# Stifel 2020 Virtual Cross Sector Insight Conference

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**CEO**

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**SVP Investor Relations**

June 8, 2020

S&P Global

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# 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 April 28, 2020 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

Reconciliations of certain forward-looking non-GAAP financial measures to comparable GAAP measures are not available due to the challenges and impracticability with estimating some of the items. The Company is not able to provide reconciliations of such forward-looking non-GAAP financial measures because certain items required for such reconciliations are outside the Company's control and/or cannot be reasonably predicted. Because of those challenges, reconciliations of such forward-looking non-GAAP financial measures are not available without unreasonable effort.

# “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, including statements about COVID-19 and the scenarios we are using to project the impact of the pandemic on the Company, 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:

- worldwide economic, financial, political and regulatory conditions, and factors that contribute to uncertainty and volatility including natural and man-made disasters, pandemics (e.g., COVID-19), geopolitical uncertainty, and conditions that may result from legislative, regulatory, trade and policy changes associated with the current U.S. administration;
- the Company’s ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential information and data, and the potential for a system or network disruption that results in regulatory penalties and remedial costs or improper disclosure of confidential information or data;
- 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, demand for investment products that track indices and trading volumes of certain exchange traded derivatives;
- 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, benchmarks and indices;
- the effect of competitive products and pricing, including the level of success of new product developments and global expansion;
- the Company’s exposure to potential criminal sanctions or civil penalties for noncompliance 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, Syria and Venezuela, 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 continuously evolving regulatory environment, in Europe, the United States and elsewhere, affecting S&P Global Ratings, S&P Global Platts, S&P Dow Jones Indices, and S&P Global Market Intelligence, including new and amended regulations and the Company’s compliance therewith;
- 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, including the ability to function remotely during long-term disruptions such as the COVID-19 pandemic;
- the Company’s ability to make acquisitions and dispositions and successfully integrate the businesses we acquire;
- 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 and the health of the commodities markets;
- our ability to attract, incentivize and retain key employees;
- 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;
- the Company's 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 offerings in the European Union and United Kingdom; and
- the impact of changes in applicable tax or accounting requirements, including the Tax Cuts and Jobs Act on the Company.

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.

# Data into insights. Essential intelligence for an ever-changing world.

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

S&P Global Ratings

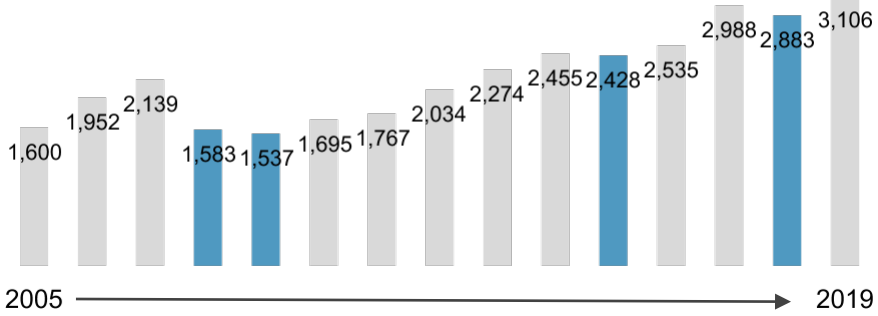
S&P Global Market Intelligence

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

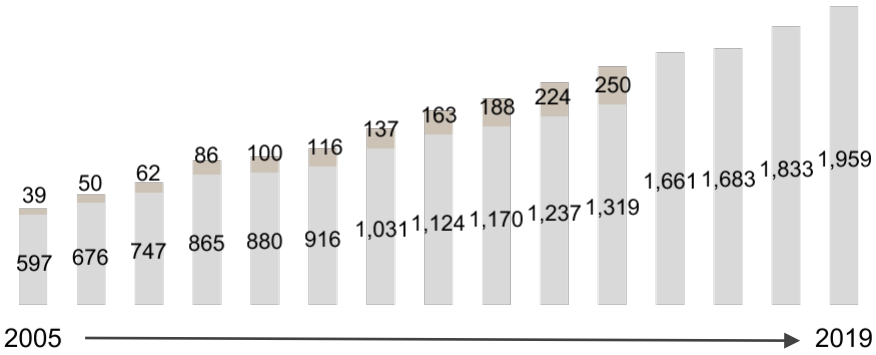
S&P Global Platts

# Revenue by business for the past 15 years

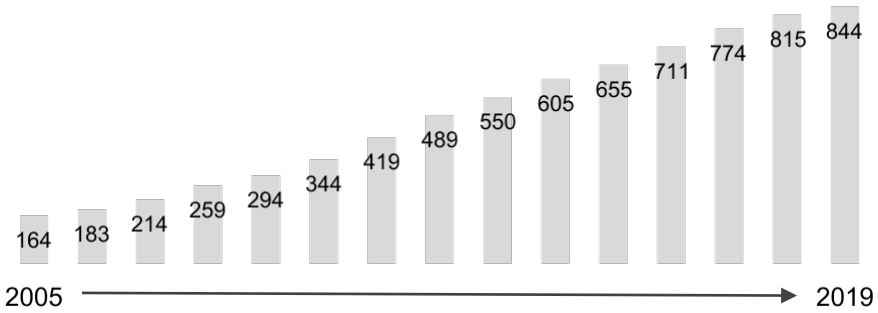
## S&P Global Ratings



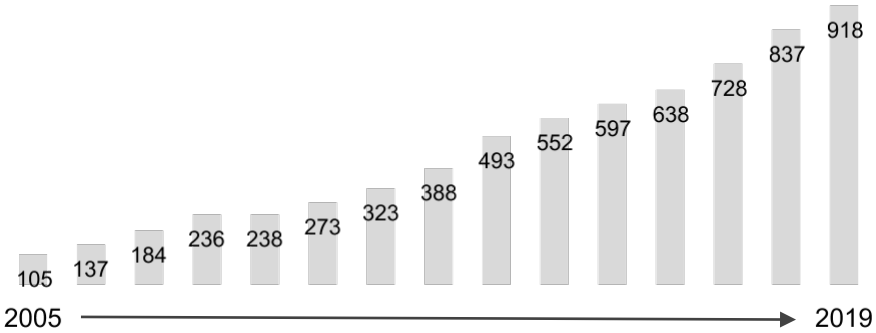

## S&P Global Market Intelligence*




## S&P Global Platts




## S&P Dow Jones Indices**




($ in millions)

S&P Global

* Data for 2005–2015 include Capital IQ revenue on the lower bar and SNL revenue on the upper bar
** S&P Dow Jones Indices joint venture was established in June 2012

# The company faces significant risks today

Despite our resilience and financial strength, we are not immune to structural risks arising from COVID-19 which could impact our revenue from issuance, AUM, renewals and new product sales. These risks include:

**Macro Economic Environment:**

- Impact to capital spending
- Decrease in trade and capital flows
- Cost cutting and decreased profitability of corporations

**Bond and Credit Markets:**

- Sustained drop in issuance
- Large increase in defaults and credit stress
- Financial sector instability

**Equity Markets:**

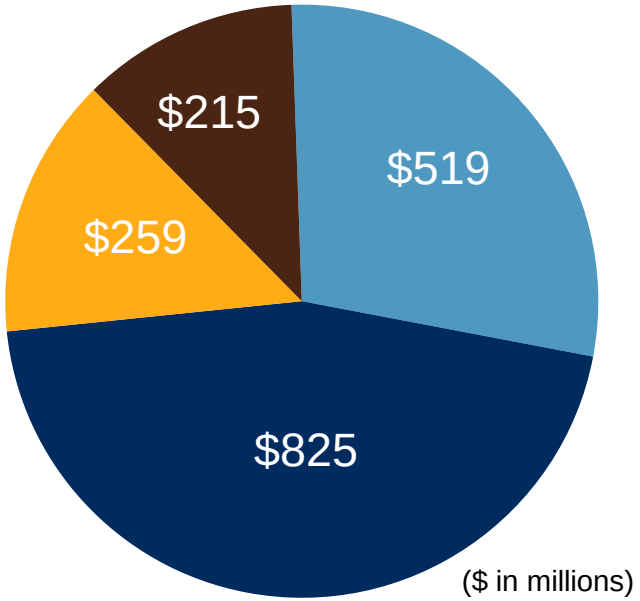
- Drop in AUM levels
- Sharp moves in cash and liquidity
- Sustained heightened volatility

**Oil Markets:**

- Sustained drop in oil and commodity prices
- Weakness in client base including defaults

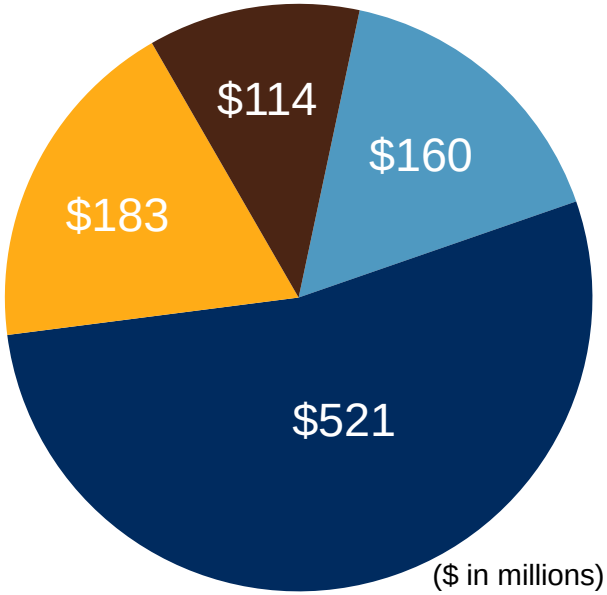
# 1Q 2020 results by segment

## Revenue: $1,786 million




($ in millions)

