest of the S&P Dow Jones Indices joint venture of $76 million



# Resilient Business Model

Our Revenue Comprises Recurring Components

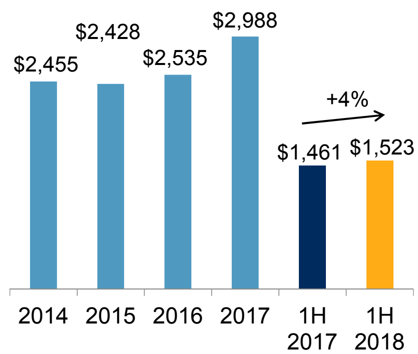
Proportion of revenue, 2017




* **Non-Subscription** revenues relate to Market Intelligence, Platts, and S&P Dow Jones Indices; and includes sales-usage based royalties
** **Subscription** revenues relate to Market Intelligence, Platts, and S&P Dow Jones Indices; **Non-Transaction** revenues relate to Ratings; **Asset-Linked Fee** revenues primarily relates to S&P Dow Jones Indices

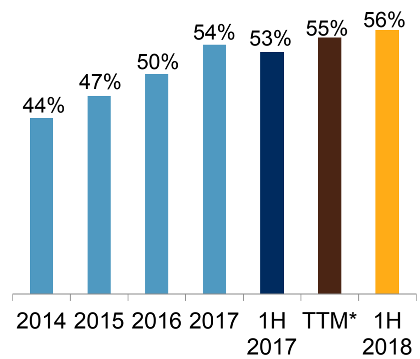
# Ratings financial snapshot

**Revenue**
3-year CAGR: 7%




($ in millions)

**Adjusted Operating Profit Margin**

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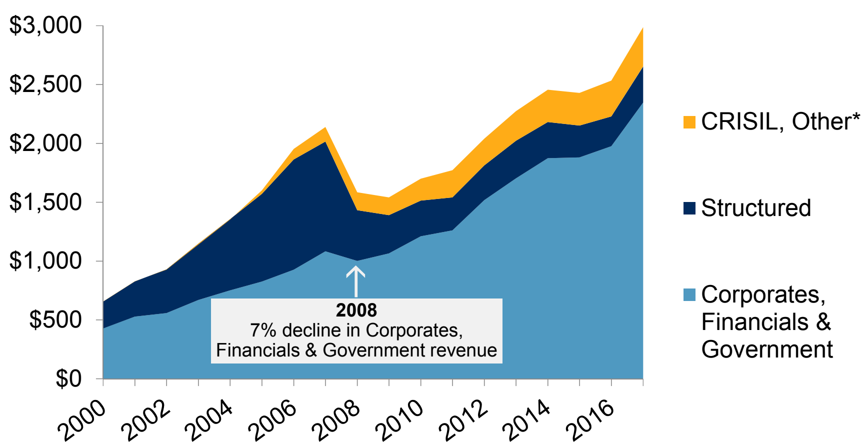
* 2Q 2018 Trailing Twelve Months



# S&P Global Ratings: Revenue 2000–2017

Financial crisis had modest impact on Corporate & Government revenue




(Revenue, $ in millions)

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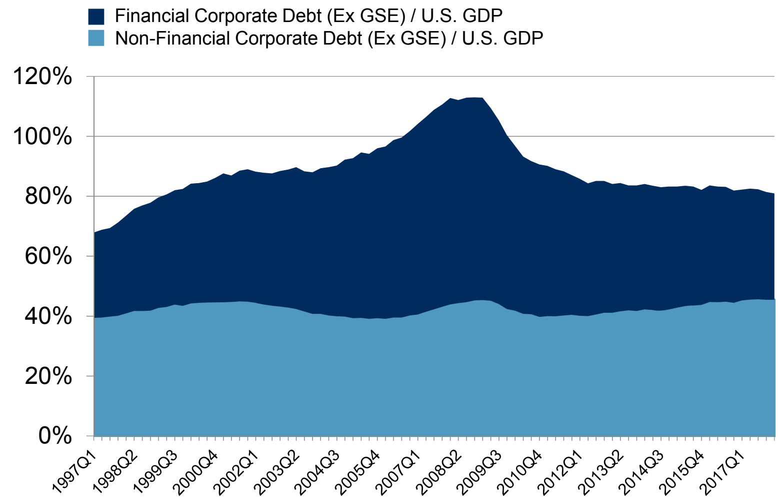
* Other includes CRISIL, intersegment royalty, Taiwan Ratings Corporation, and adjustments

# U.S. Corporate Debt as a Share of U.S. GDP




Credit market instruments including bonds, commercial paper, and loans, excluding agency and GSE-backed securities from financials.

