Verisk Analytics

Eva Huston
Chief Financial Officer

November 15, 2016

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

Forward-Looking Statements

This release contains forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "target," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue" or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements. Other factors that could materially affect actual results, levels of activity, performance, or achievements can be found in Verisk's quarterly reports on Form 10-Q, annual reports on Form 10-K, and current reports on Form 8-K filed with the Securities and Exchange Commission. If any of these risks or uncertainties materialize or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement in this release reflects our current views with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.

Notes Regarding the Use of Non-GAAP Financial Measures

The company has provided certain non-GAAP financial information as supplemental information regarding its operating results. These measures are not in accordance with, or an alternative for, U.S. GAAP and may be different from non-GAAP measures reported by other companies. The company believes that its presentation of non-GAAP measures, such as organic constant currency revenue, adjusted EBITDA, adjusted EBITDA margin, adjusted net income from continuing operations, adjusted EPS, and free cash flow, provides useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. In addition, the company's management uses these measures for reviewing the financial results of the company and for budgeting and planning purposes.

Verisk is a Leading Vertical Data Analytics Provider

The Verisk Way – Distinctives

- Unique Data Assets
- Deep Domain Expertise
- First-to-Market Innovations
- Deep Customer Workflow Integration

Verticals We Serve

- Insurance
- Natural Resources
- Financial Services

Insight via Proprietary/ Unstructured Data

Analytics Framework

Digital Platforms

Global IT/Data Center Infrastructure

Thematically Focused

Rating and Underwriting

Preventing Fraud and Abuse

Asset and Risk Selection

Portfolio and Financial Optimization

Compliance

Recognition

S&P500

Forbes 2016 THE WORLD'S MOST INNOVATIVE COMPANIES POWERED BY THE INNOVATOR'S DNA

VERISK ANALYTICS RANKED: 2015 & 2016

Forbes 2016 AMERICA'S BEST LARGE EMPLOYERS POWERED BY STATISTA

History of Growth and Innovation

Not-for-Profit

1971

Not-for-profit advisory and rating organization

1972–1979

Consolidation of major state, regional, and national rating and statistical organizations

1980–1996

Significant enhancement of insurance policy programs

Adoption of advisory prospective loss costs

Revised board of directors structure to include noninsurers

For-Profit

1997

For-profit corporation transition

AISG acquired to expand claims management solutions

1998–2001

Significant product expansion, international growth, and improved operational efficiency

National Insurance Crime Bureau claims database acquired

LOCATION and other property-related products and services created

First Lloyd's of London agreement signed

2002–2008

AIR Worldwide and Xactware acquired to expand insurance vertical market capabilities

IPO and Continued Expansion

2009

Verisk Analytics formed and IPO completed (NASDAQ:VRSK)

Enhanced innovation with new services for claims, GIS, and insurance coverages

2010–2015

3E Company, Argus, and Maplecroft acquired, expanding into financial services and supply chain verticals

The Verisk Way principles evolved to serve, add value, and innovate

Corporate social responsibility program formalized

Wood Mackenzie acquired, expanding internationally in the global energy (including renewables), chemicals, and metals and mining industries

Today

Scalable data and analytic solutions offered to vertical markets

Global expansion

Long-term value with scaling margins and a balanced approach to capital allocation

Unique/Valuable Data Assets are the Foundation for Our Solutions

19B+ More than 19 billion records in commercial and personal lines
- More than 1,800 insurers provide data
- Almost 3 billion records processed each year

37 37 years of VIN auto information

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

1B+ Insurance claim management and fraud-fighting database with more than 1 billion claims
- Used by more than 90% of the P&C industry

5M Approximately 5 million annual claim assignments for property losses
- Used by 22 of the top 25 insurers