## Adjusted segment operating profit: $978 million



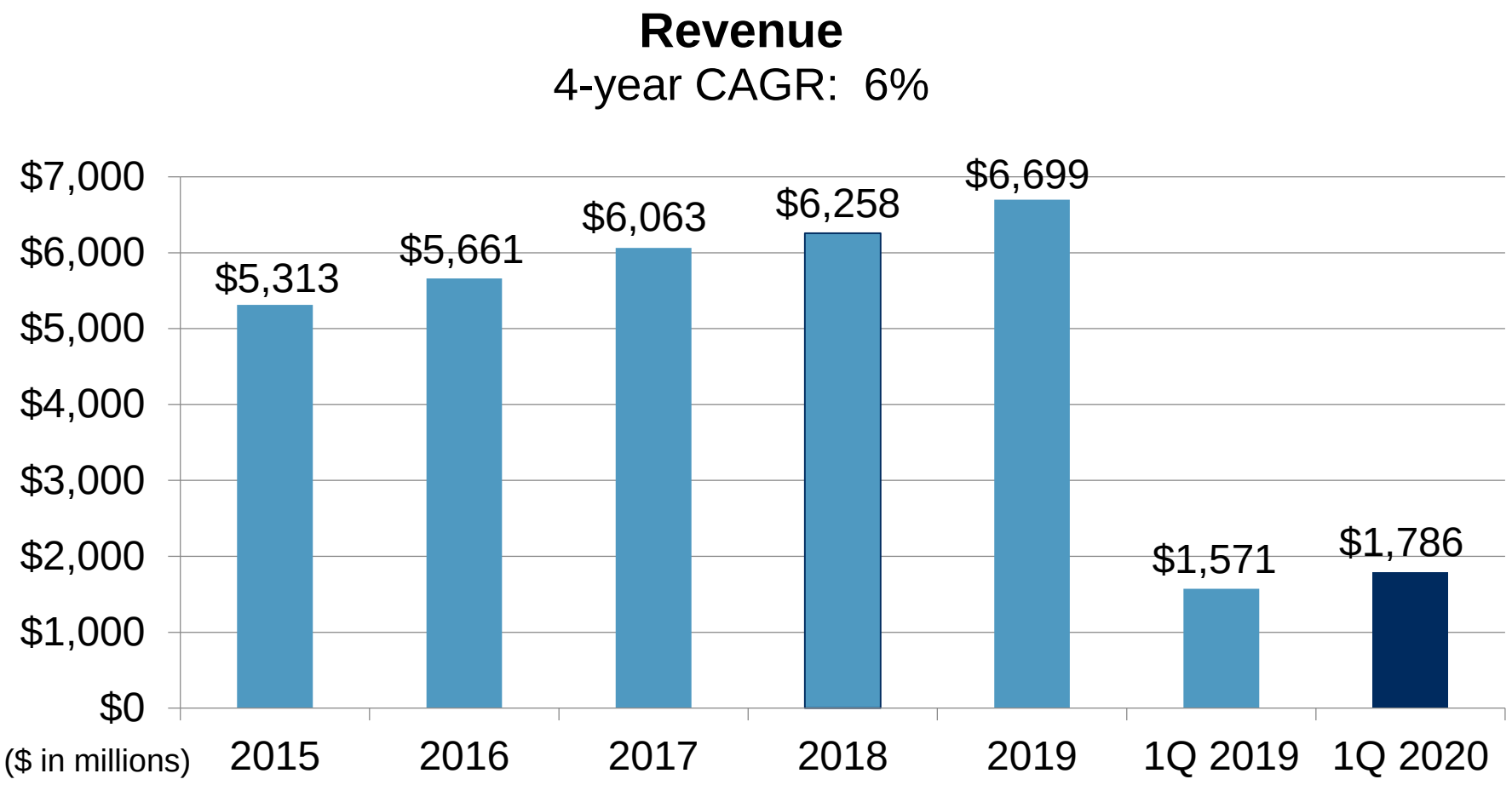

($ in millions)

- Market Intelligence
- Ratings[1]
- S&P Dow Jones Indices[2]
- Platts

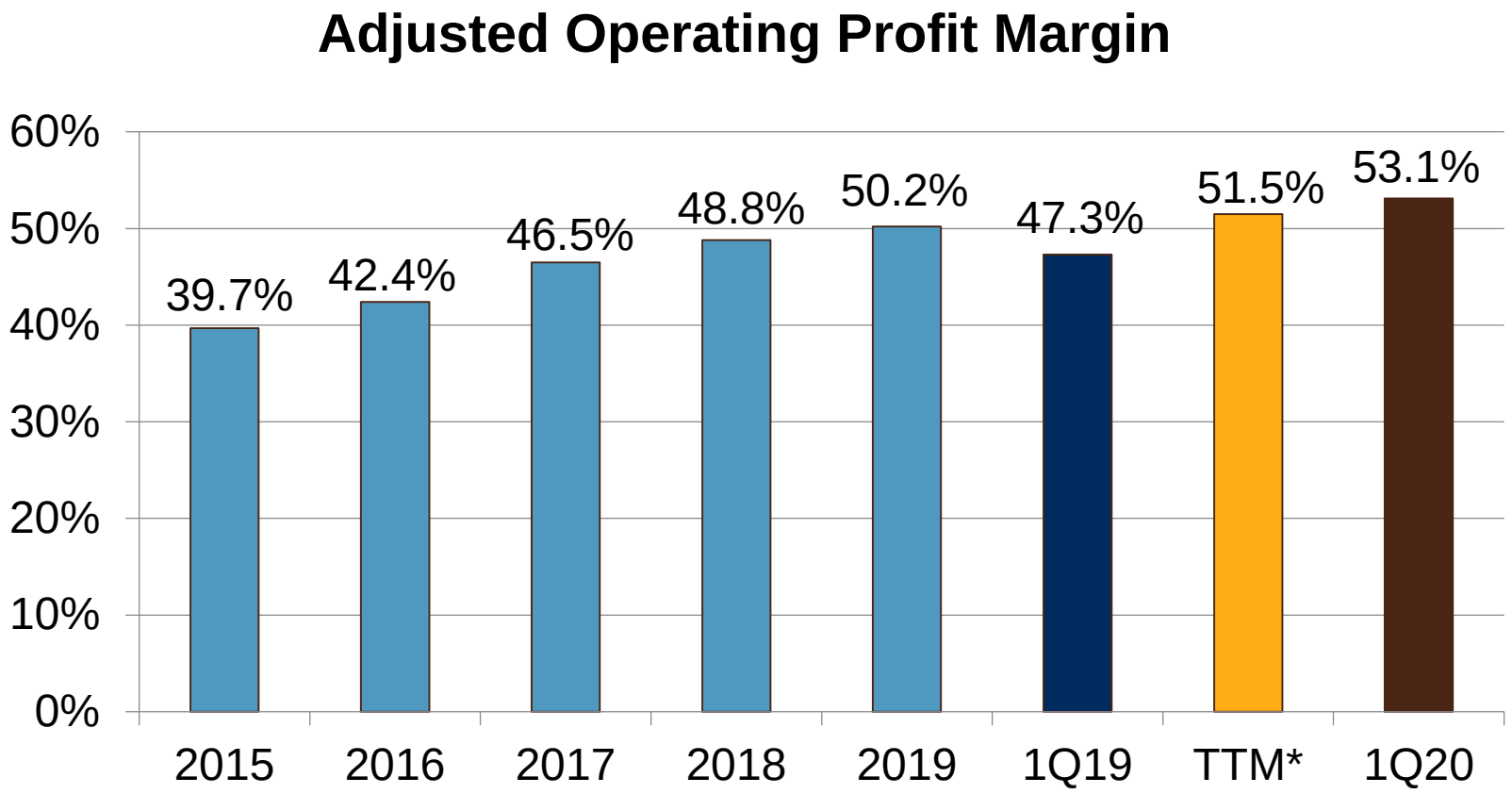
Notes: Revenue chart excludes consolidating adjustments

1) Includes CRISIL
2) Includes operating profit attributable to the noncontrolling interest of the S&P Dow Jones Indices joint venture of $49 million

