Verisk Analytics

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William Blair 35th Annual Growth Stock Conference
June 9, 2015

Verisk Analytics

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

Forward-Looking Statements

This presentation 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 presentation 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, 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 EBITDA, EBITDA margin, and unlevered 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: A Market Leading Provider of Vertical Data Analytics

Multiple Thick Verticals, Enabled

Insurance	Energy	Healthcare	Financial Services	Supply Chain

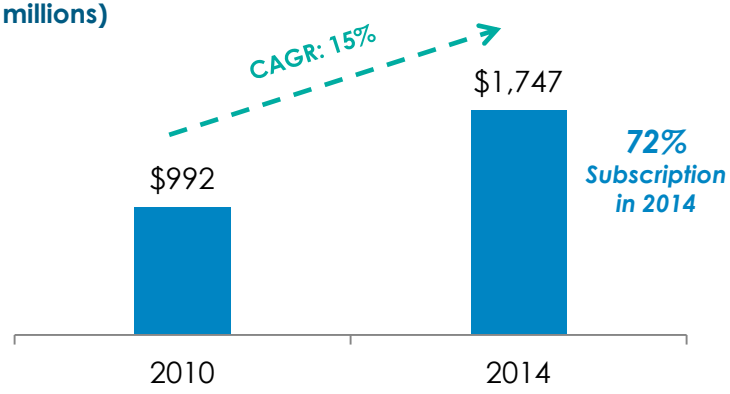
- Insight via Proprietary/ Unstructured Data
- Analytics Framework
- Digital Platform
- Global IT / Data Center Infrastructure

Data / Analytic Mindset

1. n+1 Data Set (proprietary)
2. Analytic Differentiation
3. A Leader as a Development Partner
4. Excellence at ETL (Extract, Transform and Load)
5. Excellent Visualization of Content
6. Demonstrated Value in Use

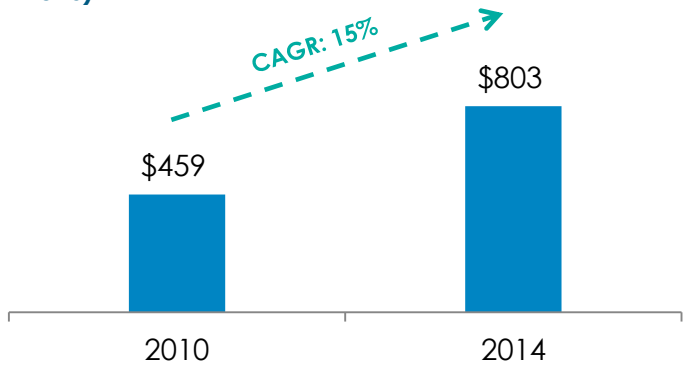
Revenue (1)

($ millions)



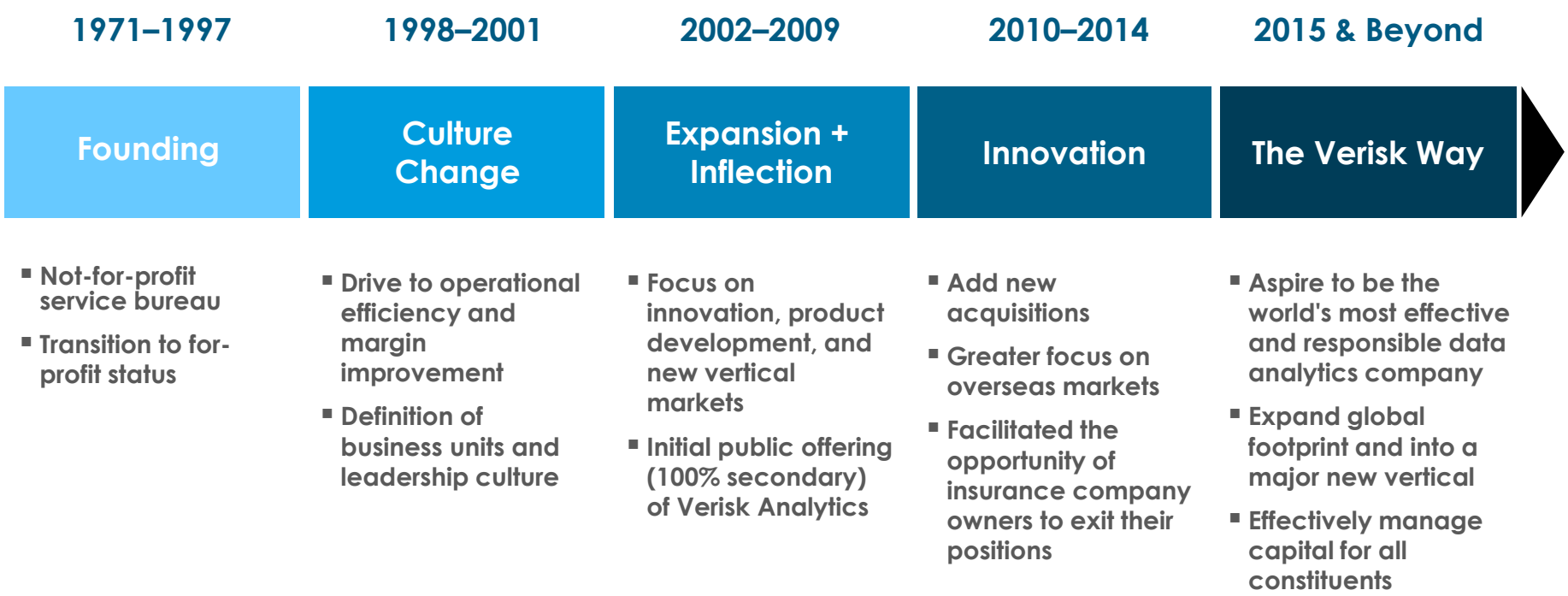
EBITDA (1)(2)

($ millions)



(1) From continuing operations.
(2) EBITDA defined as net income before interest expense, provision for income taxes, depreciation and amortization of fixed and intangible assets (in each case from continuing operations), and depreciation, amortization, interest, provision for taxes from discontinued operations, less discontinued operations . Please see appendix for EBITDA reconciliation.