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

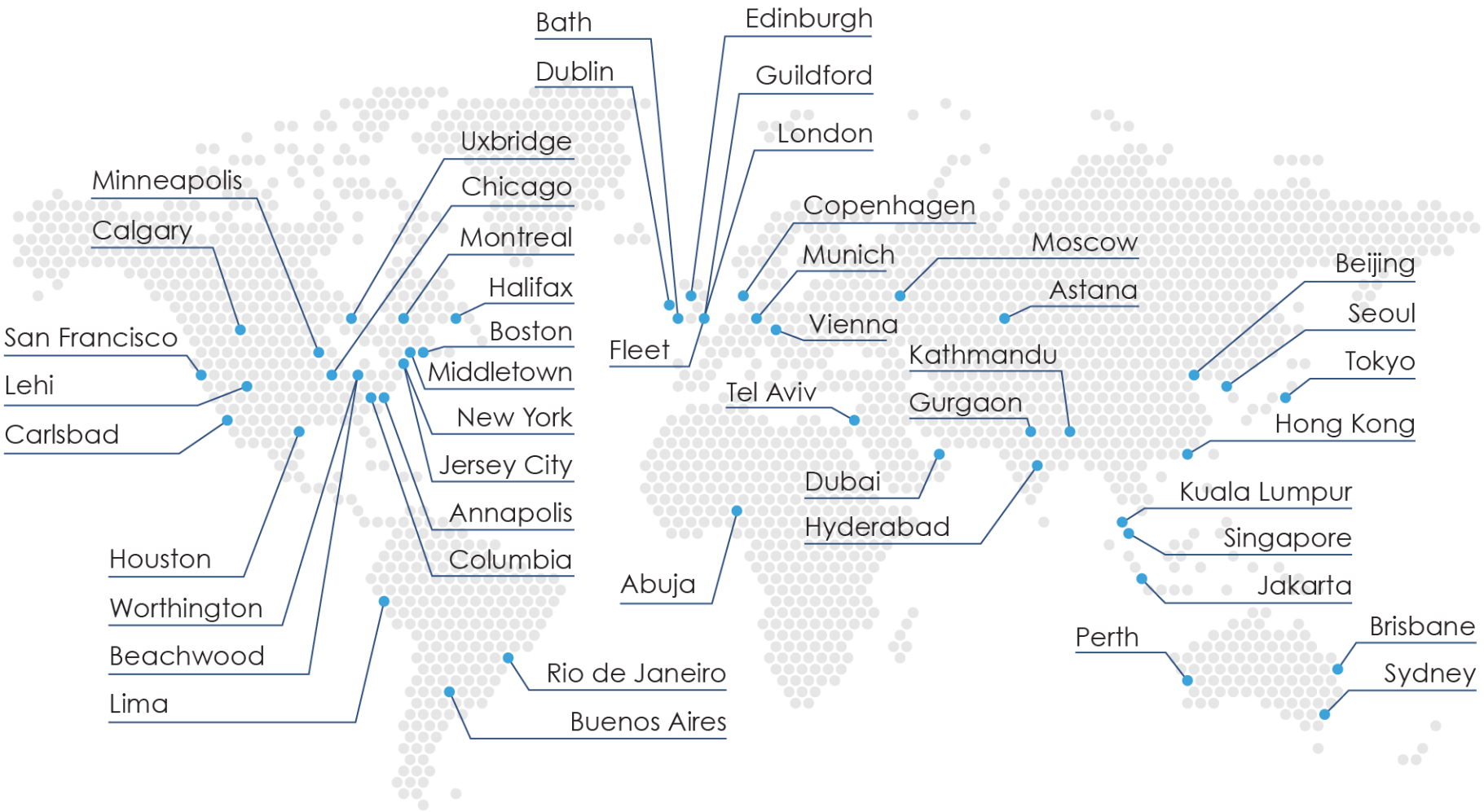
4.75M+ More than 4.75 million safety data sheets (SDSs) covering hazardous chemicals in the supply chain