# Consistent revenue growth



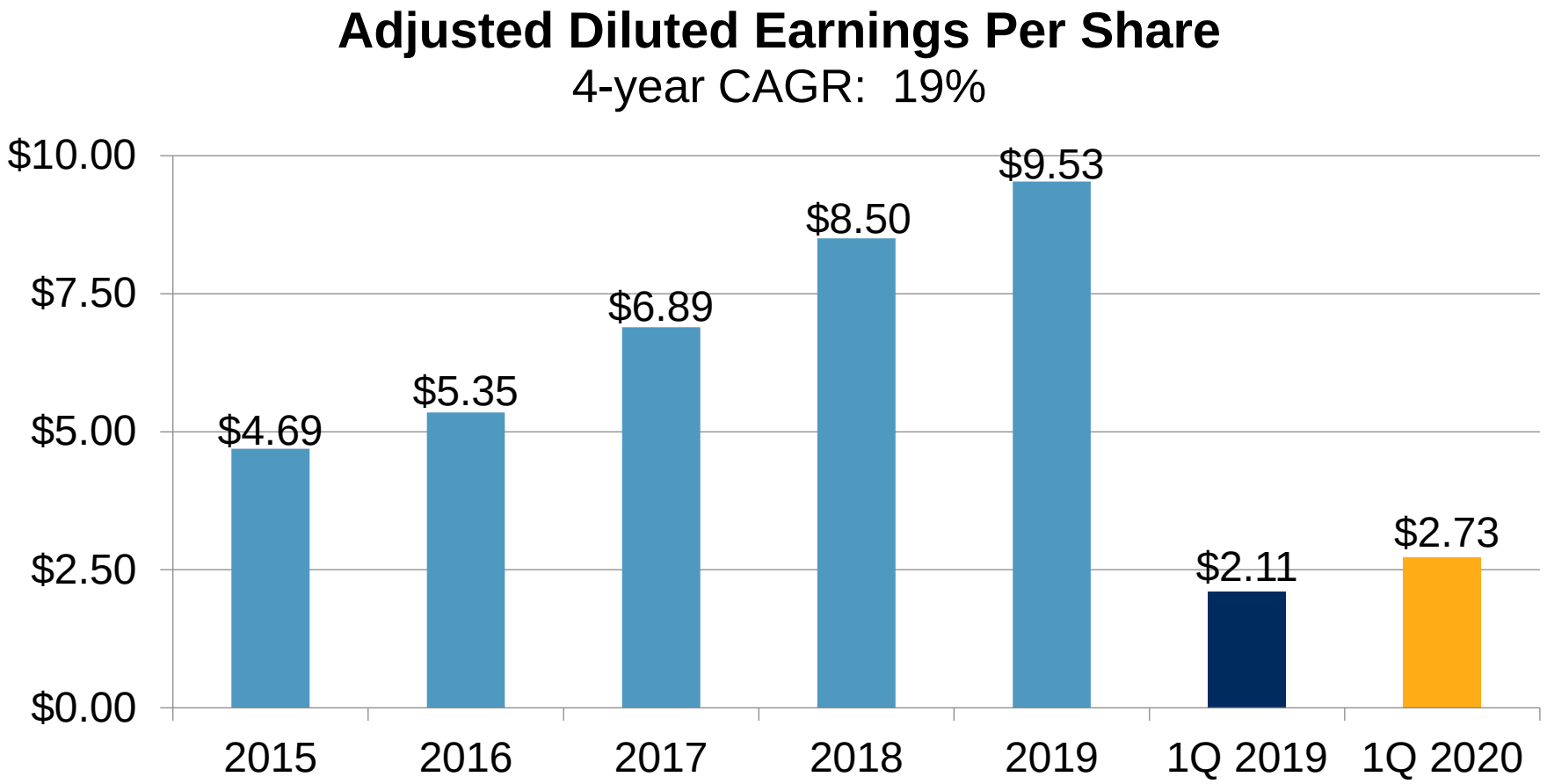
# Adjusted operating profit margin improvement continues




Notes: Beginning in 2016, the Company began excluding deal-related amortization from its non-GAAP results. The excluded figures were $67 million in 2015, $96 million in 2016, $98 million in 2017, $122 million in 2018, $122 million in 2019, $32 million in 1Q 2019 and $29 million in 1Q 2020.

* 1Q 2020 trailing twelve months

# Adjusted diluted earnings per share growth continues

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



Total corporate debt outstanding continues to grow over time



China capital markets reform



Investors searching for unique data with ubiquitous delivery




Assets continue to shift to index-related investments



ESG investing gaining momentum



Trade flow changes drive additional price assessments usage

# $100 million, 3-year cost reduction program now expected to achieve $120 million

**Target annual run-rate savings 2018 to 2020**

Productivity improvements across **support functions** and **real estate**

$45-55M

Productivity improvements in **technology & digital infrastructure**

$55-60M



**Run-rate savings achieved at 2019 year-end**

$63m across support functions and real estate

$22m in technology and digital infrastructure



# Our capital management philosophy

**Continued Dividend Growth**

**≥75%**

**Prudent & Flexible Balance Sheet**

## Steady Growth

- Continue our 47-year track record of steady annual dividend growth

## FCF[1] Return to Shareholders

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

## 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 certain excluded items.

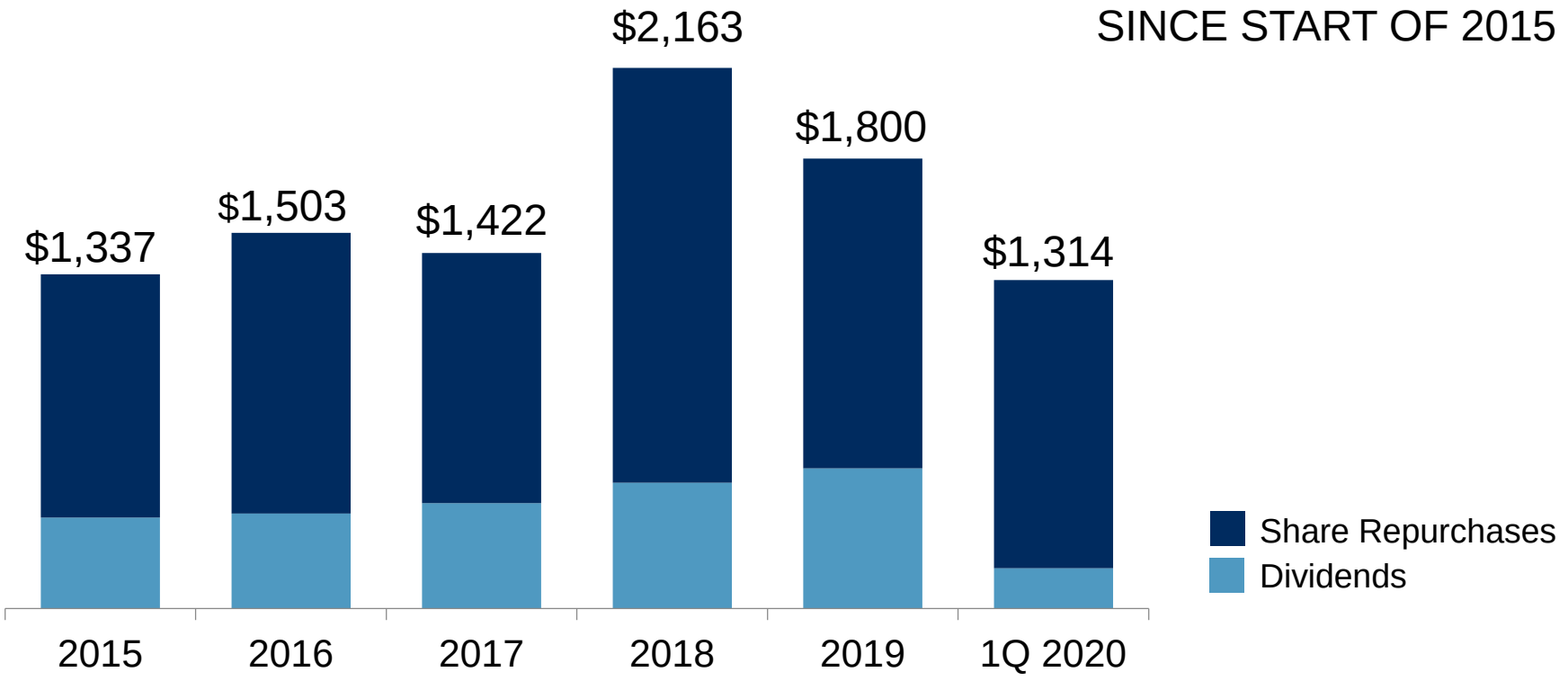
2) 1Q 2020 adjusted gross leverage included debt, unfunded portion of pension liabilities (~$244 Million), SPDJI put option (~$2.27 Billion), and the expected NPV of the liability for lease payments (~$707 Million)

# Consistent track record of returning cash to shareholders

RETURNED

**$9.5 Billion**

SINCE START OF 2015




($ in millions)

Note: Shares repurchased are reported on a settlement-date basis

# 2020 areas of focus



**Global**

- Bring additional transparency and independent analytics to Chinese capital markets with Ratings and Market Intelligence
- Expand Platts and Ratings capabilities in Asia



**Customer Orientation**

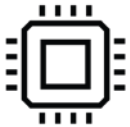
- Continue MI platform development & client migration
- Enable Ratings content distribution
- Nurture recent product launches and develop new products
- Implement Platts commodity service model



**Innovation**

- Fully leverage all assets across the Company into ESG offerings
- Develop Data Marketplace and SME data and analytics in MI
- Launch climate analytics on the MI Platform and as a data feed

# 2020 areas of focus



**Technology**

- Complete cloud-first strategy
- Implement numerous Kensho projects including the launch of OmniSearch on the MI desktop
- Utilize technology to improve our customers' experience