Verisk: Continuous Evolution and Value Creation via Excellent Execution and Strategic Acquisitions



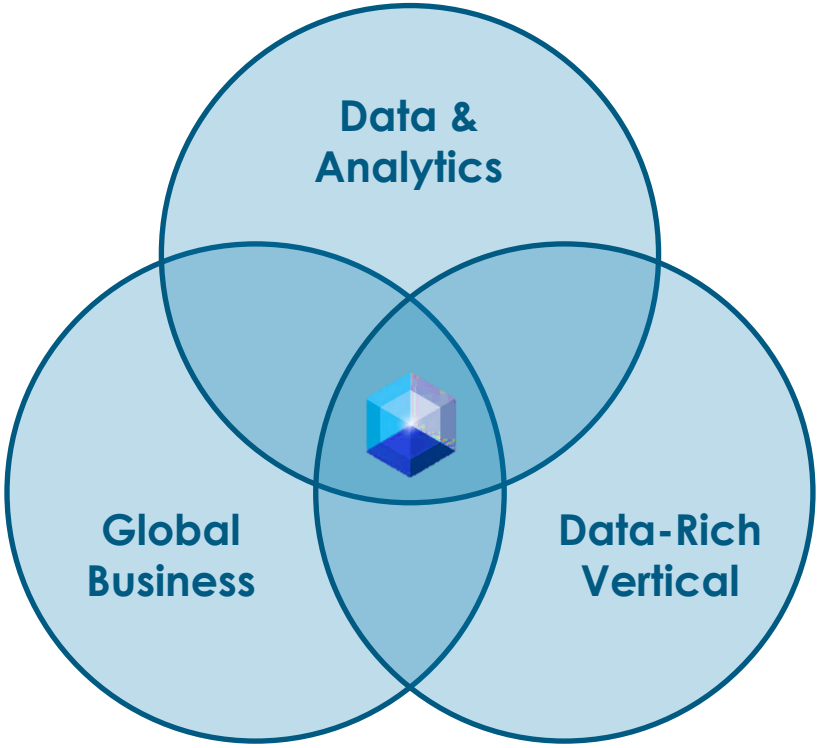
Insurance: Industry-Leading Analytics Solutions

	Competitive Advantage	Primary Competitors
Risk Assessment		
Industry-Standard Insurance Programs	**Extensive time-series data and coverage language in >200M policies**	**Internal**
Property Information	**Comprehensive database of 3.7M commercial buildings & ratings on ~47,000 fire protection areas**	**Internal**
Underwriting Solutions	**Comprehensive industry-standard information**	CoreLogic, MSB, REED ELSEVIER
Decision Analytics		
Claims Adjudication and Fraud Detection Solutions	**Industry database totaling 1 billion claims**	**Internal**
Catastrophe Modeling	**Advanced science, advanced software platform covering 90 countries**	RMS, CoreLogic EQECAT
Property Damage Claims Estimating	**100M structural estimation price points and integrated network**	simsol, symbility

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

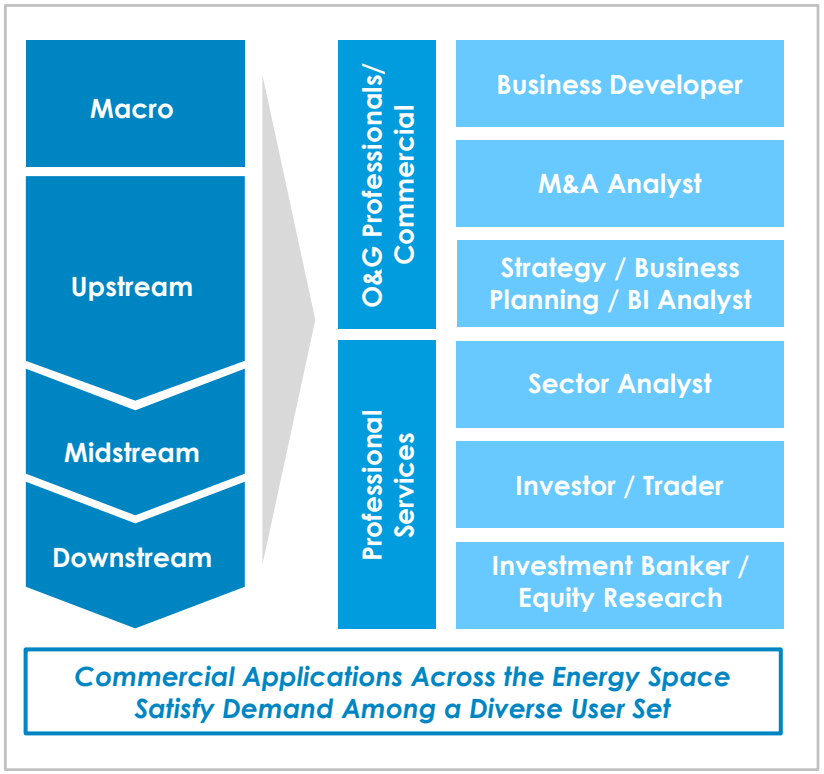
Energy: WoodMac is a Verisk-Like Business

Verisk Distinctives	Verisk Analytics	Wood Mackenzie
Unique Data Assets & Decision-Making Models	✓	✓
Deep Domain Expertise	✓	✓
First-Mover Advantage	✓	✓
Embedded in Customer Workflows	✓	✓
Company Specific Attributes		
Track Record of Growth & Innovation	✓	✓
Subscription Revenue Model and High Customer Retention	✓	✓