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

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

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

Global Platform

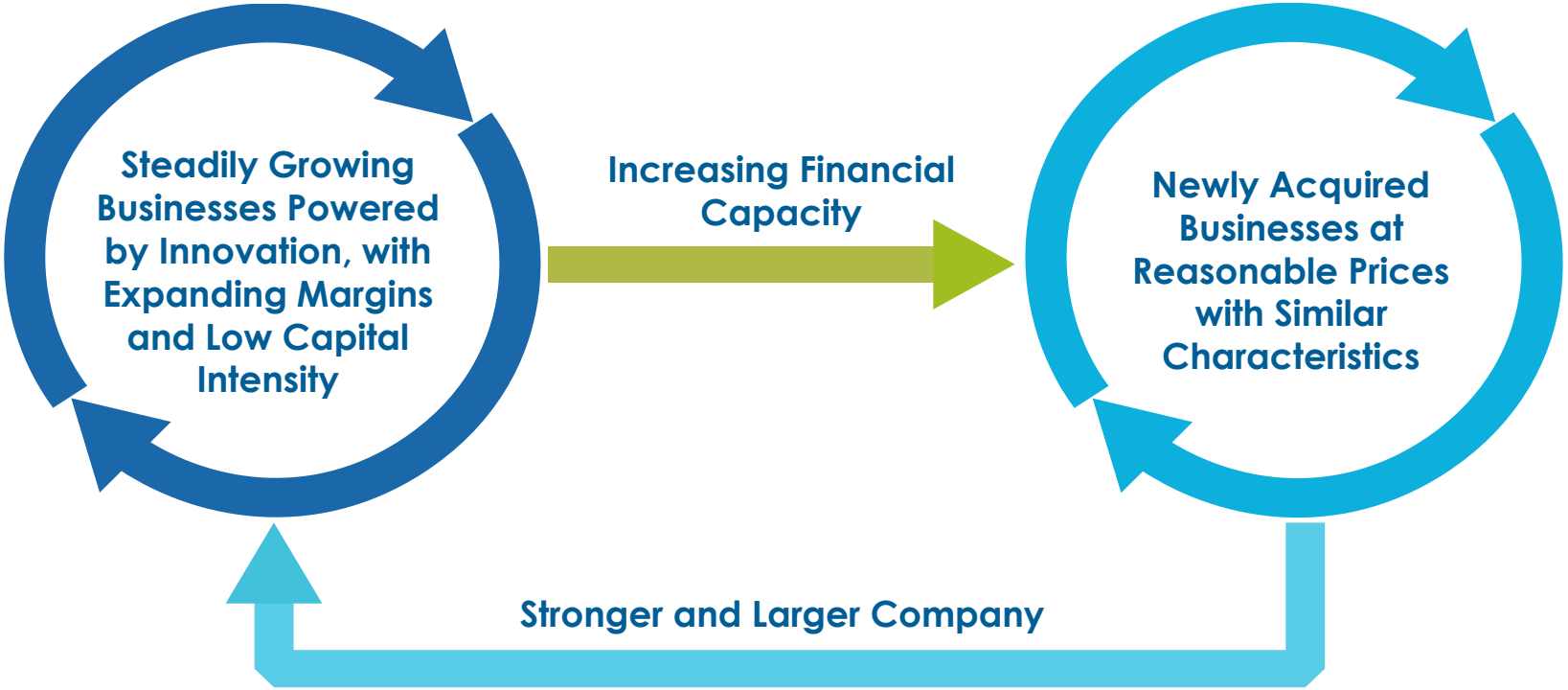


Attractive Business Model

- **Recurring revenue stream and high barriers to entry**
  - 80%+ [1] of total revenue is subscription and long-term contracts
  - Extremely high customer retention
  - Majority of revenue is prepaid quarterly or annually
  - Long-standing and deep relationships with our customers
  - Deeply embedded in our customers' critical decision-making processes
- **High incremental margins on existing businesses**
  - Business model is "build once, sell many times"
  - Very little incremental cost to add a new customer
  - Our business is not service or capital intensive
- **Diverse client base and revenue contribution**
  - 3 primary verticals with strong underlying demand factors
  - Largest customer accounts for about 2% of revenues [1]
  - Top 10 customers account for about 17% of revenues [1]

Notes: 1. Based on FY2015 continuing operations revenue.

