4Q2023 Earnings Presentation

February 21, 2024

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

Forward-Looking Statements

This release contains forward-looking statements about Verisk's future performance, including those related to our financial guidance. 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, whether as a result of new information, future events, or otherwise except as required by applicable securities laws.

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.

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Business and Financial Highlights – 4Q23

- Organic constant currency (OCC) revenue grew 6.0%, with 7.3% growth in Underwriting and 2.8% growth in Claims. Normalizing for storm revenue in 4Q22, total OCC revenue grew 6.9% in 4Q23.
- OCC subscription revenue grew 7.3%, with broad-based growth across most of our businesses including forms, rules and loss costs, anti-fraud, property estimating and extreme events modeling.
- OCC non-subscription revenue grew a modest 0.8%, driven by strength in auto underwriting offset by softer results in property estimating due to tough comparisons from storm activity last year. Normalizing for storm revenue in 4Q22, OCC non-subscription revenue grew 4.1% in 4Q23.
- OCC adjusted EBITDA growth of 6.5% was driven by leverage on the strong revenue growth and cost discipline. This was offset in part by higher incentive compensation and continued investment in our technological transformation.
- Adjusted EBITDA margins expanded 70 basis points to 53.4% reflecting operational leverage and strong cost discipline.
- Paid $49 million in dividends and executed a new $250 million ASR that settled in 1Q24.



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Business and Financial Highlights – FY23

- Organic constant currency (OCC) revenue grew 8.7%, with 8.5% growth in Underwriting and 9.3% growth in Claims.
- OCC subscription revenue grew 8.6%, with broad-based growth across most of our businesses.
- OCC non-subscription revenue grew 9.2%, driven by strength in auto underwriting, life insurance and property estimating solutions.
- OCC adjusted EBITDA growth of 11.5% was driven by leverage on the strong revenue growth and cost discipline. This was offset in part by higher incentive compensation and continued investment in our technological transformation.
- Adjusted EBITDA margins expanded 150 basis points to 53.5% from 52.0% on Pro Forma basis, reflecting operational leverage and strong cost discipline.
- Returned $3.0 billion to shareholders in form of dividends and share repurchases, including a new $250 million ASR that settled in 1Q24.

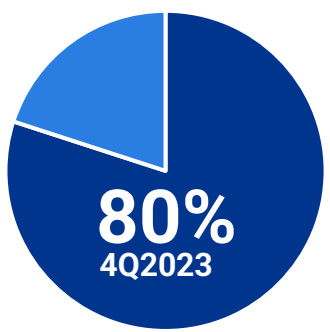


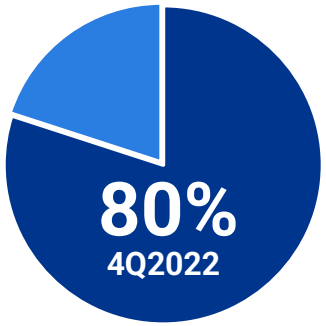
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Financial Summary – 4Q23

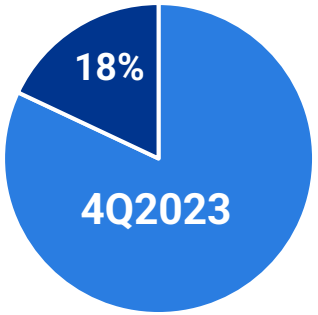
Three Months ended Dec 31[1]	2023	2022	% change
Revenue	$677.2M	$630.4M	7.4%
Net income	173.8	61.2	184.0
Adjusted net income	203.9	224.8	(9.3)
Adjusted EBITDA	362.0	332.0	9.0
Adjusted EBITDA margin	53.4%	52.7%	70 bps
Diluted GAAP EPS	$1.25	$1.37	(8.8)
Diluted adjusted EPS	$1.40	$1.43	(2.1)
Free cash flow[2]	196.1	169.3	15.8

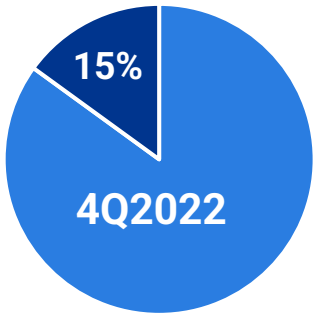
Subscription/Long-Term Revenue





International Revenue





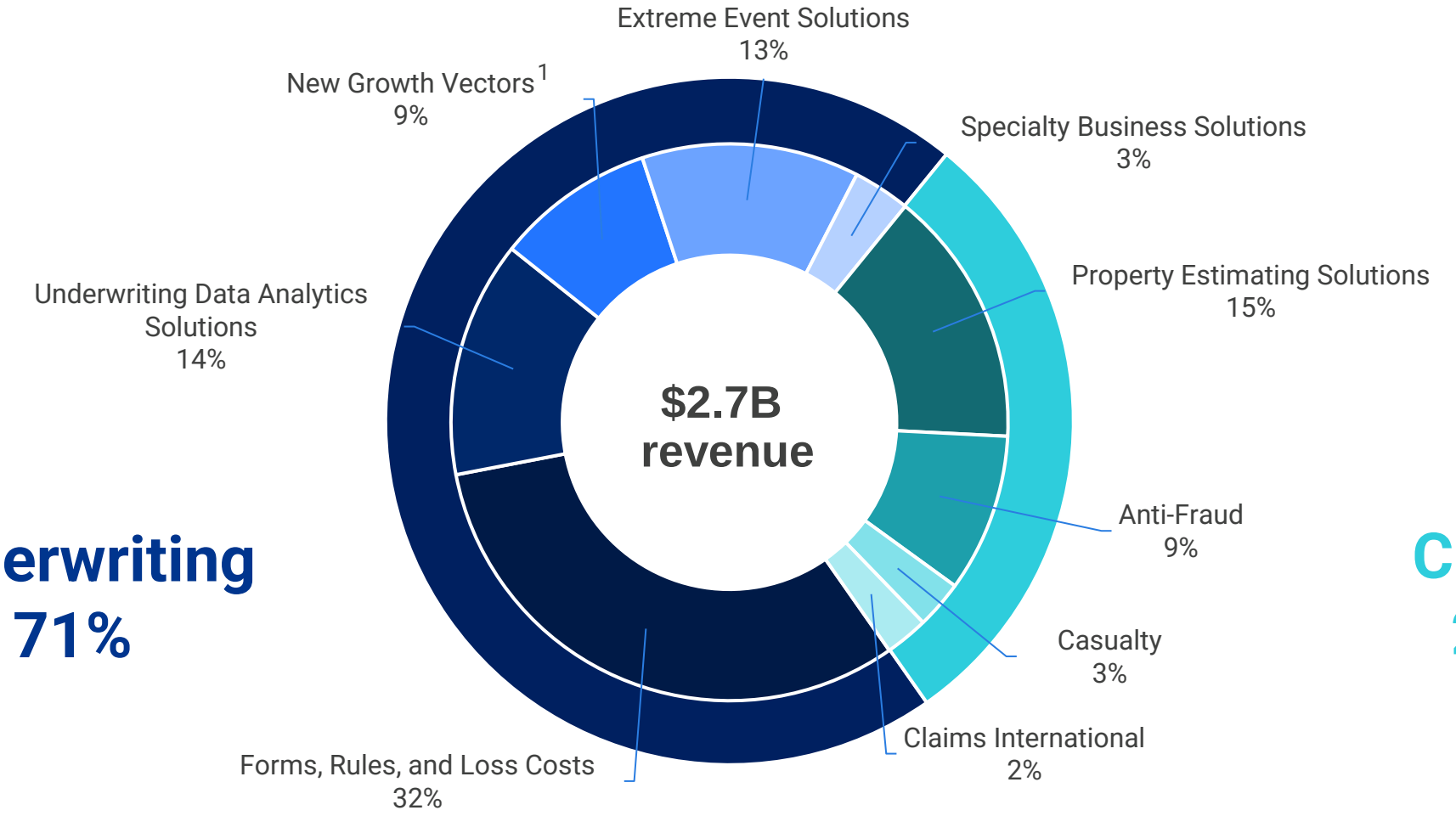
1. *Continuing Ops view excludes results from recently announced disposition of Energy business*
2. *Cash flow measures follow GAAP view and includes results from discontinued operations in prior period*