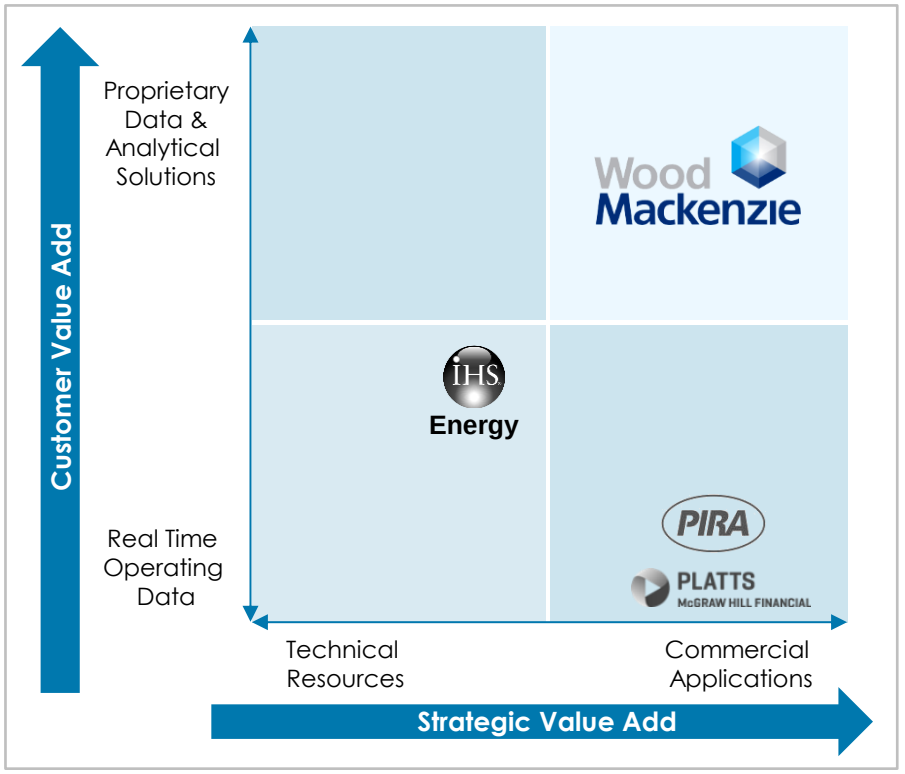


Energy: Industry Standard for Commercial Analysis and Solutions

WoodMac Analytics are Strategic Components of Customer Workflows…



…Creating A Differentiated Value Proposition



Energy: Analytics Enhance Existing Verisk Value Proposition

Potential Near Term Opportunities

Wood Mackenzie

- CAT Modeling
- Business Interruption Risk
- Political Risk Analysis
- Climate Modeling
- Workers Comp
- Production and Manufacturing Inputs

n+1 Opportunities

Verisk Analytics

- Insurance
- Supply Chain
- Climate

\+

Wood Mackenzie

- Energy

New proprietary data and analytics that can help customers

Healthcare: Addressing Our Clients' Challenges

Increasingly Complex Regulatory Environment	Greater Need for Cost Containment	Shift to Value-Based Healthcare

Our Solutions

Revenue



Solutions to align patient risk with appropriate reimbursement

Payment



Solutions to ensure accurate payments and identify and eliminate fraud, waste, and abuse

Population



Analytics and reporting solutions to identify clinical and financial risk and drive performance improvement

Quality



Solutions to drive compliant revenue, achieve regulatory reporting needs, and improve quality

Competitors

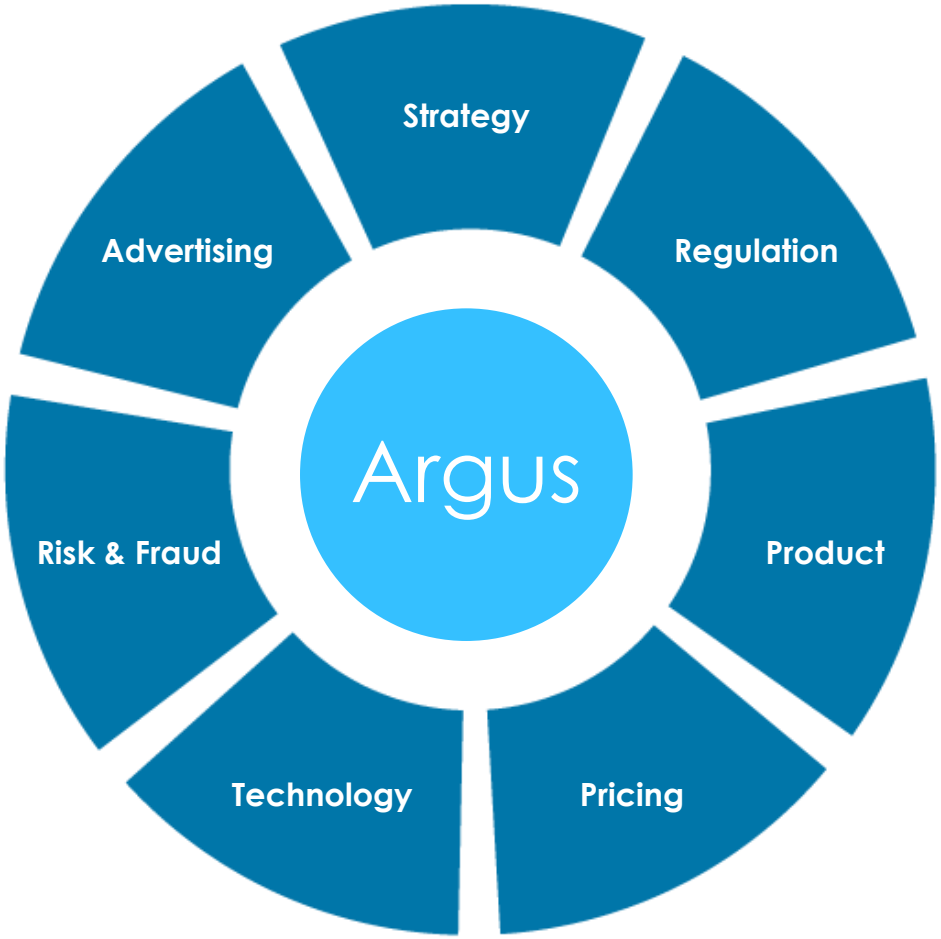
Revenue: Inovalon, OPTUMInsight, Altegra Health, TriZetto

Payment: OPTUMInsight, iHealth Technologies, LexisNexis, McKesson

Population: OPTUMInsight, Truven, McKesson, The Advisory Board Company, HealthCatalyst, explorys

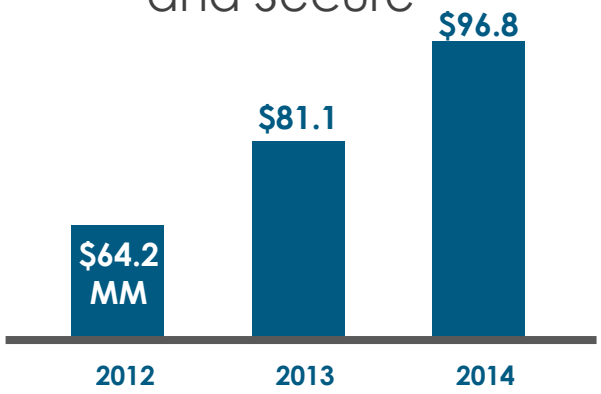
Quality: Inovalon, VHPS General Dynamics Information Technology, Altegra Health

Financial Services: Leading Provider of Data Analytic Solutions for Banks and Their Regulators



At the foundation of our value-creating solutions…

- Unique and Proprietary Consortia Datasets
- Deep Domain Expertise in Analytics and Banking
- Big-Data Technology Platform that is Scaled and Secure



Financial Services: Providing Valuable and Differentiated Solutions Built on Unique Data Assets