*Sources: Federal Reserve and S&P Global Fixed Income Research*

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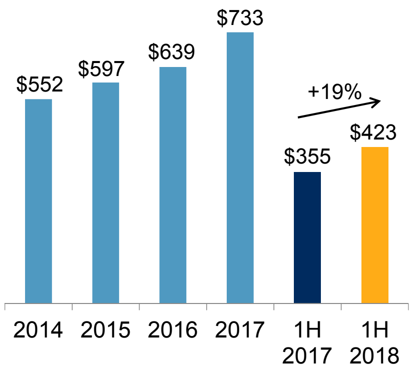
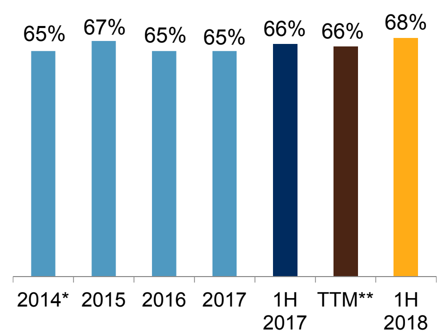
# S&P Dow Jones Indices financial snapshot

**Revenue**
3-year CAGR: 10%




($ in millions)

**Adjusted Operating Profit Margin**




* Includes ~$11 million revenue recognition gain
** 2Q 2018 Trailing Twelve Months

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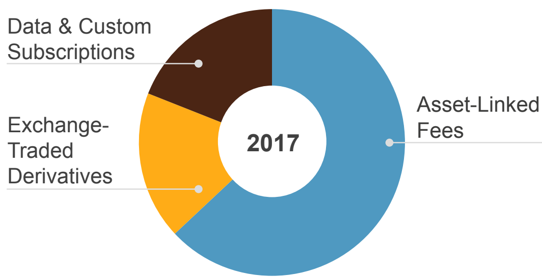
## S&P Dow Jones Indices revenue mix

**At the forefront of passive investing**




**AREAS OF FOCUS:**

Continue index innovation (e.g. factors, smart beta, ESG)

Expand local presence in emerging markets

Increase global indices awareness

**RECENTLY ACQUIRED:**

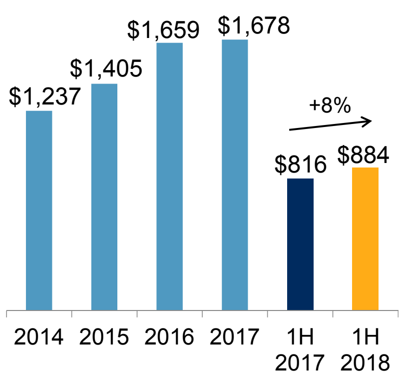
**Trucost**

Carbon and ESG capabilities



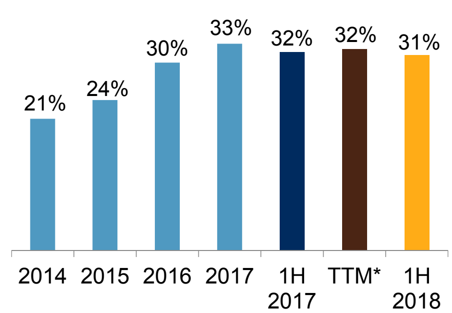
## Market Intelligence financial snapshot

**Revenue**
3-year CAGR: 11%




($ in millions)