**Operational Excellence**

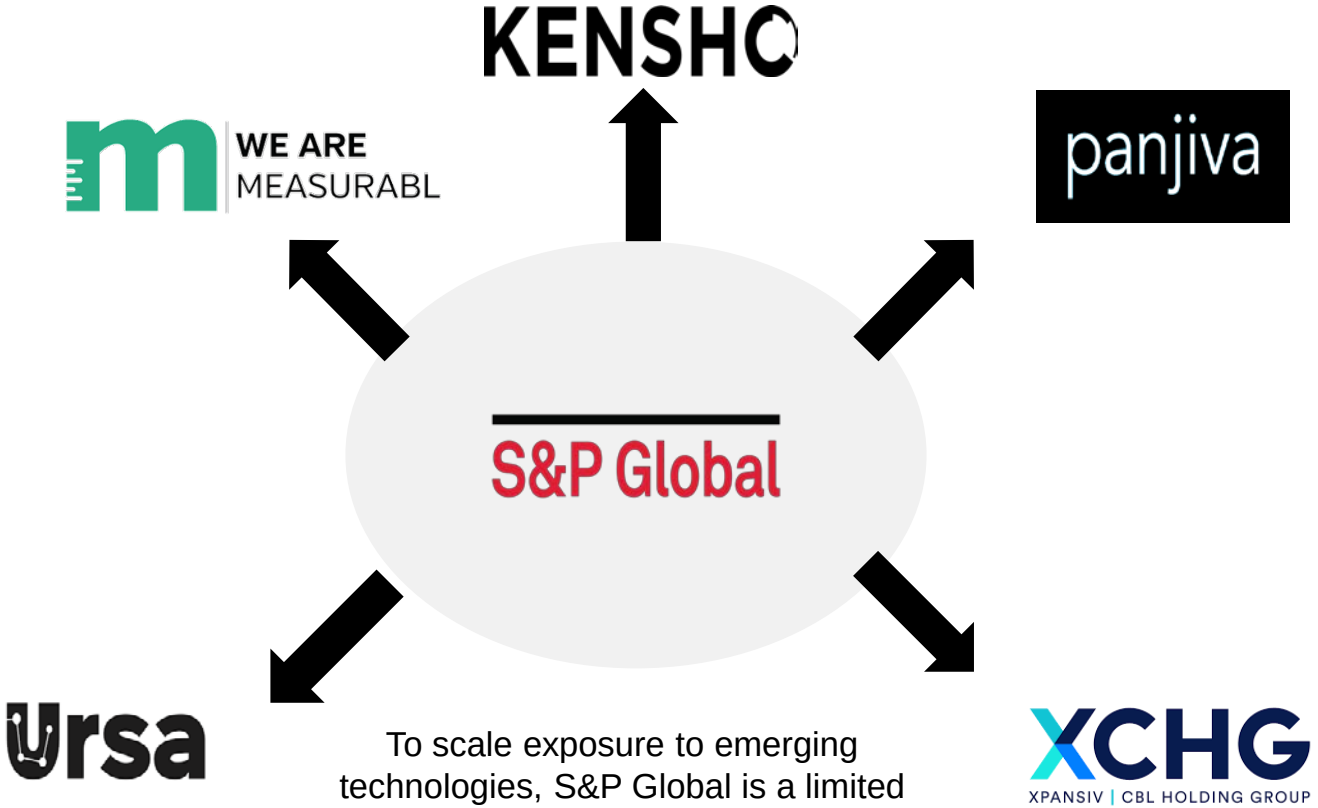
- Expand data ingestion, linking and processing success
- Continue to leverage in-house RPA and third-party technologies
- Continue to improve cyber security transformation



**People**

- Build on Essential TECH and Data Science Academy
- Maintain commitment to diversity and inclusion
- Promote leadership development

# A growing ecosystem: recent investments in fintech and unique data sets




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)

# Kensho capabilities embedded throughout the Company with a robust pipeline of projects



**Automation**



**Reduced Time to Market**



**Enhanced Capabilities**

- **Omnisearch** – Access data on Market Intelligence platform via search and topical machine-learning
- **Entity linking** – Reduces cost and time to acquire, maintain and bring new data sets to market
- **Codex** – Ingest documents and provide relevant data and information to user
- **Data Extraction** – Improve operations by ingesting unstructured documents and extracting relevant data
- **Platts MOC** - Streamline commodity prices publication while providing best-in-class analytical tools
- **SCRIBE -** Transforms transcript creation
- **New Economies Indices -** Innovative methodology to generate unique indices

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# In 2019, S&P Global officially launched its domestic credit-rating business in China

- First approval for a company wholly owned by an international CRA to rate domestic Chinese bonds

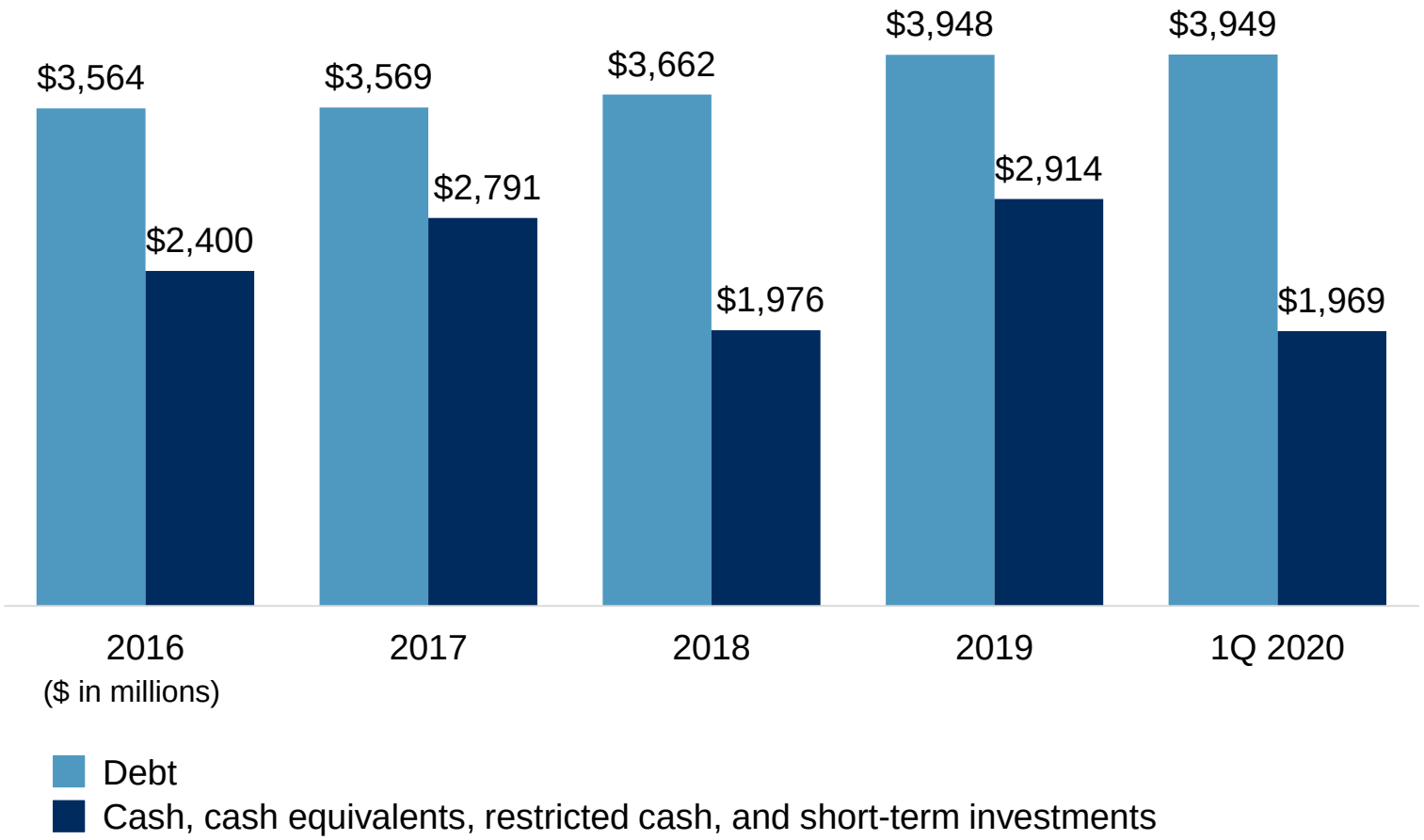
- Authorized to rate issuers and issuances from:
  - Financial institutions
  - Corporates
  - Structured finance bonds
  - Renminbi denominated bonds



- China is the 3rd largest bond market in the world
- In 2019, corporate issuance was approximately $1 trillion
- We entered the market with a greenfield operation
- We issued our first rating in June 2019

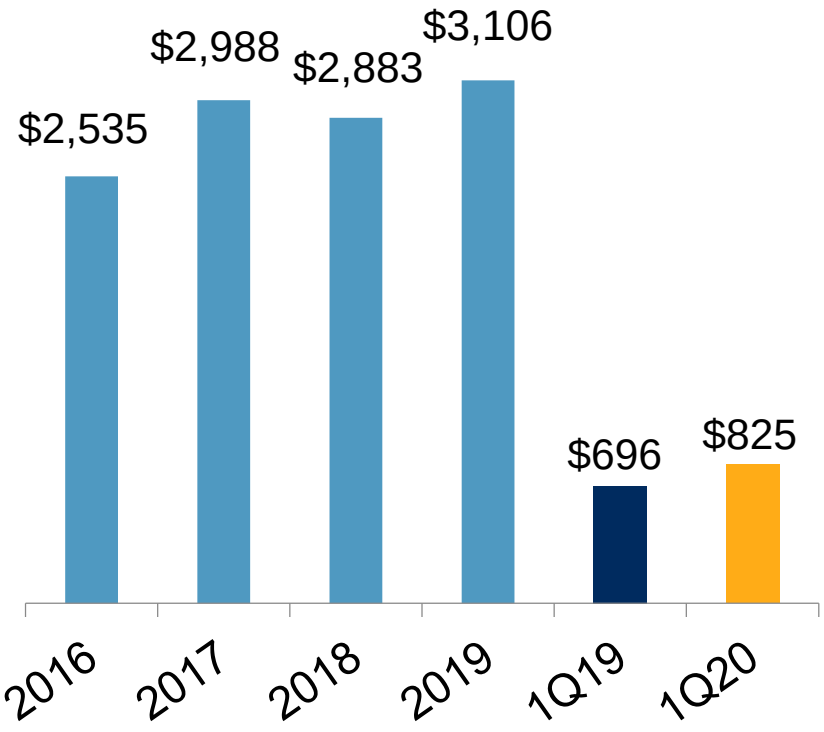
# Balance sheet strength available for investments and return of capital