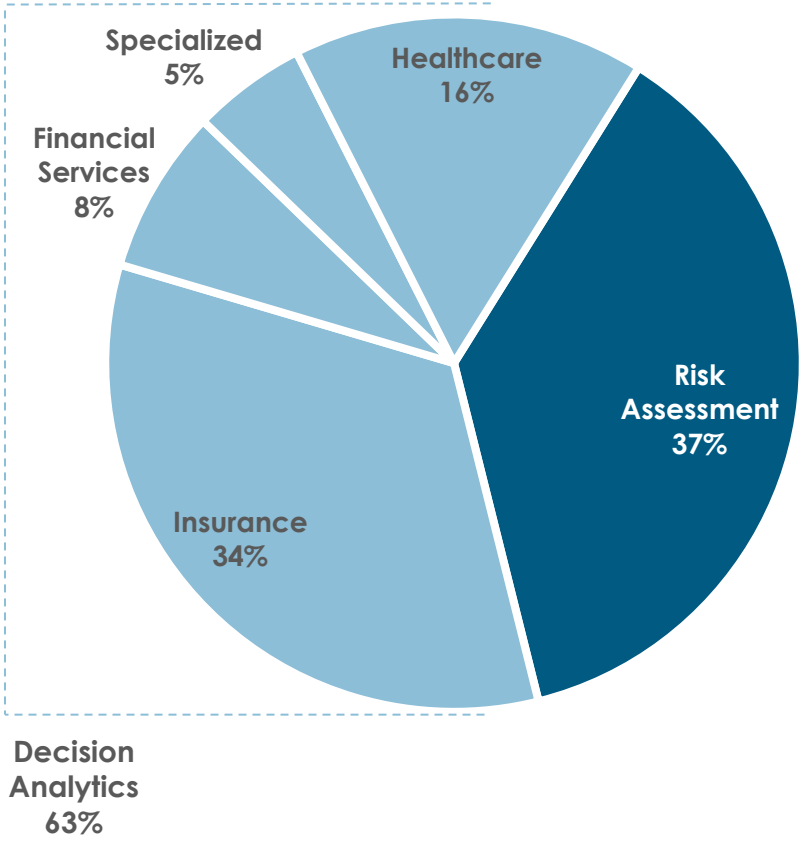
	Description	Argus*	Credit Bureaus	Payment Networks	Payment Processors
Transaction Data	POS & online transaction detail (merchant, location, amount, date)	✓		✓	
Account Data	Credit card, deposits, checking, and money-market account performance	✓			
Product Attributes	Features including pricing, value 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.	✓		✓	✓
Platform Coverage	Networks (Visa, MC, Amex, etc.) and Processors (TSYS, FirstData, etc.)	✓	✓		
Wallet Views	Complete consumer view (share-of-wallet) across issuers and instruments	✓	✓		

Data from more than **1.3Bn** accounts from **over 50 banks** and more than **5Bn** transactions/month
Argus has a data warehouse for more than **2.2 petabytes**

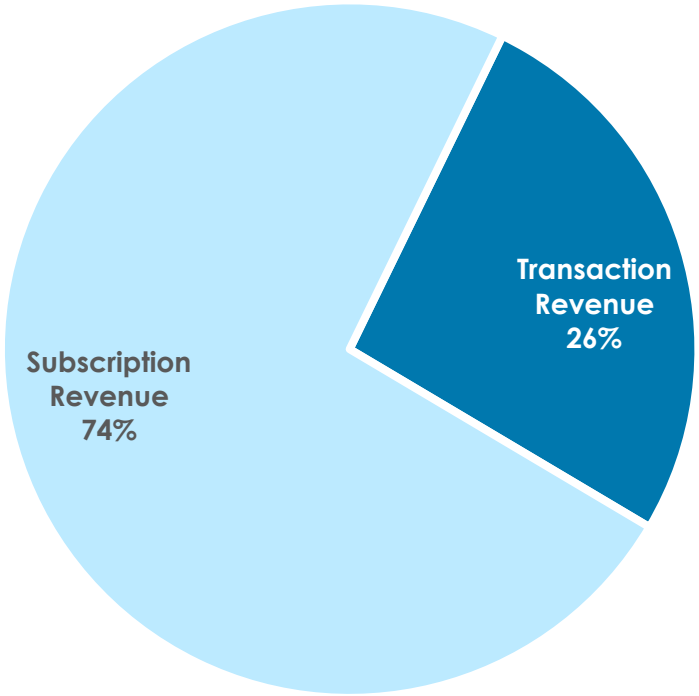
** Some Argus data assets have been developed in partnership with non-Verisk institutions.*

Verisk: Diverse Revenue sources; high recurring revenue

1Q 2015 Revenue Distribution



1Q 2015 Subscription Base

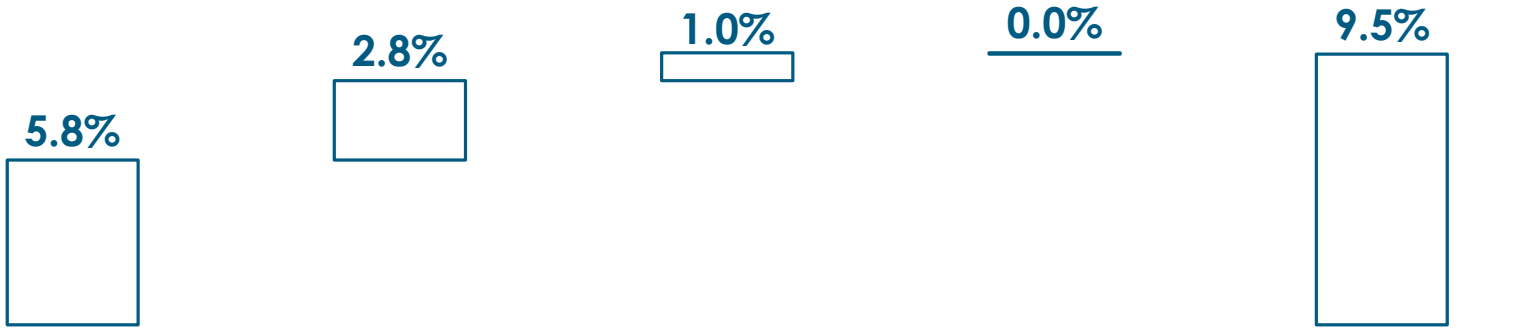


Note: From continuing operations.