The Verisk Formula



We can continue to drive leading organic growth

Strong capital structure

Balanced expectations for M&A spend

Return capital to shareholders

Strong Capital Structure to Support Growth

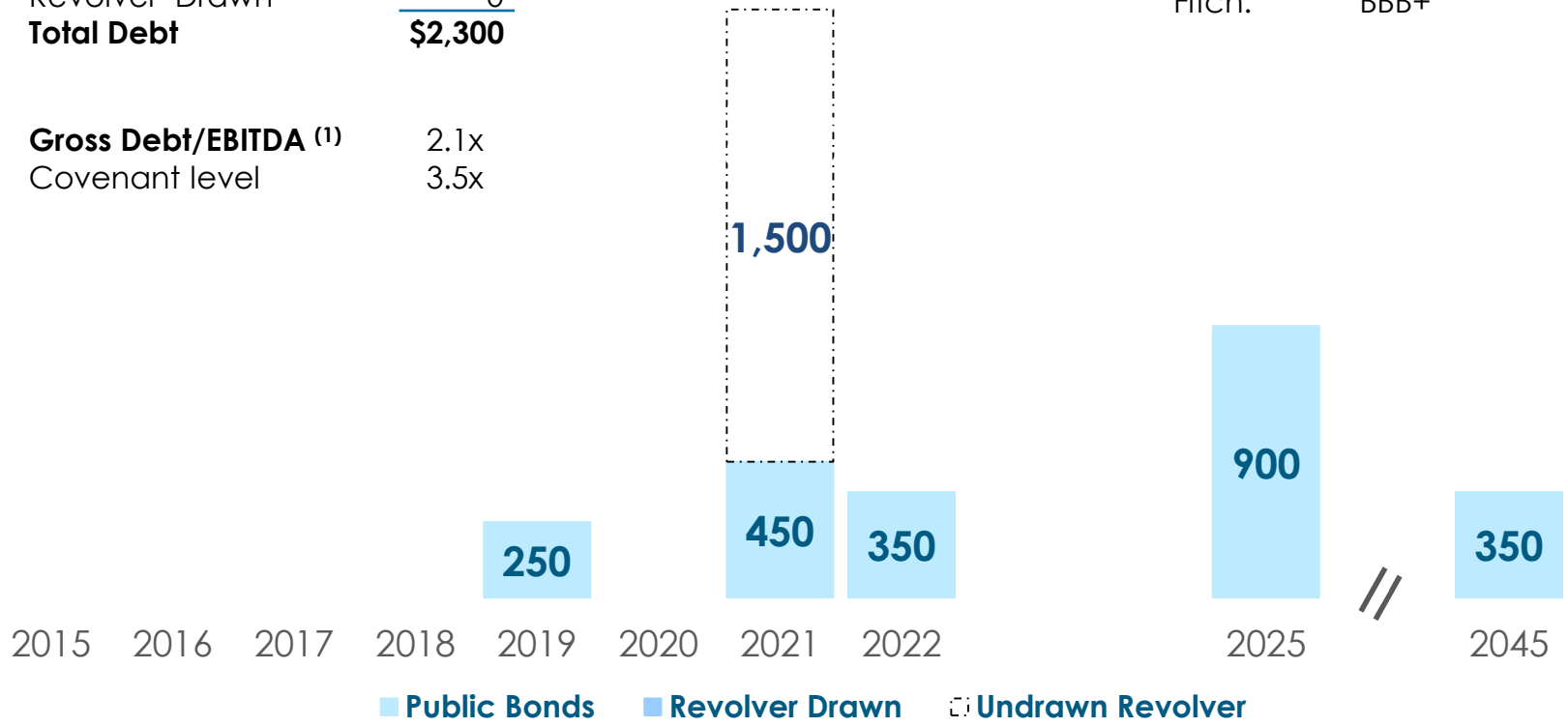
as of 9/30/2016

($ millions)	
Bonds	$2,300
Revolver Drawn	0
Total Debt	**$2,300**

Gross Debt/EBITDA [1]	2.1x
Covenant level	3.5x

Investment Grade Ratings

S&P:	BBB-
Moody's:	Baa3
Fitch:	BBB+



Notes: 1. Per debt covenant.

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, ISO, 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 100 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: Wood Mackenzie - an Overview

What do we do?



Provide leading commercial intelligence to the global energy, chemicals, and metals & mining industries

Industries are complex and capital-intensive

How do we win?