Period-end debt and cash position



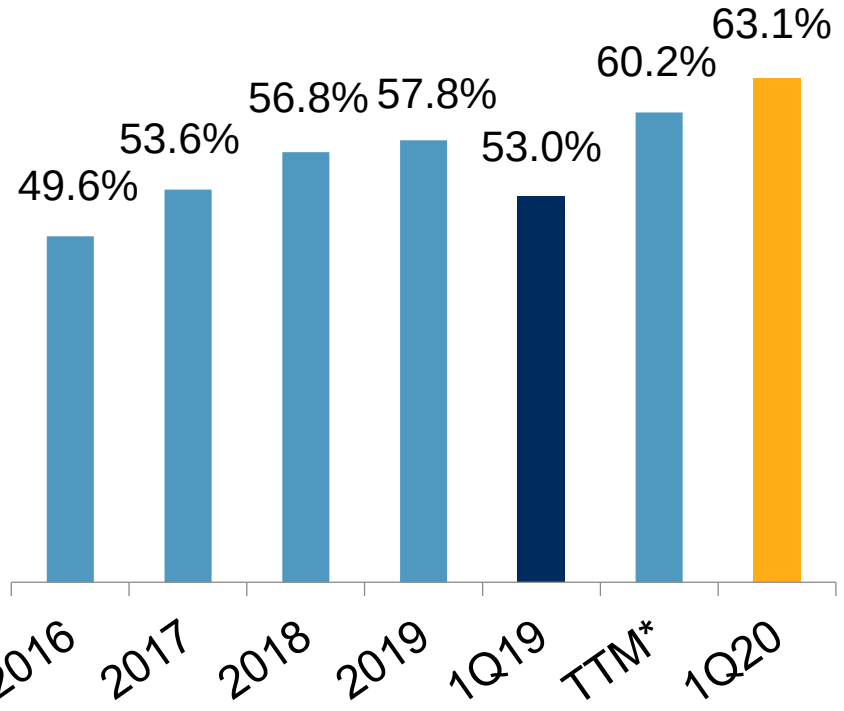
# Ratings financial snapshot

## Revenue
3-year CAGR: 7%



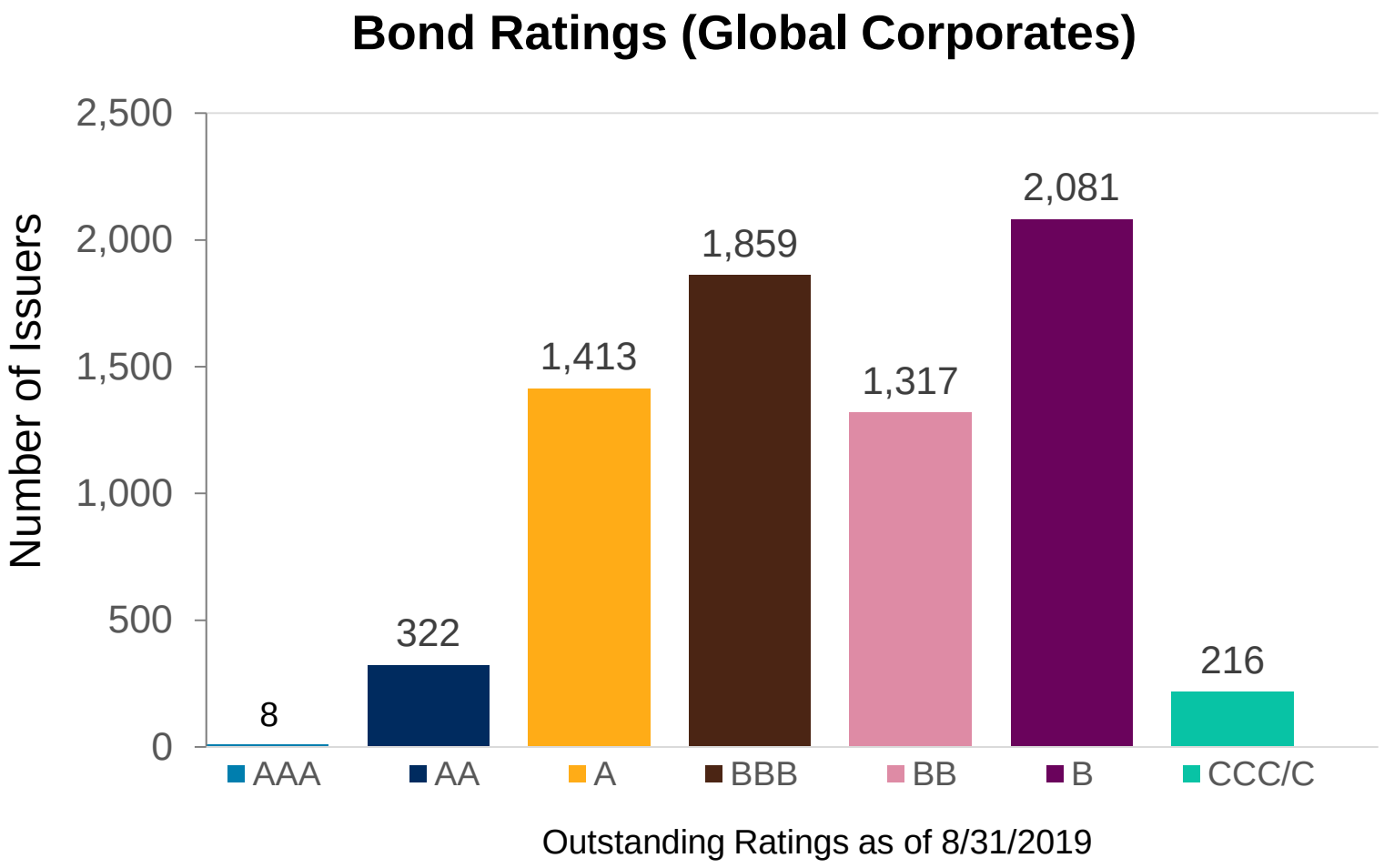

($ in millions)

## Adjusted Operating Profit Margin**




* 1Q 2019 trailing twelve months
** 2018 and 2019 results reflect the recast for the allocation methodology change of technology-related expenses in 1Q 2020.

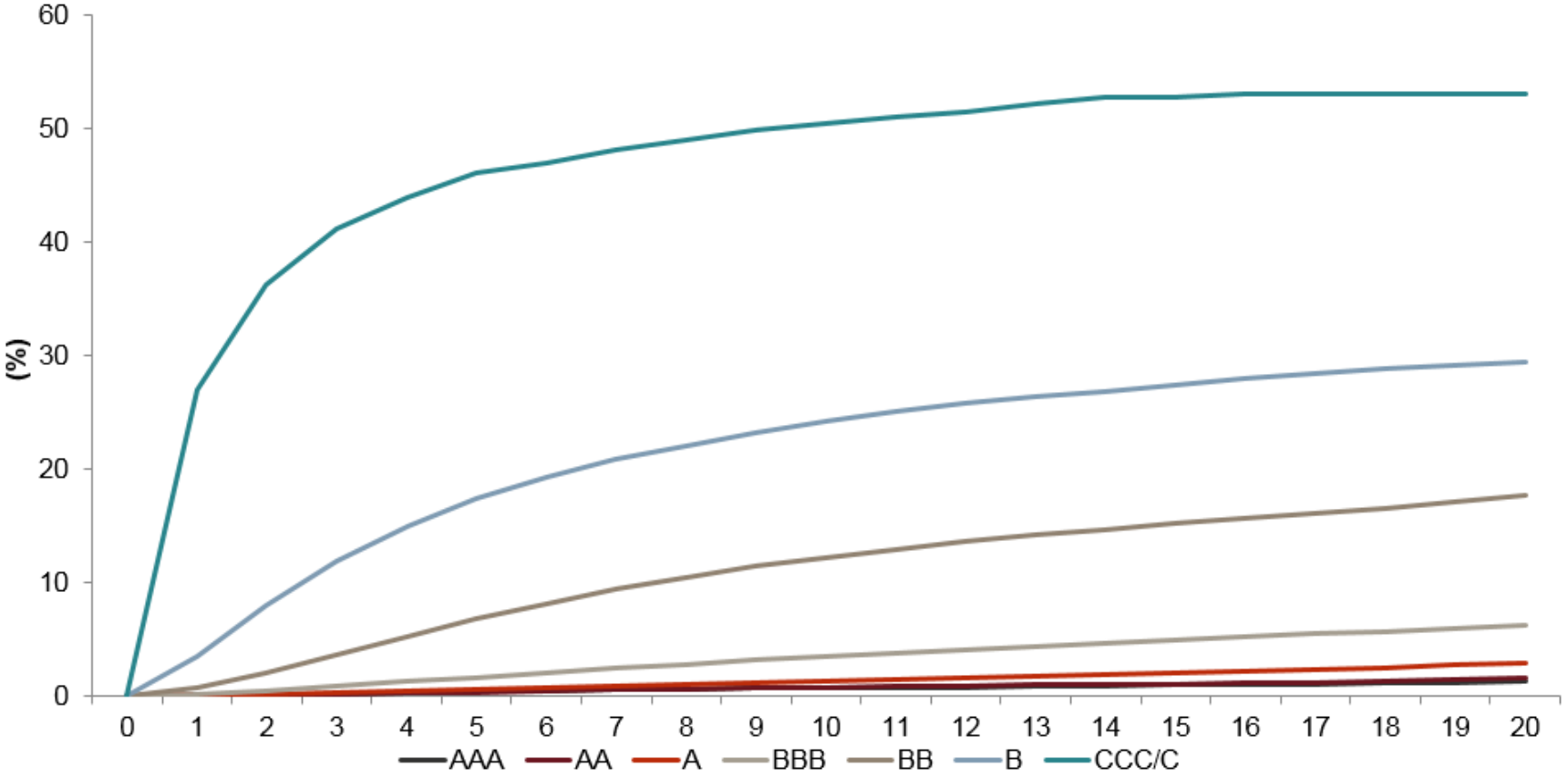
# Global ratings by S&P Global Ratings reflect full breadth of ratings spectrum