Verisk: Insurance Is a Strong Foundation for Growth Newer Verticals Are Making Important Contributions

- **Growth driven by a combination**
  - New Customers
  - Deeper Penetration into Existing Customers
  - New Solutions
- **Majority of Revenue Is Prepaid Quarterly or Annually**
- **Very high customer retention**

2014 Contribution to Revenue Growth

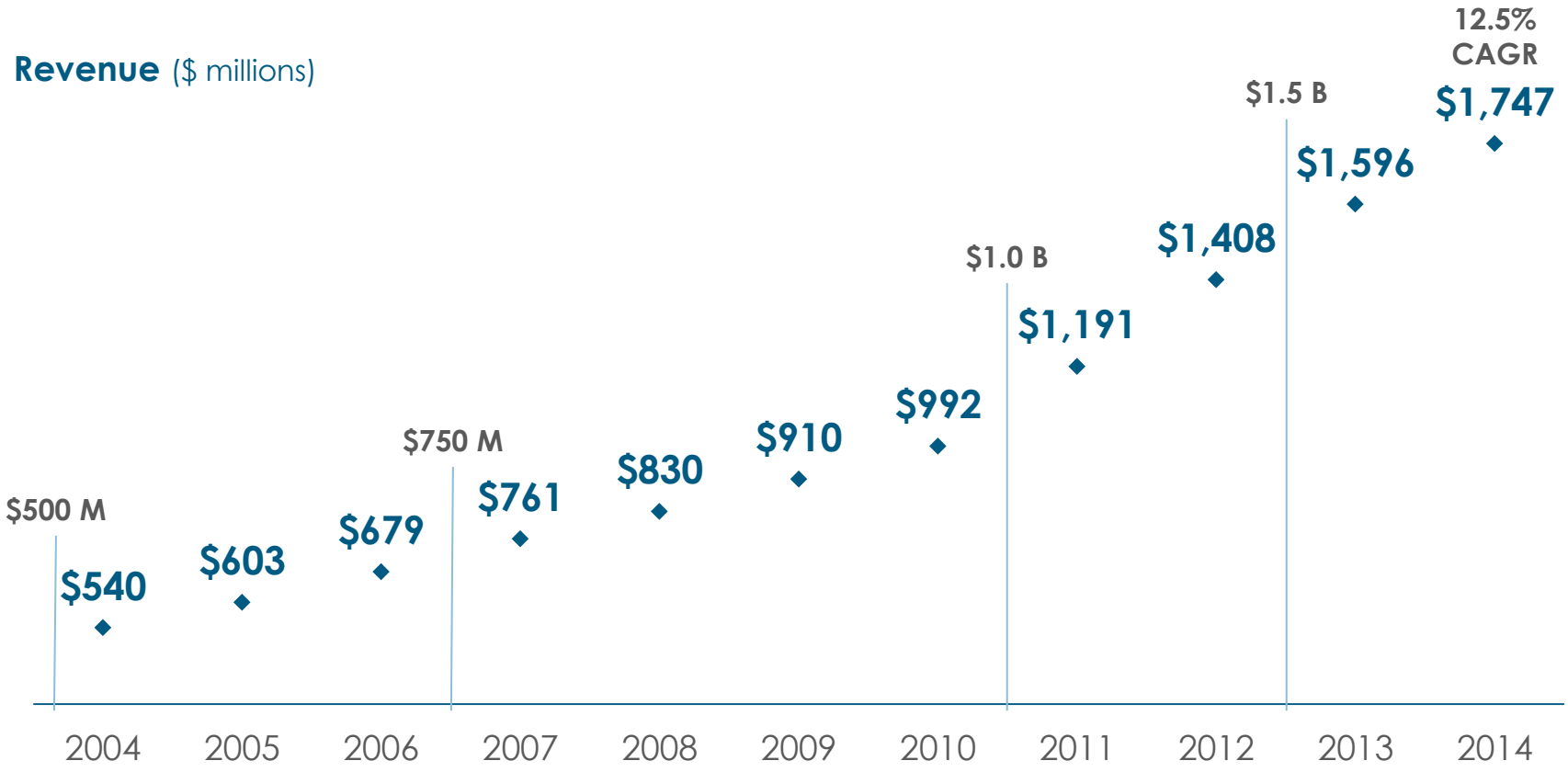


2014 Revenue Growth

Insurance	Healthcare	Financial	Specialized	Total Revenue
7.9%	16.2%	19.3%	-0.8%	9.5%

Note: From continuing operations

Verisk: Strong Track Record of Top-Line Growth



Note: From continuing operations

Verisk: Differentiated Financial Model Generates Cash

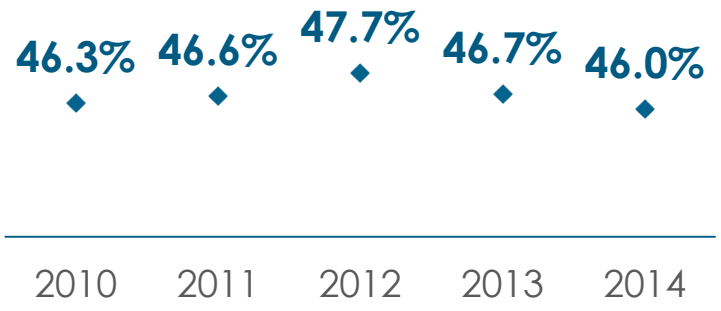
Strong, Stable Revenue Growth

($M)



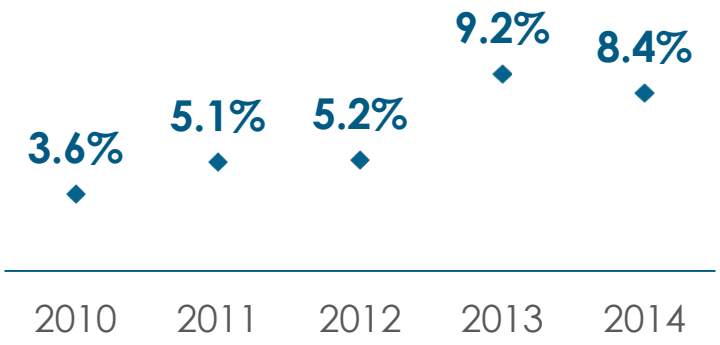
Leading EBITDA Margin

(%)



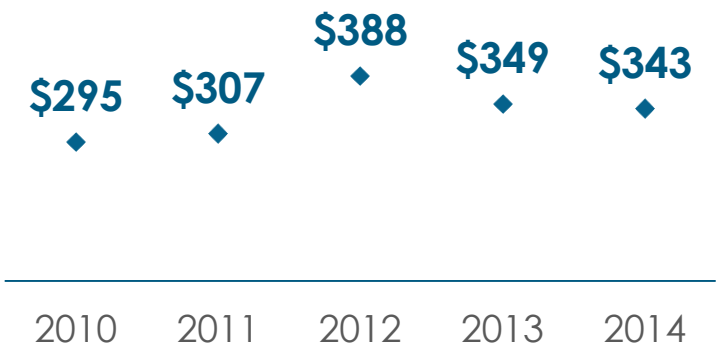
Low Capital Intensity

(CapEx as a % of Revenue)