**Adjusted Operating Profit Margin**




* 2Q 2018 Trailing Twelve Months

## S&P Global Market Intelligence

- Desktop
- Data Management Solutions
- Risk Services

**AREAS OF FOCUS:**

Release production version of new Market Intelligence platform

Transition Capital IQ users to the new platform

Continue to develop unique analytical tools

**RECENTLY ACQUIRED:**

**Panjiva** - Global trade flow data

**RateWatch** – Bank data & analytics



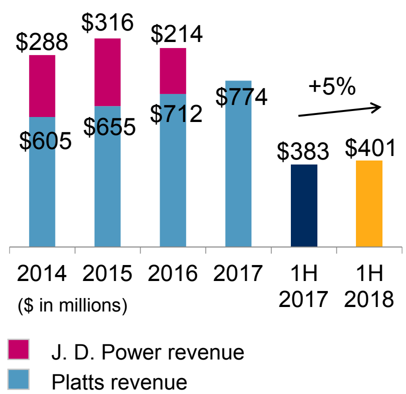
## Introducing the Market Intelligence Platform

# S&P Global Platts financial snapshot

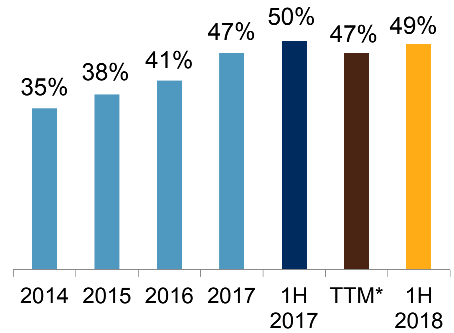
(Comparisons impacted by the sale of J.D. Power in September 2016)

**Revenue**

Platts 3-year CAGR: 9%




**Adjusted Operating Profit Margin**




* 2Q 2018 Trailing Twelve Months

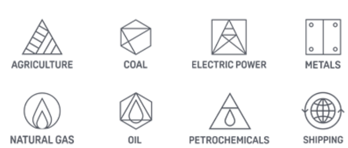


# S&P Global Platts

Revenue generated from subscriptions and licensing for derivative trading

Thousands of daily price assessments

Comprehensive coverage across commodity markets




**AREAS OF FOCUS:**

Create world-class capability in trade flow analytics

Pursue unique benchmarks in new regions and markets

Develop exchange relationships in new markets / geographies

**RECENTLY ACQUIRED:**

| Commodity Flow | RigData | PIRA Energy Group |
|---|---|---|
| Waterborne analytics tools | Daily information on North American rig activity | A leader in global energy market analysis |

## Our ESG solutions include indices, data, news, analytics, Green Evaluations, and thought leadership

| | |
|---|---|
| S&P Dow Jones Indices | – Provider of ESG Indices since 1999<br>– TruCost Carbon Scorecard has been applied to all S&P Dow Jones Indices' standard indices |
| S&P Global Ratings | – Green Evaluations<br>– Ratings incorporate ESG factors |
| CRISIL | – CRISIL Inclusix<br>– Corporate governance methodology |
| S&P Global Market Intelligence | – ESG news, data and analytics<br>– Leading provider of governance, energy and asset-level data |
| S&P Global Platts | – Global energy insights<br>– Leading provider of research and analytics in energy, carbon and renewables |



## We embrace ESG at S&P Global

**Environmental**

Internal focus on going green

26,166 tons of $CO^2$ → 0 tons of $CO^2$

**Social**

Employee resource groups

**Governance**

External recognition of our practices

ESG = Environmental, Social, Governance

## Powering the Markets of the Future: 2018 areas of focus

- Creating shareholder value:
  - Drive revenue and earnings growth
  - Received significant benefit from tax reform of over $1.00/share
  - Return at least 75% of free cash flow in dividends and share repurchases
- Evolve and Grow our Core Businesses:
  - Continue international expansion in Ratings with China launch
  - Release production version of the new Market Intelligence platform
  - Enhance our Platts commercial model and simplify our customer facing and operating platforms for improved user experience
  - Expand Index product offering in factors/smart beta, ESG, etc.
- Pursue Growth Through Adjacencies:
  - Increase investments in new technologies and alternative data
  - Design and develop ESG product complex
- Delivering excellence:
  - Continue funding productivity initiatives and process improvements
  - Execute our technology plans, including leveraging Kensho's capabilities
  - Maintain commitment to compliance and risk management



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