S&P Global

# Ratings help investors gauge the risk of default

## Global Corporates Cumulative Default Rates, 1981 - 2018

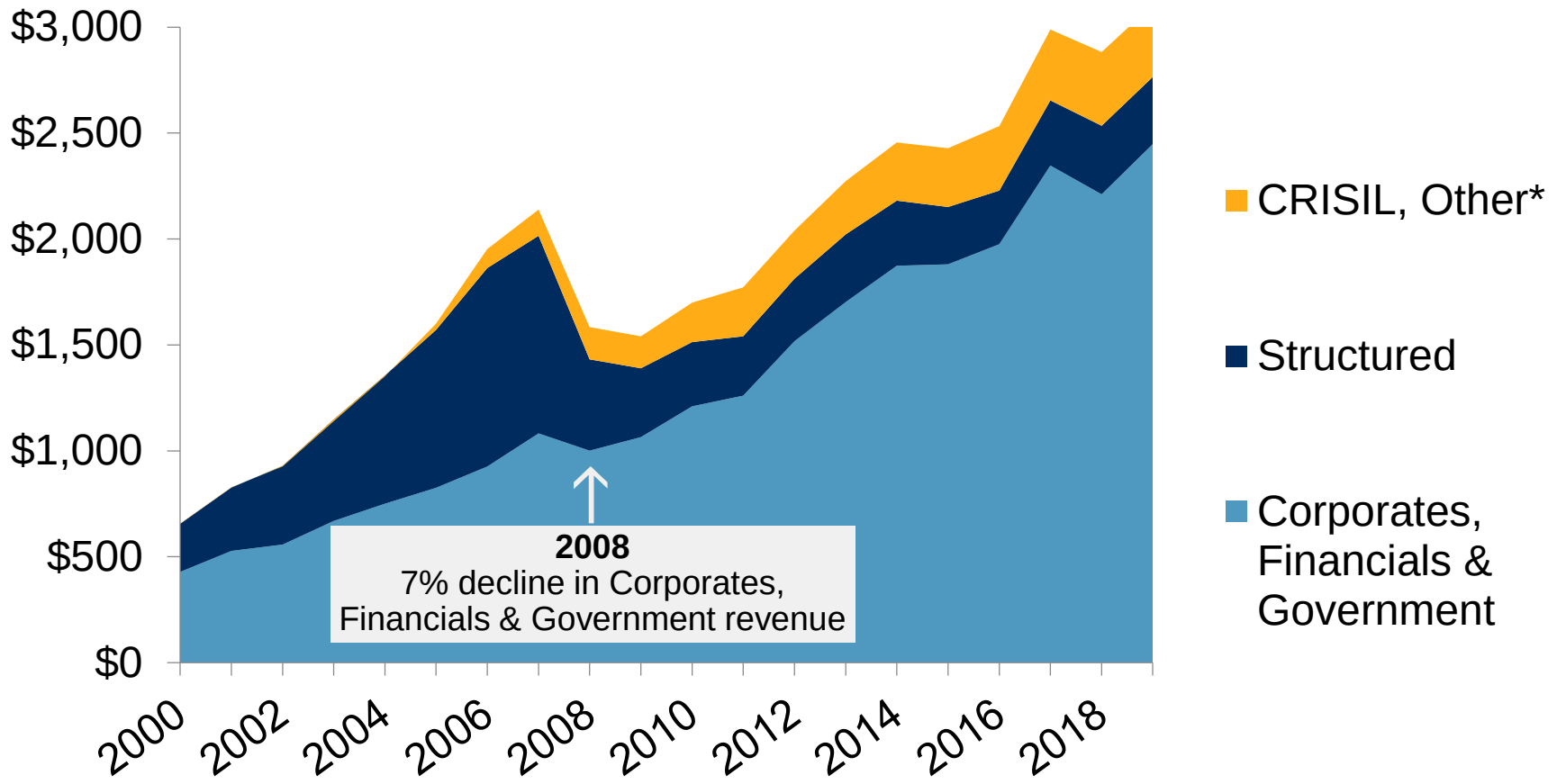



Source: *S&P Global Ratings, "Default, Transition, and Recovery: 2018 Annual Global Corporate Default Study and Rating Transitions," April 9, 2019, Chart 4*

S&P Global

# S&P Global Ratings: Revenue 2000–2019

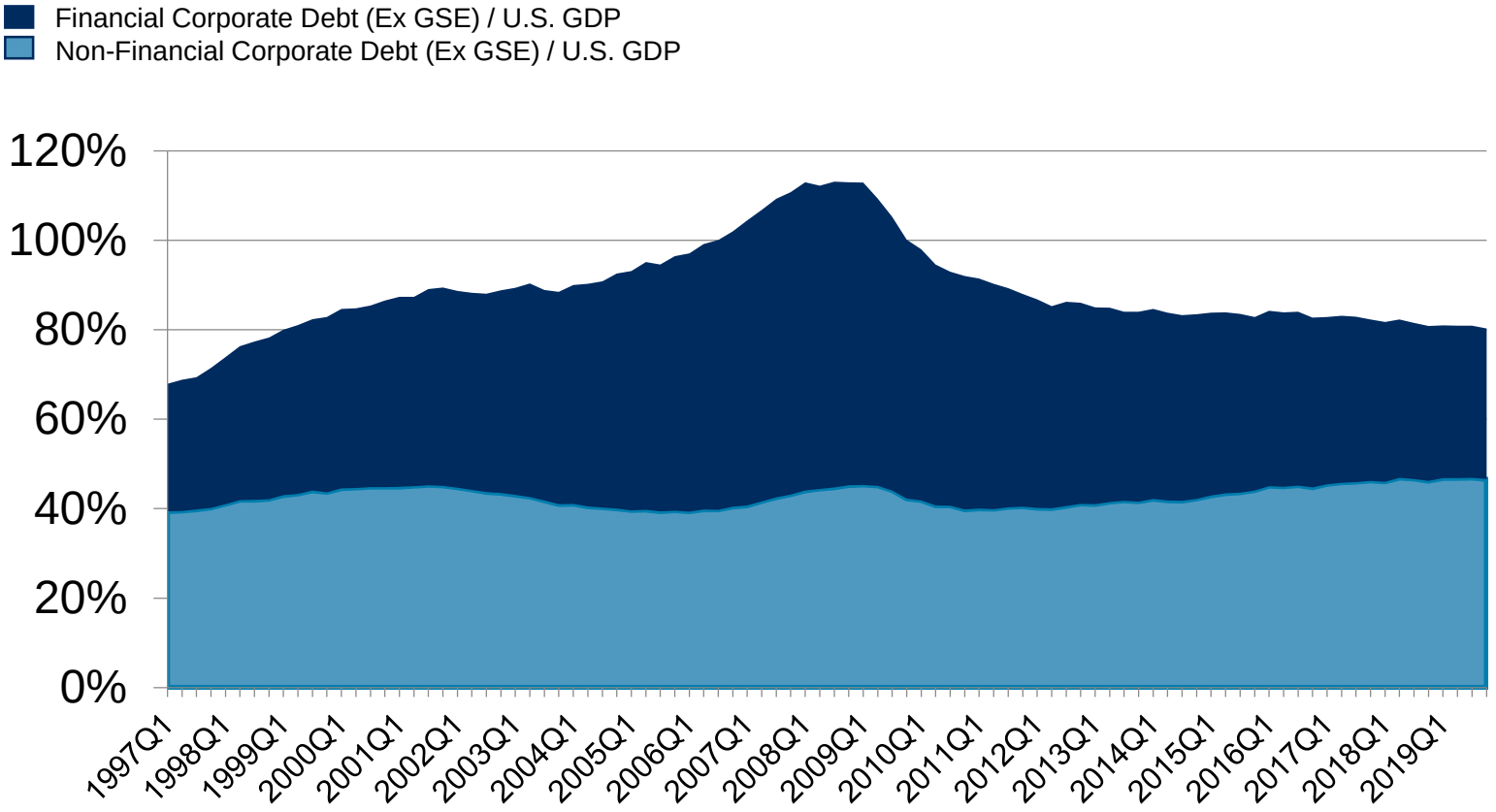
Financial crisis had modest impact on Corporate & Government revenue




(Revenue, $ in millions)

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

# U.S. corporate debt as a share of U.S. GDP (nominal)

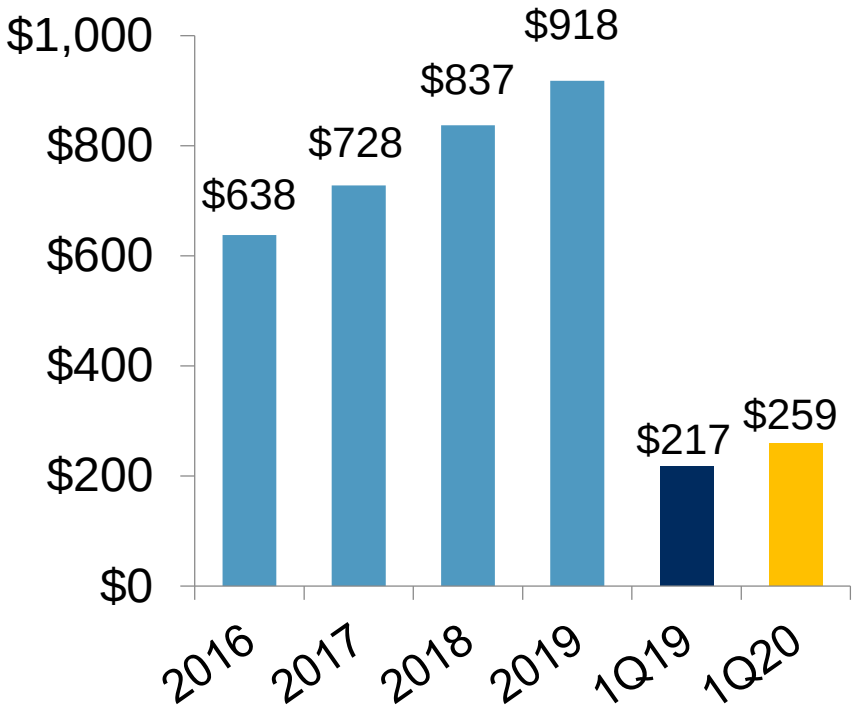



Credit market instruments including bonds, commercial paper, and loans, excluding agency and GSE-backed securities from financials.