Strong Free Cash Flow

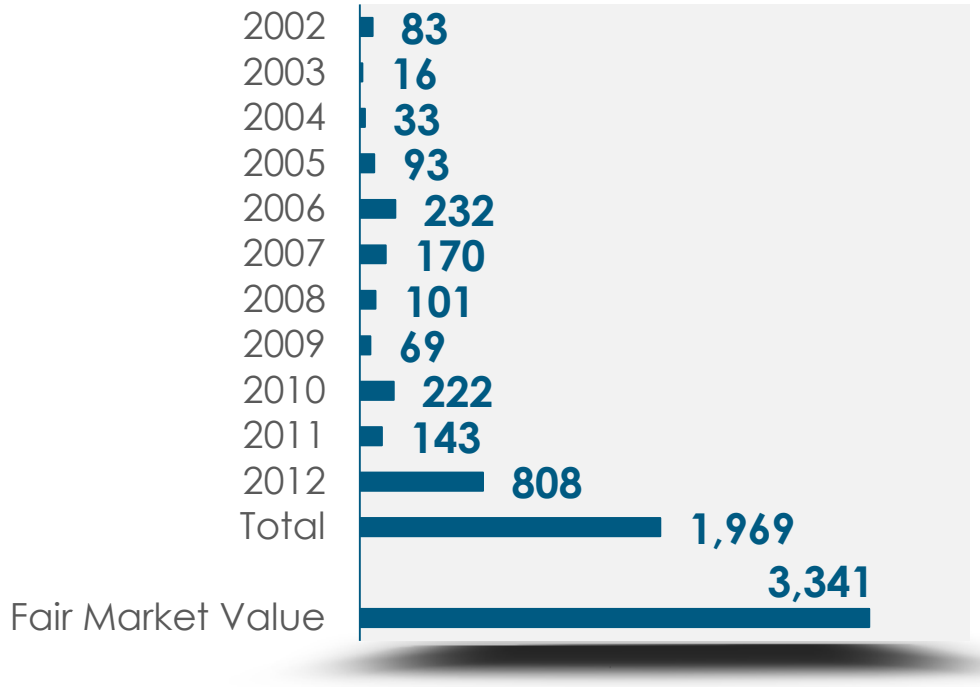
($M)



Note: Revenue and EBITDA margins from continuing operations; CapEx & FCF (Cash from Operations less CapEx) are as reported
2014 Results include Reorg. Costs in Risk Assessment (total ≈$4.8M) and FTC Costs in Decision Analytics (total ≈$6.9M)

Verisk: Disciplined Track Record on M&A Delivers Value

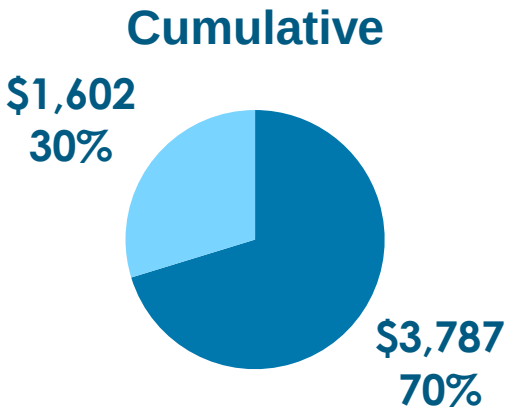
- **Increase in Value at 10x Multiple: ~ $1.4 billion**
- **Annualized Return[1]: ~ 20%**



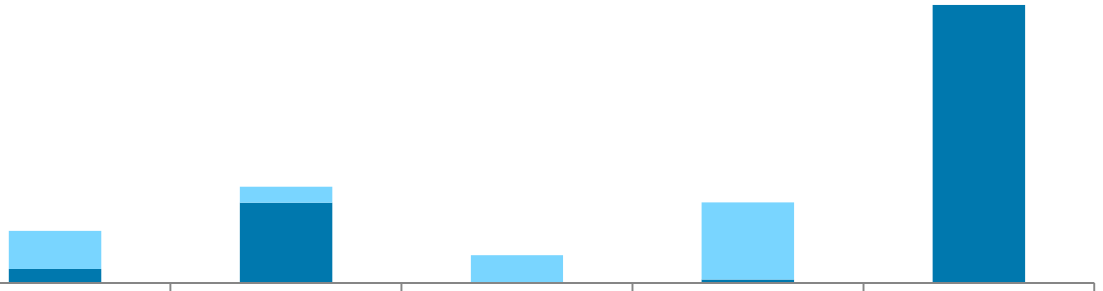
- Predictive Analytics
- Buy and Build
- Multiple Verticals
- Repurposing of Existing Intellectual Property
- Cross-Selling to Existing Customers

Note: Return reflects cash paid, earn-outs, cash inflows, and assumes a 10x EBITDA multiple to generate the terminal value

Verisk: Disciplined Capital Allocation



(in $ millions)