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Financial Results

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2023 Revenue Contribution



Underwriting 71%

Claims 29%

1. New Growth Vectors includes Life, Marketing and Underwriting Solutions International

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Subscription vs. Non-subscription Growth – Insurance Only

Organic Constant Currency (OCC)

OCC Growth	Subscription	Non-subscription	Total
FY21	**7.1%**	**6.0%**	**6.9%**
1Q22	7.2%	1.3%	6.1%
2Q22	7.3%	2.7%	6.4%
3Q22	6.1%	1.8%	5.3%
4Q22	7.2%	12.1%	8.1%
FY22	**6.9%**	**4.5%**	**6.5%**
1Q23	8.7%	14.4%	9.8%
2Q23	9.1%	12.4%	9.8%
3Q23	9.3%	10.2%	9.4%
4Q23	7.3%	0.8%	6.0%
FY23	**8.6%**	**9.2%**	**8.7%**

4Q23 Highlights

- **Subscription** revenue growth of 7.3% reflects strong contribution from:
  - forms, rules, and loss costs
  - anti-fraud analytics
  - property estimating
  - extreme event modeling

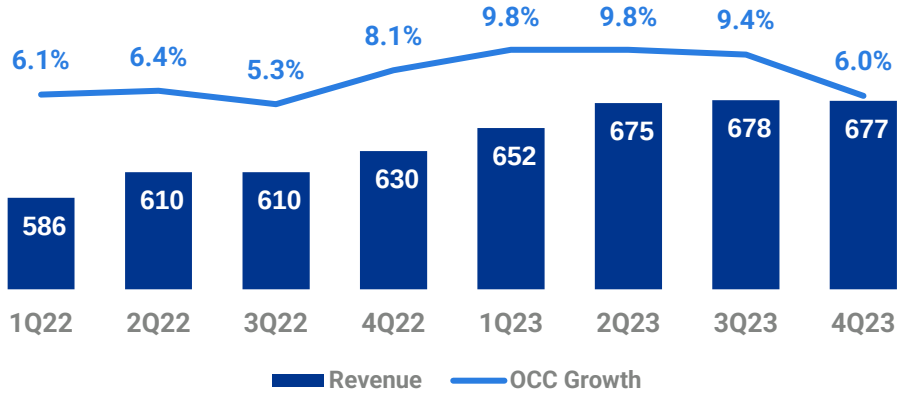
- **Non-subscription** revenue growth of 0.8% reflects strong performance in:
  - auto underwriting
  - life insurance

  Offset by:
  - property estimating due to tougher compare and storm revenue in 2022
  - anti-fraud due to conversion to subscription revenue from our Claims Essentials bundle

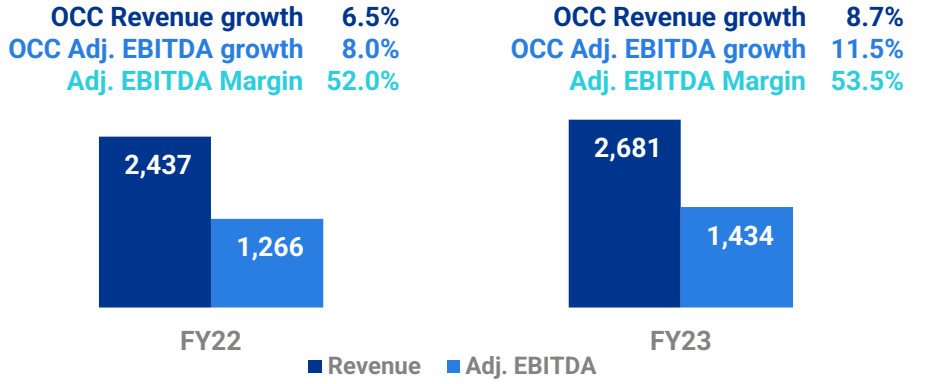
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Insurance Performance[1] - Pro Forma