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

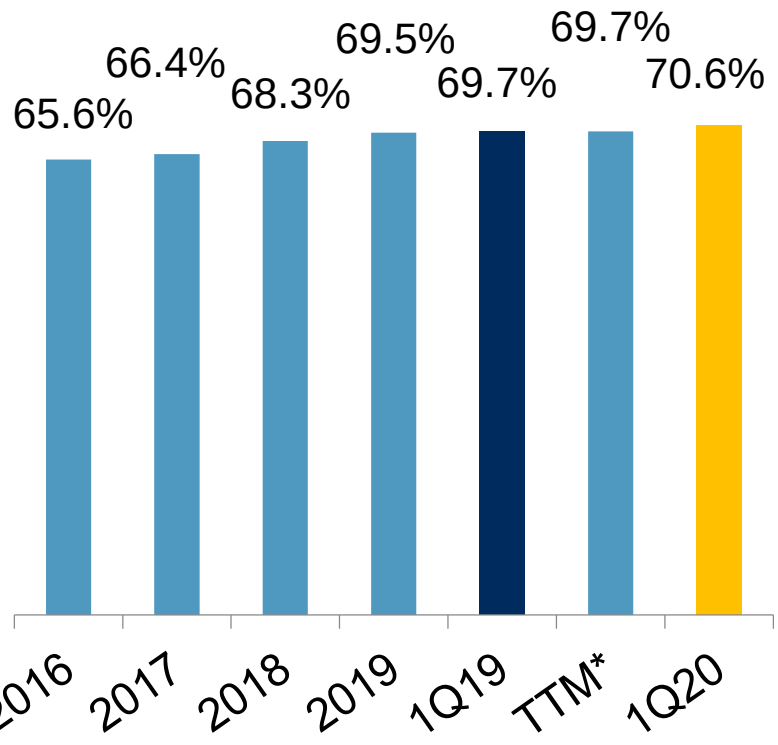
# S&P Dow Jones Indices financial snapshot

## Revenue
3-year CAGR: 13%




($ in millions)

## Adjusted Operating Profit Margin**

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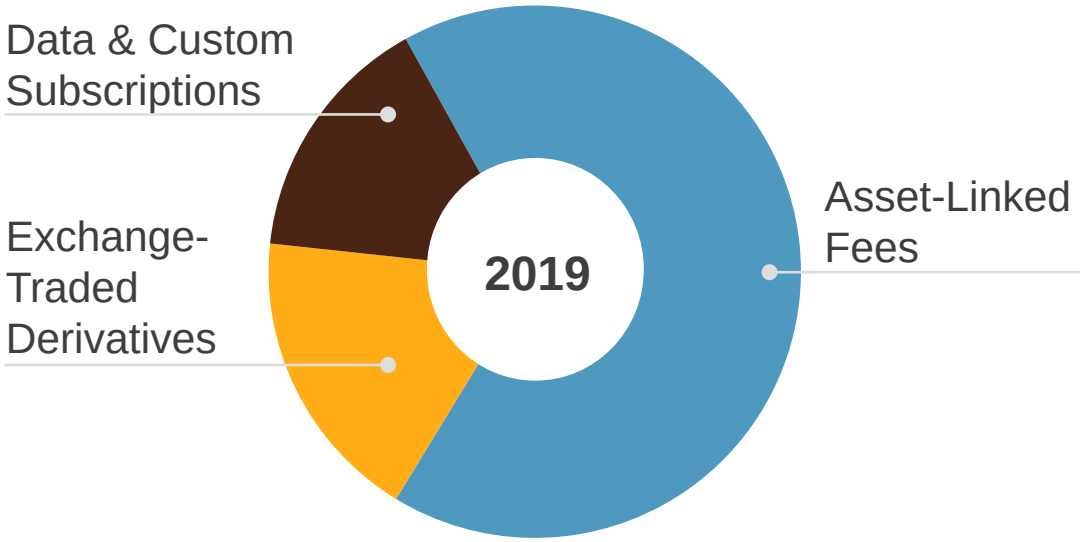
# S&P Dow Jones Indices revenue mix

## At the forefront of passive investing




**AREAS OF FOCUS:**

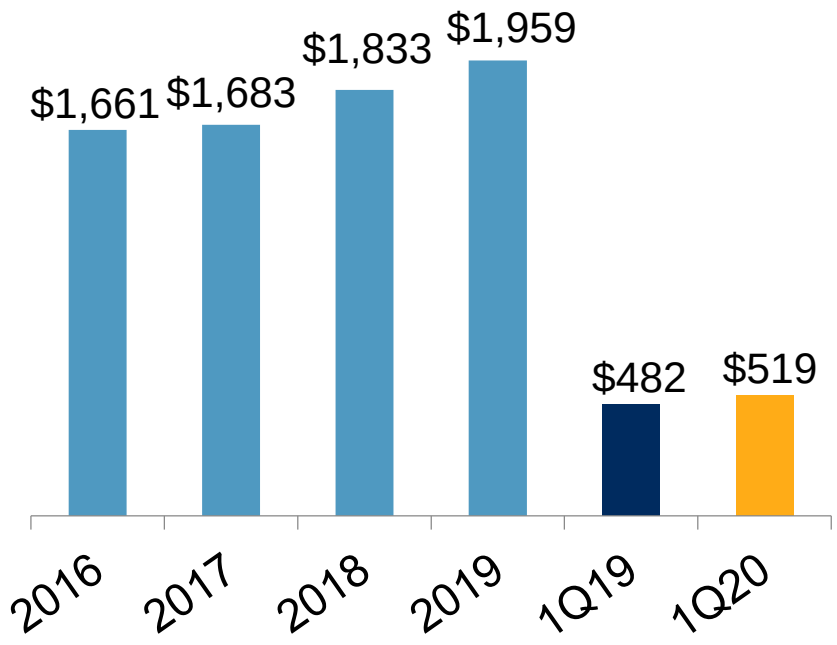
Continue index innovation (e.g. factors, smart beta, ESG)

Expand local presence in emerging markets

Increase global indices awareness

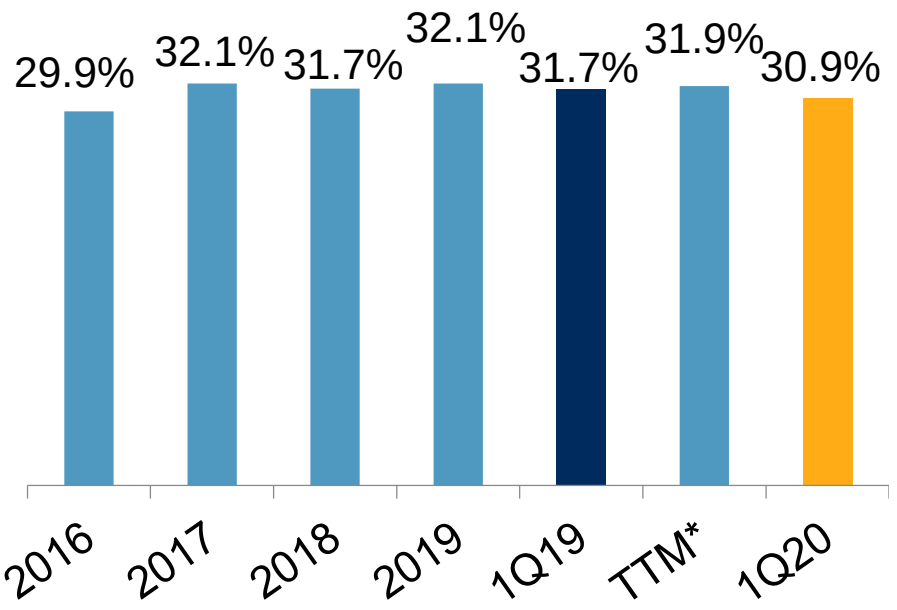
# Market Intelligence financial snapshot

## Revenue
3-year CAGR: 6%




($ in millions)

## Adjusted Operating Profit Margin**

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# S&P Global Market Intelligence