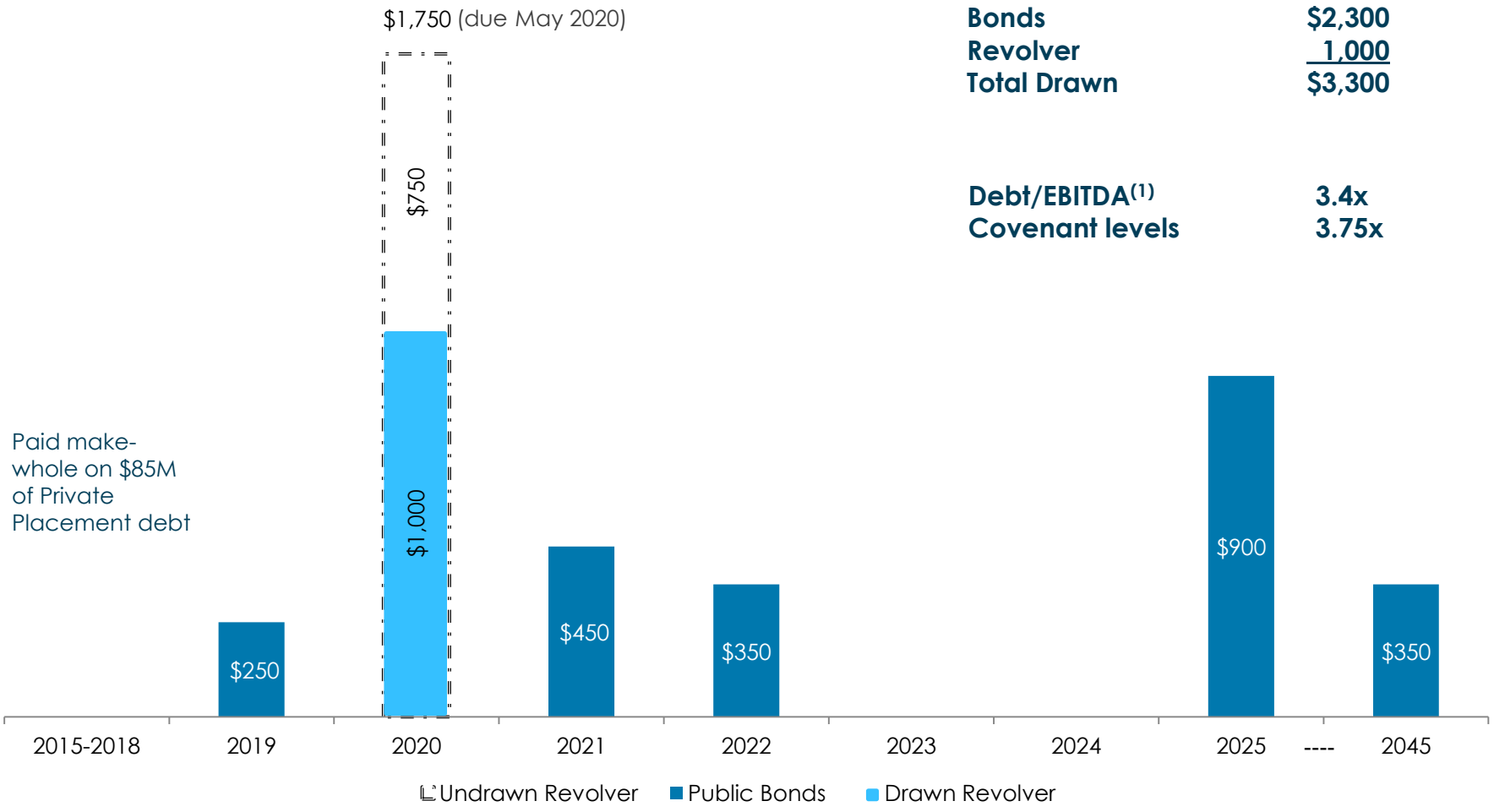


	2011	2012	2013	2014	2015
Share Repurchase	$382	$163	$279	$778	$0
Acquisitions and earn-outs	$143	$808	$1	$35	$2,800

Note: Cumulative is from 2011 through May 2015; 2015 Acquisition amount is rounded to the nearest 0.1 billion and net of currency hedges

Verisk: Debt Capital Structure Reflects Balanced Maturity Schedule

($M)	
Bonds	$2,300
Revolver	1,000
Total Drawn	$3,300
Debt/EBITDA[1]	3.4x
Covenant levels	3.75x



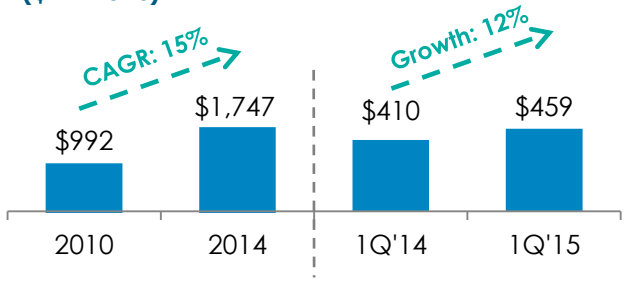
(1) As of 3/31/15

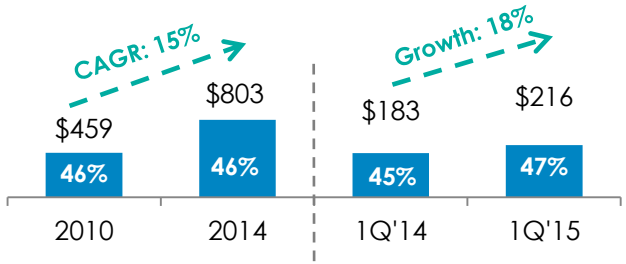
Verisk and WoodMac: Track-Record of Successful Growth

Strong, Stable Revenue Growth

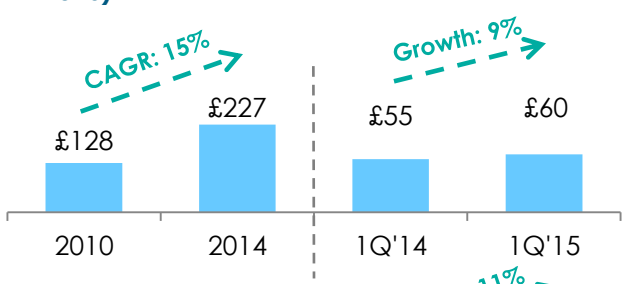
Consistently Robust EBITDA Margins (3)

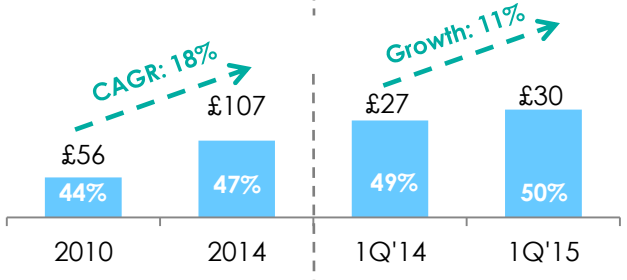
Verisk (1)
($ millions)



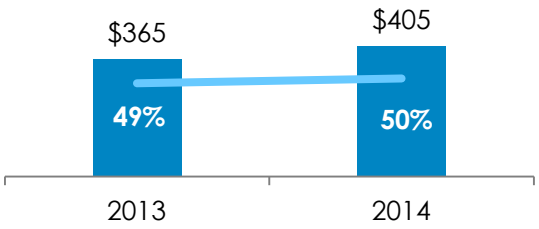


WoodMac(2)
(£ millions)





Verisk Standalone Unlevered FCF (4)