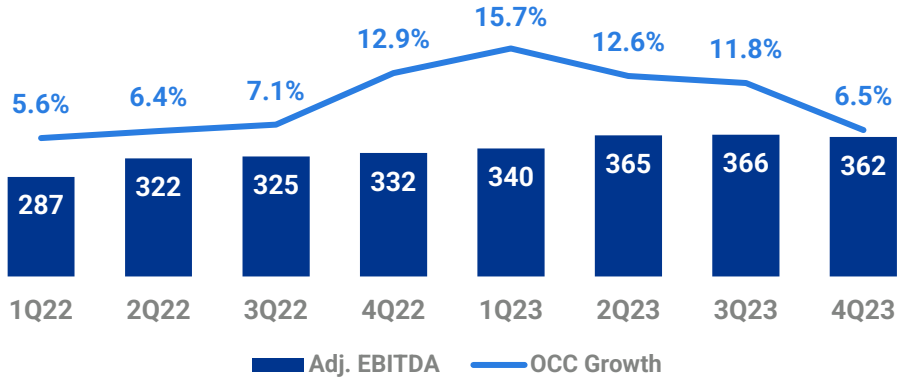
Revenue (Pro Forma)



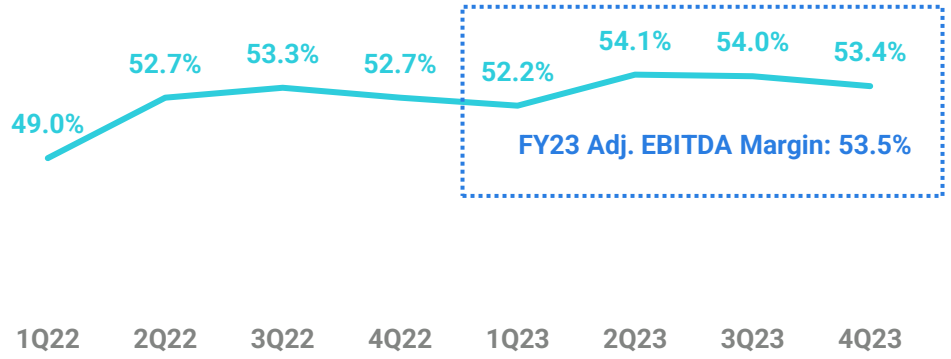
FY Revenue & Adjusted EBITDA (Pro Forma)



Adjusted EBITDA (Pro Forma)



Total Adjusted EBITDA Margin (Pro Forma)



1. *See the Appendix for reconciliation to all non-GAAP measures*

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Underwriting – Revenue

Industry-leading data analytics and insights

Underwriting Solutions
(incl. Forms, Rules, and Loss Costs & Underwriting Data Analytics Solutions)
Industry-standard insurance programs, property-specific underwriting & rating information, and underwriting data solutions.

Extreme Event Solutions
Catastrophe and extreme event models and data covering natural and man-made risks such as terrorism.

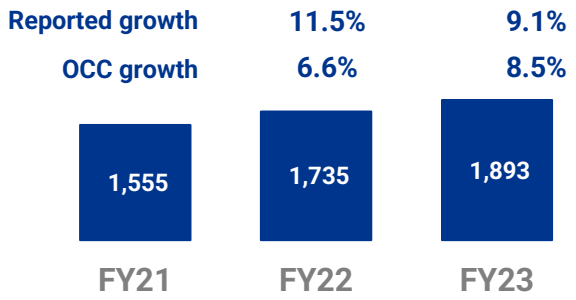
Life
Power for simplified automation, decisions, and processes across the life insurance value chain, driven by an unparalleled array of data sources.

Specialty Business Solutions
Integrated suite of software that provides full, end-to-end management of all insurance and reinsurance business.

Marketing
Identity resolution and consumer intelligence to humanize marketing interactions while upholding the highest data security and privacy standards.

International
A growing, global array of data and analytic solutions for risk assessment, underwriting, claims, and more.

Historical Performance

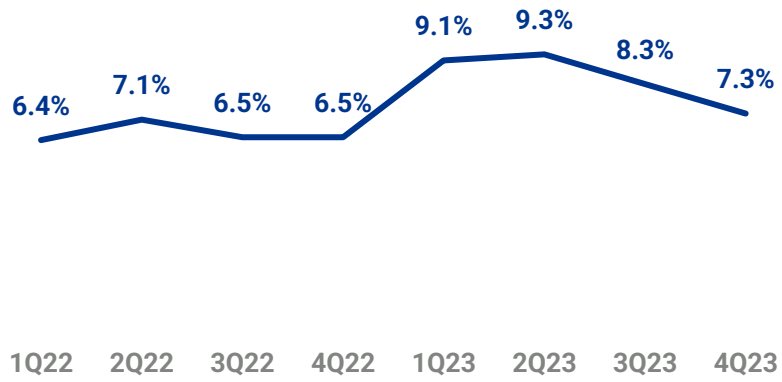


Revenue

Business Highlights

- Underwriting OCC revenue grew 7.3% driven by strong performance across most business units
  - Strong contribution from forms, rules, and loss costs, underwriting data analytics solutions, and extreme events solutions
  - Strong double-digit growth delivered by our life insurance, ESG solutions, and International businesses
- Marketing solutions experienced continued weakness as clients are cautious on spending for new customer acquisitions

OCC Growth



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Claims – Revenue

Industry-leading data analytics and insights

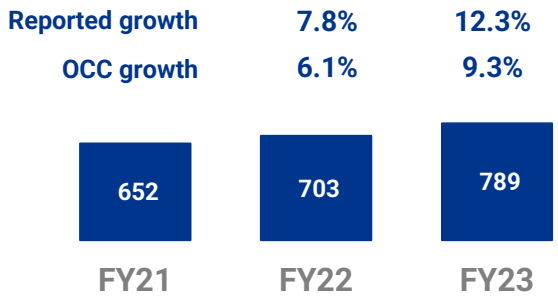
Property Estimating Solutions
Loss quantification and repair cost estimating for professionals involved in all phases of building and repair.

Anti-Fraud Solutions
Unmatched industry data and leading analytics in a comprehensive suite of anti-fraud solutions.

Casualty Solutions
Broad claims compliance solutions and proven analytics to improve workers' comp and liability claims management.

International
A growing, global array of data and analytic solutions for risk assessment, underwriting, claims, and more.