Desktop

Data Management Solutions

Credit Risk Solutions

**AREAS OF FOCUS:**

Release production version of new Market Intelligence platform

Transition Capital IQ users to the new platform

Continue to add unique content and analytical tools

**RECENTLY ACQUIRED:**

**451 Research** – Technology industry data

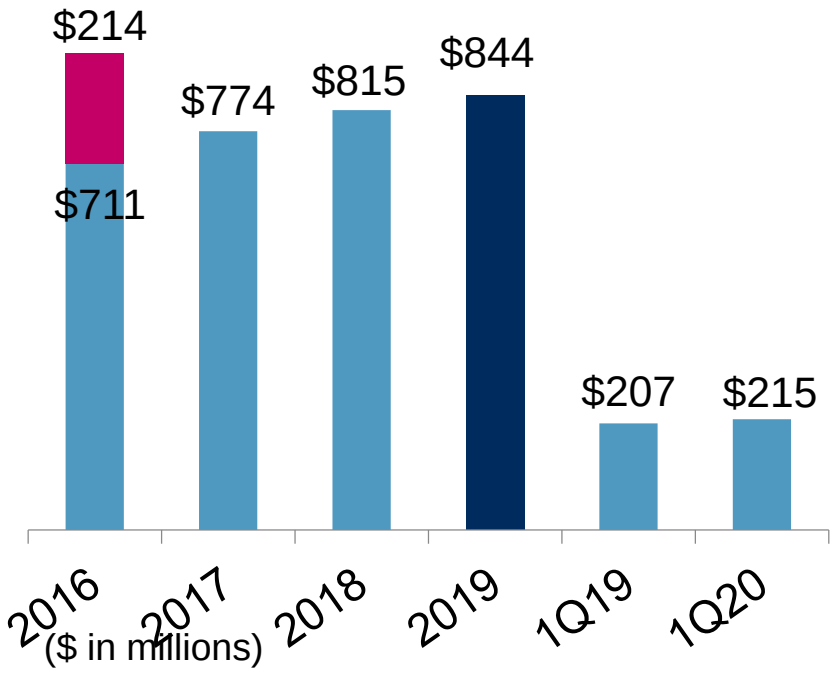
**RateWatch** – Bank data & analytics

# S&P Global Platts financial snapshot

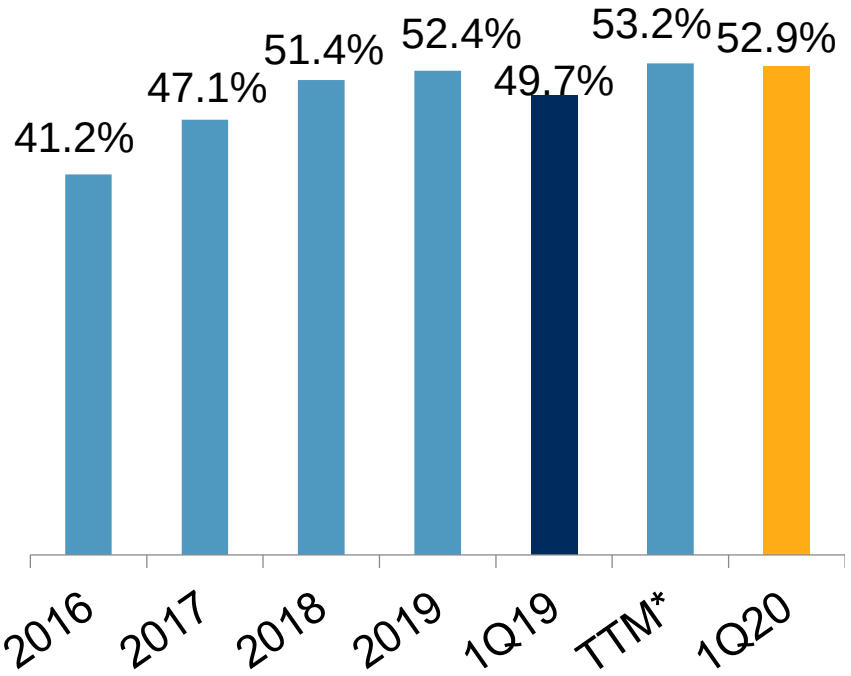
(Comparisons impacted by the sale of J.D. Power in September 2016)

## Revenue

Platts 3-year CAGR: 6%




## Adjusted Operating Profit Margin

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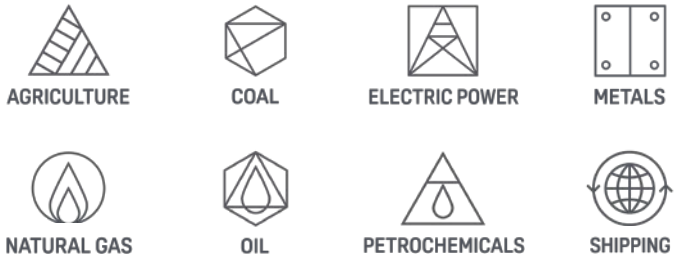
# S&P Global Platts

Revenue generated from subscriptions and licensing for derivative trading

Thousands of daily price assessments

Comprehensive coverage across commodity markets



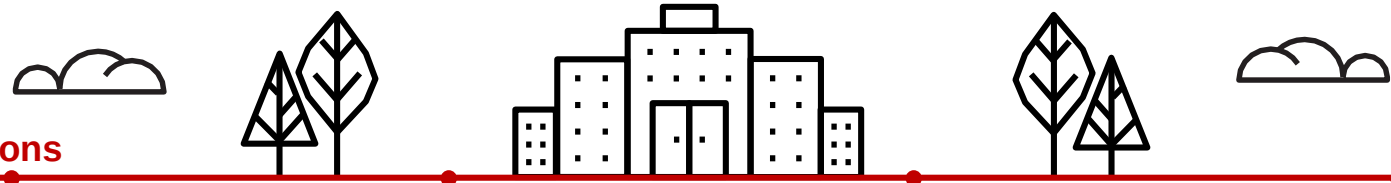

**AREAS OF FOCUS:**

Create world-class capability in trade flow analytics

Pursue unique benchmarks in new regions and markets

Develop exchange relationships in new markets / geographies

# S&P Global has a growing range of ESG solutions linked to a centralized production of content



**ESG Solutions**

### Ratings
Fixed Income, Equity, Any Entity

- ESG Evaluations
- ESG Risk Atlas
- Green Bond Evaluations
- Infrastructure research
- Energy research
- SAM ESG Ratings

### Market Intelligence
Corporates, Equity, Fixed Income

- Corp Environmental & Governance data
- Supply chain ESG risks
- ESG Footprinting
- Positive Impact
- ESG Analytics
- Energy, metals and mining, and plant operations data
- ESG news

### Indices
Equity & Fixed Income Passive

- ESG indices
  Core ESG, Climate, Thematic, Fixed Income
- ESG exclusions and controversies monitoring
- Customized research and benchmarks

### Platts
Corporates

- Energy & commodities
- 2° Scenario Planning
- Clean Energy Outlook reports
- Enviro commodity market analysis
- Alternative and clean energy commodity price assessments
- Energy and commodity news, asset data

**Centralized Production** — Public and private-company data • Asset-level data • Alternative data • SAM surveys • Trucost

# ESG performance highlights

**We see ESG as an essential component of sustainable company performance**

## Environmental

Commitment to sustainable supply chain through strong Vendor Code of Conduct

Shared our expertise with change-making sustainability organizations such as the Financial Stability Board's Task Force on Climate Related Financial Disclosures

20% of facilities ISO 14001 EMS certified with plans to continue certification in key offices

Decreased paper use by 57% since 2013, surpassing our 2018 goal of 15%

Neutralized emissions from employee travel earning the official CarbonNeutral® Travel certification

## Social

Ensuring a diverse & inclusive culture is set from the top through recruitment strategies and partnerships

Invested more than $8.5 million in the development of our employees

Launched EssentialTech initiative to train employees for the future of work. Nearly 14,000 have taken the 1st course -Automation, Machine Learning & AI

Clear alignment between the business priorities, talent agenda, and workforce planning for critical roles and emerging talent

## Governance

All directors (other than the CEO) are independent and the Chairman and CEO roles are separated

100% response rate on our annual Code of Business Ethics employee & manager training

Pay for Performance philosophy

Strong oversight over strategy and risk

Focus on Board refreshment; current members have an average tenure of 6.5 years

Strategic priority for board diversity, 4/12 Directors are women and 2 are African American

# Key governance highlights

| Accountability | Board Independence & Refreshment | Compensation & Risk Management |
|---|---|---|
| **Annual elections** for directors | **Independent Chairman** of the Board | **Equity Ownership Requirements** for directors and executive officers |
| **Majority voting** in uncontested director elections | All directors except our CEO are **independent** | **"Double trigger" vesting** of equity-based awards upon a change in control |
| **Special meeting rights** for shareholders holding 25% or more of the voting stock | **Executive sessions** of independent directors **every Board meeting**, with and without CEO present | **Pay recovery policy** or **"clawback"** applicable to employees under Company policy and S&P Global Ratings policy |
| **Proxy access** right for shareholders holding at least 3% of our outstanding shares for at least three years to nominate up to two directors or 20% of the Board, whichever is greater | Our nominees have an **average tenure of 6.5** years and half of our nominees have been members of the Board for five years or less | **Anti-hedging and anti-pledging policy** for directors and executive officers |
| **Annual performance evaluations** of the Board and each committee | **Retirement age** prevents directors from standing for re-election after reaching age 72, absent special exception | **Risk oversight**, including succession planning, by the Board and committees |

# ESG awards & recognition
















































# Stifel 2020 Virtual Cross Sector Insight Conference

**Doug Peterson**
**CEO**

**Chip Merritt**
**SVP Investor Relations**

June 8, 2020

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