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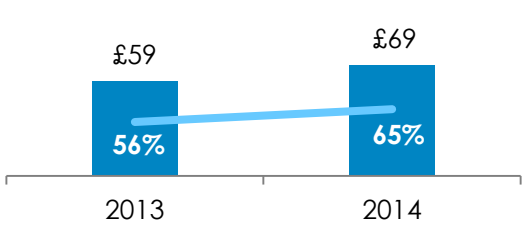
WoodMac Unlevered FCF (5)



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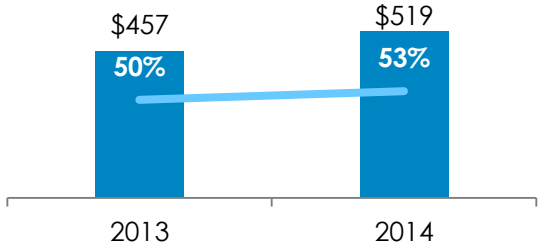
Combined Unlevered FCF (6)



Unlevered Free Cash Flow Unlevered Free Cash Flow / EBITDA

(1) Verisk's revenue and EBITDA figures are from continuing operations and are in US GAAP. Please see appendix for EBITDA reconciliation.
(2) WoodMac's 2010 financials are in UK GAAP, and 2014, 1Q'14 and 1Q'15 financials are in IFRS. See appendix for EBITDA reconciliation.
(3) Margin % in white, calculated by dividing EBITDA by revenue.
(4) Unlevered Free Cash Flow calculated as net operating profit (EBIT less taxes based on tax rate of 38% for Verisk and 22% for WoodMac) plus depreciation and amortization less capital expenditures; WoodMac includes capitalized software development costs..
(5) WoodMac's 2013 and 2014 financials are in IFRS. Verisk's financials are in US GAAP.
(6) WoodMac financials are converted at the average spot rate of 1.6464 for FY 2014. For 2013 the average exchange rate of 1.5640 is determined by dividing WoodMac's 2013 USD revenue, converted monthly at average monthly spot rates, by WoodMac's 2013 GBP revenue. Does not give effect to pro forma adjustments.

Thank You

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Appendix



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Reconciliations for Metrics from Continuing Operations

Verisk: EBITDA reconciliation

($ Millions)	Year Ended December 31,					Quarter Ended March 31,	
	2010	2011	2012	2013	2014	1Q'14	1Q'15
Net income	$243	$283	$329	$348	$400	$116	$99
Add: Depreciation and amortization from continuing operations	61	73	99	130	142	34	38
Add: Interest expense from continuing operations	34	54	73	77	71	17	18
Add: Provision for income taxes from continuing operations	148	166	182	196	220	47	61
Add: D&A, interest and taxes from discontinued operations	23	17	13	9	26	24	—
EBITDA	**$509**	**$593**	**$696**	**$760**	**$859**	**$238**	**$216**
Less: Discontinued Operations	(50)	(38)	(25)	(15)	(56)	(55)	—
EBITDA from Continuing Operations	**$459**	**$555**	**$671**	**$745**	**$803**	**$183**	**$216**

Verisk: Revenue from Continuing Operations

($ Millions)	Year Ended December 31,					Quarter Ended March 31,	
	2010	2011	2012	2013	2014	1Q'14	1Q'15
Revenue	$1,138	$1,332	$1,534	$1,705	$1,759	$422	$459
Less: Discontinued Operations	(146)	(141)	(126)	(109)	(12)	(12)	—
Revenue from Continuing Operations	**$992**	**$1,191**	**$1,408**	**$1,596**	**$1,747**	**$410**	**$459**

Reconciliations for Non-GAAP Metrics

Verisk: Unlevered Free Cash Flow Calculation

($ Millions)	Year Ended December 31,				
	2010	2011	2012	2013	2014
EBITDA from Continuing Operations	**$459**	**$555**	**$671**	**$745**	**$803**
Less: Depreciation and amortization from continuing operations	(61)	(73)	(99)	(130)	(142)
Operating Profit	**$398**	**$482**	**$572**	**$614**	**$660**
Less: Taxes at 38%	(151)	(183)	(217)	(233)	(251)
Tax Affected EBIT	**$247**	**$299**	**$355**	**$381**	**$409**
Add: Depreciation and amortization from continuing operations	61	73	99	130	142
Less: Capex	(39)	(60)	(74)	(146)	(147)
Unlevered Free Cash Flow	**$269**	**$312**	**$379**	**$365**	**$405**

Reconciliations for Non-GAAP Metrics (Cont'd)

WoodMac: EBITDA reconciliation

(£ Millions)	Year Ended December 31,					Quarter Ended March 31,	
	2010	2011	2012	2013	2014	1Q'14	1Q'15
Net income	(£17)	(£0)	(£17)	(£41)	(£46)	(£3)	(£21)
Add: Depreciation and amortization	4	5	6	8	17	3	4
Add: Interest expense from continuing operations	61	59	81	116	130	27	46
Add: Extraordinatory expenditures	5	3	14	17	7	1	1
Add: Taxation	4	4	3	5	(1)	0	(0)
Add / Less: Other	(1)	0	0	0	(0)	(1)	0
EBITDA	**£56**	**£71**	**£87**	**£105**	**£107**	**£27**	**£30**
Less: Extraordinatory expenditures					(7)		(1)
EBITDA Reported					**£100**		**£29**

Reconciliations for Non-GAAP Metrics (Cont'd)

Verisk and WoodMac: Unlevered FCF Calculation and Conversion Rates

	Verisk ($ millions)		WoodMac (£ millions)		WoodMac ($ millions)		Combined[1] ($ millions)	
	2013	2014	2013	2014	2013	2014	2013	2014
Operating Profit	$614	$660	£76	£83	$119	$137	$733	$797
Less: Tax [2]	(233)	(251)	(17)	(18)	(26)	(30)	(259)	(281)
Net Profit	**$381**	**$409**	**£59**	**£65**	**$93**	**$107**	**$474**	**$516**
Add: D&A	66	86	5	5	8	9	74	95
Add: Intangible Amortization	64	57	—	—	—	—	64	57
Less: Capex	(146)	(147)	(5)	(1)	(9)	(2)	(155)	(149)
Unlevered FCF	**$365**	**$405**	**£59**	**£69**	**$92**	**$114**	**$457**	**$519**
EBITDA	$745	$803	£105	£107	$164	$176	$909	$979
Unlevered FCF / EBITDA	**49%**	**50%**	**56%**	**65%**	**56%**	**65%**	**50%**	**53%**
Currency Exchange Rate					1.564	1.646		

(1) Does not give effect to pro forma adjustments. Verisk's financials are in US GAAP and WoodMac's financials are in IFRS.
(2) Verisk tax rate of 38%. WoodMac tax rate of 22%.