Historical Performance

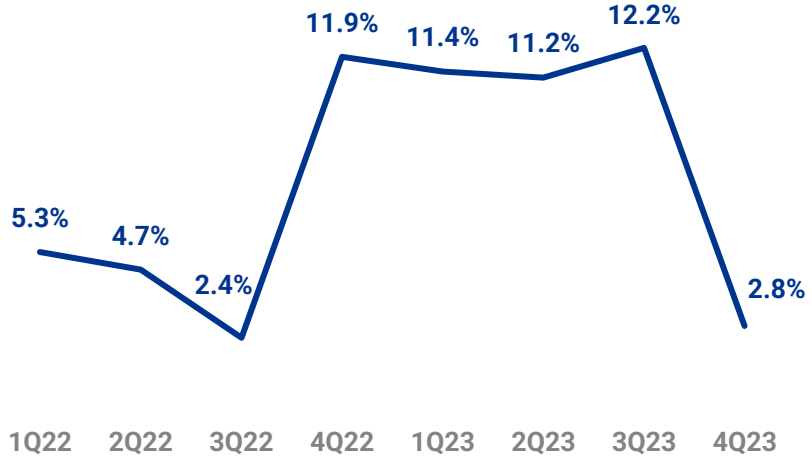


Revenue

Business Highlights

- Claims OCC revenue grew 2.8%, primarily driven by:
  - Strong growth in Anti-fraud solutions helped by conversions to subscription from previous transactional customers
  - Softer results in Property Estimating solutions driven by tough compare due to storm revenue in 4Q22
  - Normalizing for storm revenue in 4Q22, Claims OCC revenue grew 6.0% in 4Q23

OCC Growth



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Cash Flow and Capital



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Cash Flow Utilization

(in $ millions)	2021	2022	2023	4Q22	4Q23
Net cash provided by operating activities[1,2]	$1,156M	$1,059M	$1,061M	$249M	$252M
Capital expenditures	(268)	(275)	(230)	(80)	(56)
Free cash flow (FCF)	888	784	831	169	196
Acquisitions (net of cash acquired) and related items[1]	(290)	(449)	(83)	-	-
Proceeds from sale of assets and settlement of related note	-	1,073	3,066	-	-
Net long-term debt (repayments)	110	30	(770)	50	-
Purchase of investments in a nonpublic company	(24)	(46)	(2)	(2)	(1)
Repurchases of common stock[3]	(475)	(1,663)	(2,800)	(466)	(250)
Dividends paid	(188)	(195)	(197)	(48)	(49)

1. *Includes acquisition-related earnout payments from both operating and financing activities*
2. *Cash flow measures follow GAAP view and includes the impact from recent dispositions, including discontinued operations*
3. *Includes shares repurchased but not yet settled as of 4Q23. 2023 share repurchases also includes $250 million ASR executed during the fourth quarter of 2023 and settled in the first quarter of 2024*

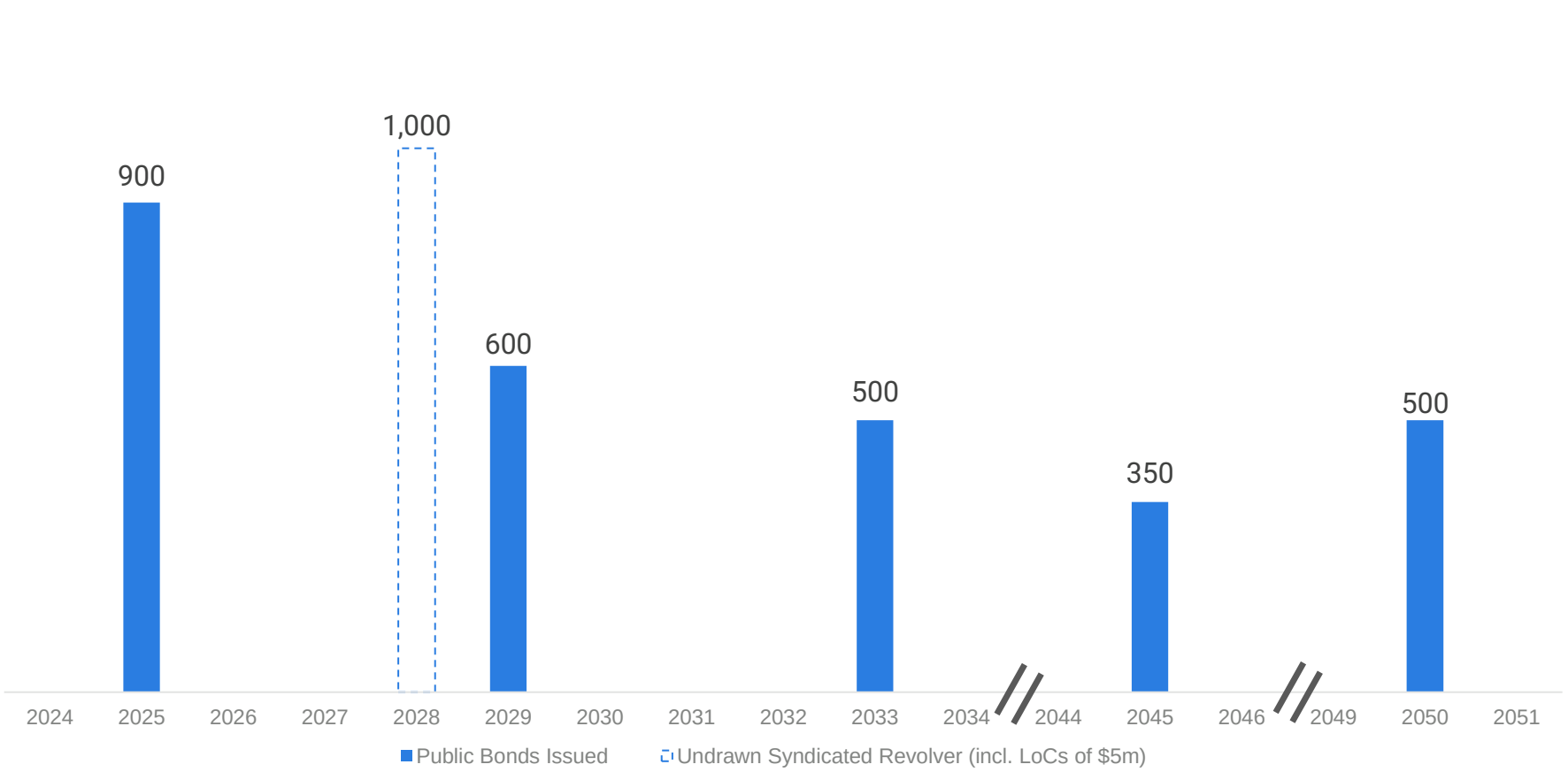
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Capital Structure

(in $ millions)	as of Dec. 2023
Bonds	**$2,850**
Revolver Drawn	**-**
Total Debt [1]	**$2,850**
Debt/EBITDA [2]	**2.0x**

Investment Grade Ratings

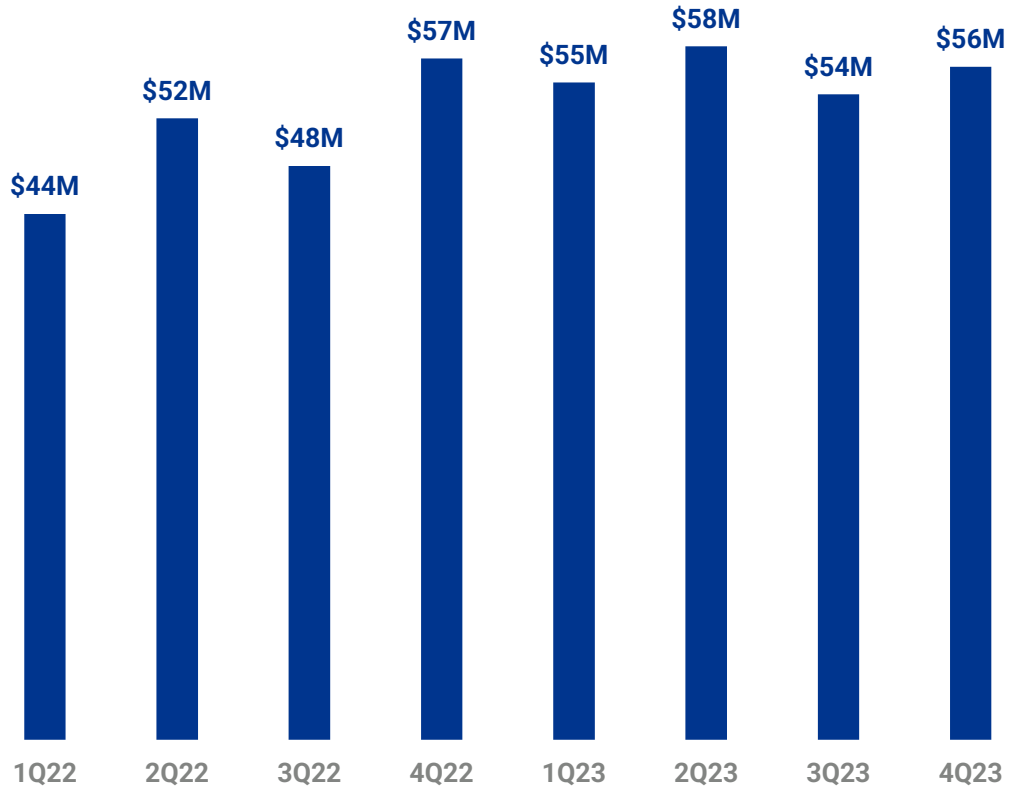
S&P	BBB
Moody's	Baa2
Fitch	BBB+

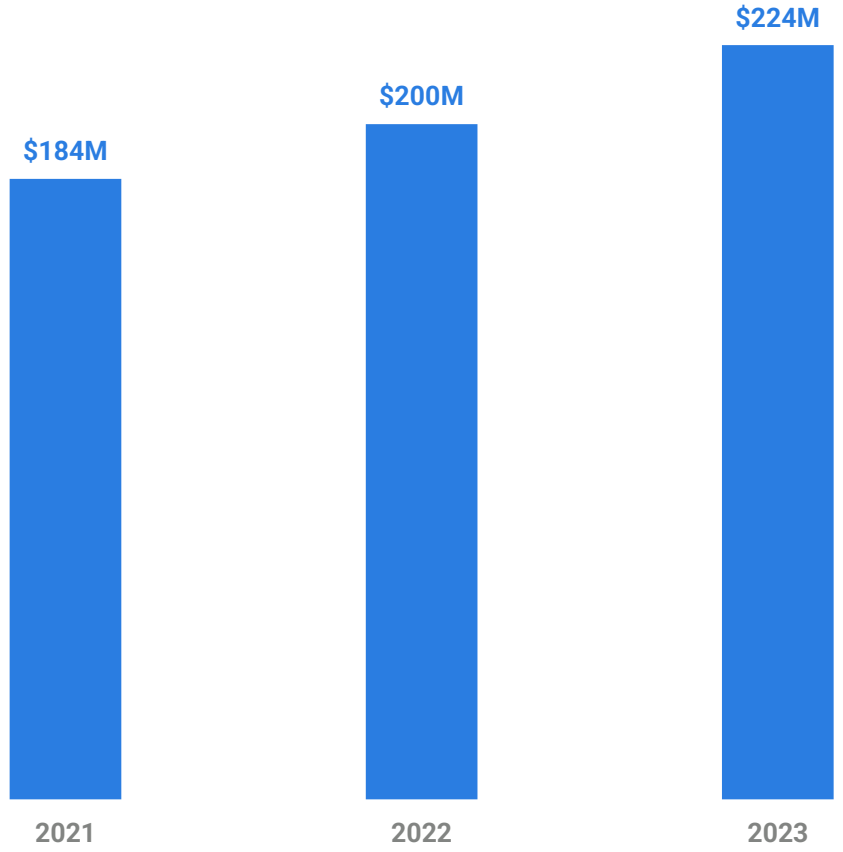


1. Total debt excludes finance lease liabilities, any issued letters of credit, and issued surety bonds.
2. Debt/EBITDA of 2.0x is based on LTM Adjusted EBITDA.

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Capital Expenditures – Insurance Only

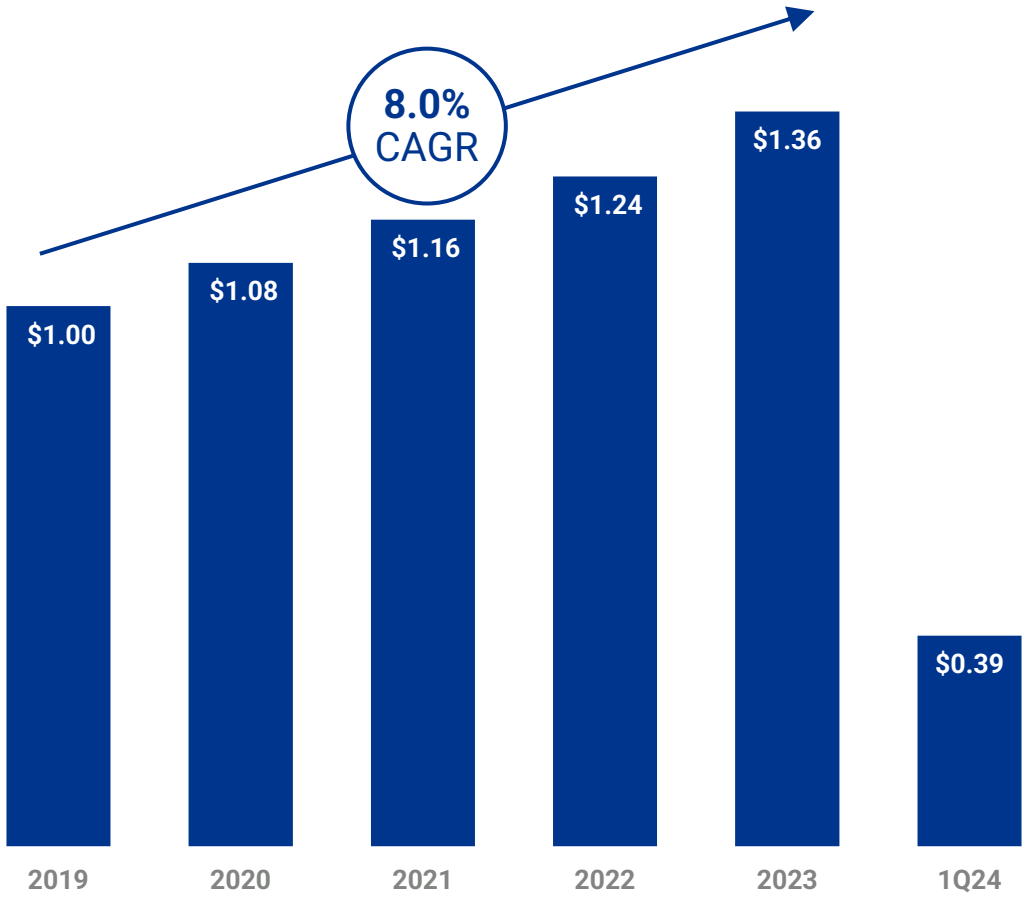




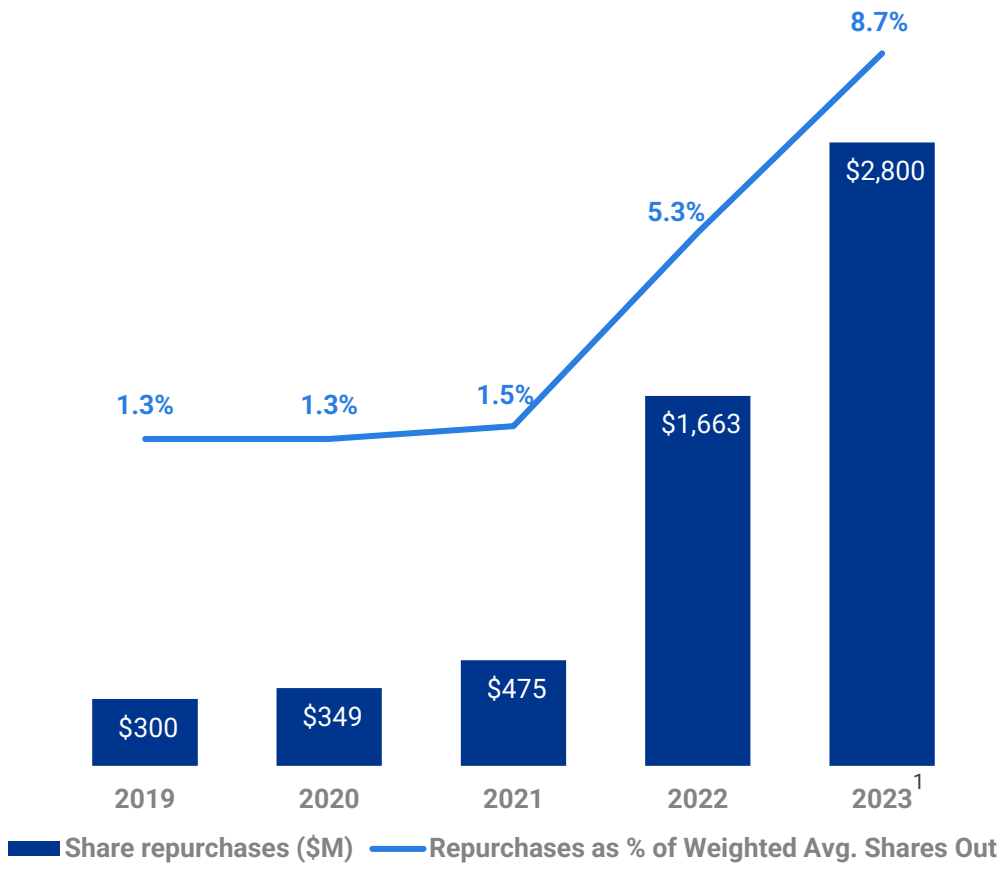
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Capital Return

Dividend per Share



Share Repurchases



1. 2023 share repurchases includes $250 million ASR executed during the fourth quarter of 2023 and was settled in the first quarter of 2024.

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2024 Outlook

Metric	2024 Guidance
Total Revenue	$2.84 – $2.90B
Adjusted EBITDA	$1.54 – $1.60B
Adjusted EBITDA margin	54.0% – 55.0%
Diluted Adjusted EPS	$6.30 – $6.60
Tax rate	23% – 25%
Capex	$240 – $260M
Fixed asset D&A	$210 – $240M
Intangible amortization	$75M
Q1 Dividend Per Share	$0.39

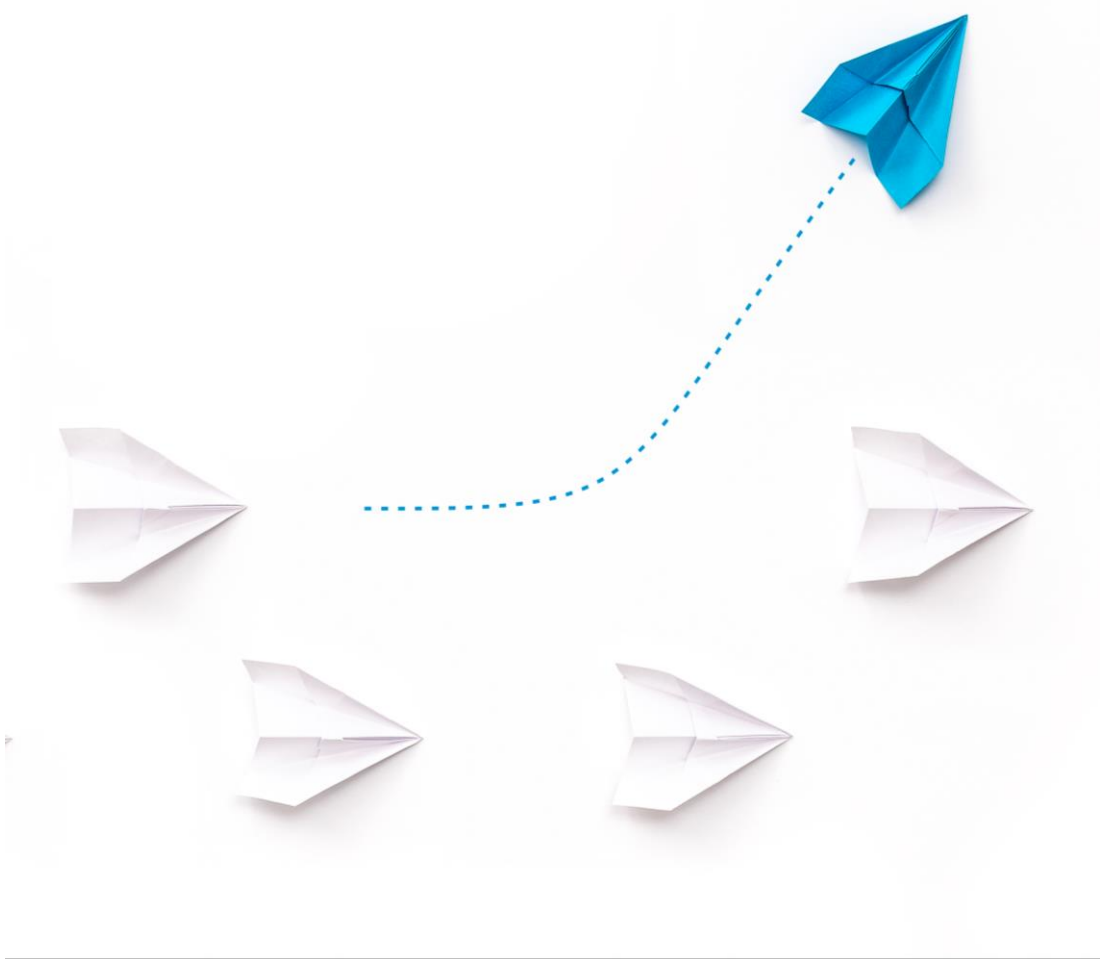
We are not able to provide a reconciliation of projected Adjusted EBITDA and Adjusted EBITDA margin to the most directly comparable expected GAAP results because of the unreasonable effort and high unpredictability of estimating certain items that are excluded from non-GAAP Adjusted EBITDA and Adjusted EBITDA margin, including, for example, tax consequences, acquisition-related costs, gain/loss from dispositions and other non-recurring expenses, the effect of which may be significant.

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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.
- Allocate capital to attractive return opportunities in excess of risk-adjusted WACC with highest value creation opportunity.
- Host biannual project level reviews for all capex spend with each business unit.
- Target returns to exceed WACC in approximately three years.
- Evaluate capital return alternatives.
- Determine capital return allocation through dividends and share repurchases.
- Maintain investment grade rating as important to customers; target leverage of 2–3x.



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Appendix:

Supplemental Slides and/or Non-GAAP Reconciliations

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Non-GAAP Reconciliations

Specified Metrics

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.

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, net; and (iv) provision for income taxes. Adjusted EBITDA represents EBITDA adjusted for acquisition-related costs (earn-outs), gain/loss from dispositions (which includes businesses held for sale), and nonrecurring gain/loss. Adjusted EBITDA expenses represent adjusted EBITDA net of revenues. We believe these measures are useful and meaningful because they allow for greater transparency regarding our 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 includes businesses held for sale), net of tax; and (iv) nonrecurring gain/loss, net of tax. Diluted adjusted EPS represents adjusted net income divided by weighted-average diluted shares. We believe these measures are useful and meaningful because they allow evaluation of the after-tax profitability of our 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. We believe free cash flow is an important measure of the recurring cash generated by our operations that may be available to repay debt obligations, repurchase our stock, invest in future growth through new business development activities, or make acquisitions.

Organic

Organic is defined as operating results excluding the effect of recent acquisitions and dispositions (which include businesses held for sale), and nonrecurring gain/loss associated with cost-based and equity-method investments 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. We believe 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 and the impact of recent dispositions, for which results are removed from all prior periods presented to allow for comparability.

Organic Constant Currency (OCC) Growth Rate

Organic Constant Currency (OCC) Growth Rate: Our 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 we transact changes in value over time compared with the U.S. dollar; accordingly, we present certain constant currency financial information to assess how we performed excluding the impact of foreign currency exchange rate fluctuations. We calculate constant currency by translating comparable prior-year-period results at the currency exchange rates used in the current period. We believe organic constant currency is a useful and meaningful measure to enhance investors' understanding of the continuing operating performance of our business and to facilitate the comparison of period-to-period performance because it excludes the impact of foreign exchange rate movements, acquisitions, and dispositions.

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Non-GAAP Reconciliations

Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation	4Q23			4Q22		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	$677.2M	—	—	$630.4M	—	—
Revenues from acquisitions and dispositions	(6.9)	—	—	—	—	—
Organic revenues	**670.3**	**—**	**—**	**630.4**	—	—
EBITDA	356.9	—	—	342.8	0.5	(2.6)
Acquisition-related costs (earn-outs)	2.0	—	—	(10.7)	—	—
(Gain) loss from dispositions from cont. ops	(15.9)	—	—	—	(0.4)	2.4
Litigation reserve	19.0	—	—	—	—	—
Adjusted EBITDA	**362.0**	**—**	**—**	**332.1**	**0.1**	(0.2)
Adjusted EBITDA from acquisitions and dispositions	(0.7)	—	—	0.7	(0.1)	0.2
Organic adjusted EBITDA	**361.3**	**—**	**—**	**332.8**	**—**	**—**

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Non-GAAP Reconciliations

2021 and 2022 Pro Forma Revenues and EBITDA

	2023	2022					2021				
	1Q	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
Revenues (Insurance)	$652M	$586M	$610M	$610M	$630M	$2,437M	$536M	$550M	$558M	$563M	$2,207M
Revenues from acquisitions	23	(20)	(28)	(28)	(28)	(105)	(1)	-	(0)	(2)	(3)
Organic revenues	**629**	**567**	**582**	**582**	**602**	**2,332**	**535**	**550**	**558**	**562**	**2,204**
Net income attributable to Verisk (reported)[1]	56	506	198	189	61	954	169	154	202	142	666
(Income) loss from discontinued operations[2]	(138)	(19)	(24)	(24)	155	88	(21)	8	(22)	(24)	(59)
Income from continuing operations	194	487	173	166	216	1,042	148	161	179	118	607
Depreciation and amortization of fixed assets	45	40	39	42	43	164	42	43	43	42	170
Amortization of intangible assets	18	21	18	18	17	74	21	25	14	20	80
Interest expense	26	31	32	34	41	139	35	31	30	30	127
Provision for income taxes	72	103	41	53	24	220	46	57	53	24	179
EBITDA	355	682	304	312	341	1,639	292	318	318	235	1,164
Impairment loss	-	74	-	-	-	74	-	-	-	134	134
Litigation reserve	-	-	-	-	-	-	-	-	-	(50)	(50)
Acquisition-related costs (earn-outs)	(15)	-	-	8	(11)	(3)	(0)	0	0	-	0
Severance expense	-	-	2	-	-	2	-	-	-	-	-
Loss (gain) from dispositions	-	(451)	16	5	2	(428)	-	-	-	-	-
EBITDA from dispositions[3]	-	(18)	(0)	0	0	(18)	(19)	(21)	(22)	(27)	(88)
Adjusted EBITDA (Pro Forma)	**340**	**287**	**322**	**325**	**332**	**1,266**	**274**	**297**	**297**	**292**	**1,160**
Adjusted EBITDA from acquisitions	(5)	(4)	(7)	(8)	(6)	(25)	1	-	0	1	2
Organic adjusted EBITDA (Pro Forma)	**$335M**	**$284M**	**$315M**	**$318M**	**$326M**	**$1,242M**	**$274M**	**$297M**	**$297M**	**$293M**	**$1,162M**

1. *As reported in the Company's 2021 and 2022 10-k filing.*
2. *(Income) loss from discontinued operations reflects the results of our recently announced disposition of the Energy business*
3. *Includes 3E and VFS*

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Non-GAAP Reconciliations

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

Adjusted Net Income and EPS	FY23	FY22	4Q23	4Q22
Net income	$614.4M	$954.3M	$173.8M	$61.2M
Income from discontinued operations, net of tax expense	(154.0)	(87.8)	(8.5)	(154.6)
Income from continuing operations	768.4	1,042.1	182.3	215.8
plus: Amortization of intangibles	74.6	74.4	18.5	17.0
less: Income tax effect on amortization of intangibles	(18.7)	(18.6)	(4.7)	(4.2)
plus: Litigation reserve expense (release)	38.2	—	19.0	—
plus: Income tax effect on litigation reserve	(0.5)	—	(0.5)	—
plus: Acquisition-related costs and interest expense (earn-outs)	(19.4)	(0.1)	2.0	(7.7)
less: Income tax effect on acquisition-related costs and interest expense (earn-outs)	4.9	0.1	(0.5)	1.9
plus: Impairment loss	—	73.7	—	—
less: Income tax effect on impairment loss	—	(16.8)	—	—
plus: Loss (gain) from dispositions	(15.9)	(427.9)	(15.9)	2.0
less: Income tax effect on gain from dispositions	3.7	67.4	3.7	—
plus: Impairment of cost-based investments	6.5	—	—	—
less: Income tax effect on impairment of cost-based investments	(0.4)	—	—	—
plus: Severance expense	—	1.8	—	—
less: Income tax effect on severance expense	—	(0.4)	—	—
Adjusted net income	**841.4**	**795.7**	**203.9**	**224.8**
Diluted EPS attributable to Verisk	**$5.22**	**$6.55**	**$1.25**	**$1.37**
Diluted adjusted EPS	**$5.71**	**$5.01**	**$1.40**	**$1.43**
Weighted-average diluted shares outstanding	147.3M	158.9M	145.4M	157.0M

Free Cash Flow	FY23	FY22	4Q23	3Q22
Net cash provided by operating activities	$1,060.7M	$1,059.0M	$252.4M	$249.0M
Capital expenditures	(230.0)	(274.7)	(56.3)	(79.7)
Free cash flow	**830.7**	**784.3**	**196.1**	**169.3**

1. *Cash flow measures follow GAAP view and includes the impact from recent dispositions, including discontinued operations.*

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Non-GAAP Reconciliations

Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation	FY23 Insurance	FY23 E&SM	FY23 FS	FY22 Insurance	FY22 E&SM	FY22 FS
Revenues	$2,681.4M	—	—	$2,437.0M	$22.4M	$37.6M
Revenues from acquisitions and dispositions	(42.9)	—	—	(10.5)	(22.4)	(37.6)
Organic revenues	**2,638.5**	—	—	**2,426.5**	**-**	**-**
EBITDA	1,424.1	—	—	1,303.0	426.2	(89.4)
Impairment loss	—	—	—	—	—	73.7
Impairment of cost-based investments	6.5	—	—	—	—	—
Litigation reserve	38.2	—	—	—	—	—
Acquisition-related costs (earn-outs)	(19.4)	—	—	(3.0)	—	—
Severance expense	—	—	—	—	1.8	—
(Gain) loss from dispositions	(15.9)	—	—	—	(449.9)	22.1
Adjusted EBITDA	**1,433.5**	—	—	**1,300.0**	**(21.9)**	**6.4**
Adjusted EBITDA from acquisitions and dispositions	(8.1)	—	—	(28.7)	21.9	(6.4)
Organic adjusted EBITDA	**1,425.4**	—	—	**1,271.3**	—	—

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