Differentiated value proposition built on proprietary information, analysis, insight, and advice over 40 years

Embedded in customer workflows

High-performing workforce

How have we grown?



Strong financial record

Subscription-based business with industry-leading renewal rates

Diversified solution set and customer base

What will drive future growth?



Large and diverse addressable market

Multiple channels for growth

Undersold and undermarketed

Verisk and Wood Mackenzie stronger together

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

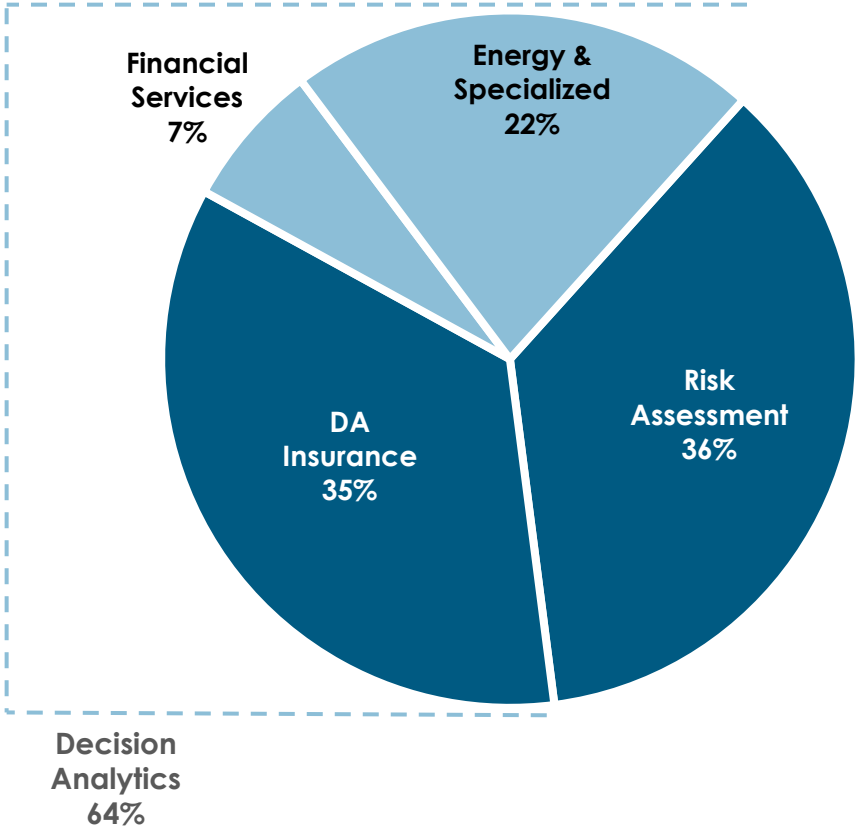
	Description	Argus [1]	Credit Bureaus	Payment Networks	Payment Processors
Transaction Data	POS & online transaction detail (merchant, location, amount, date)	✓		✓	
Account Data	Credit card, deposits, checking, and money-market account performance	✓			
Product Attributes	Features including pricing, value 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**

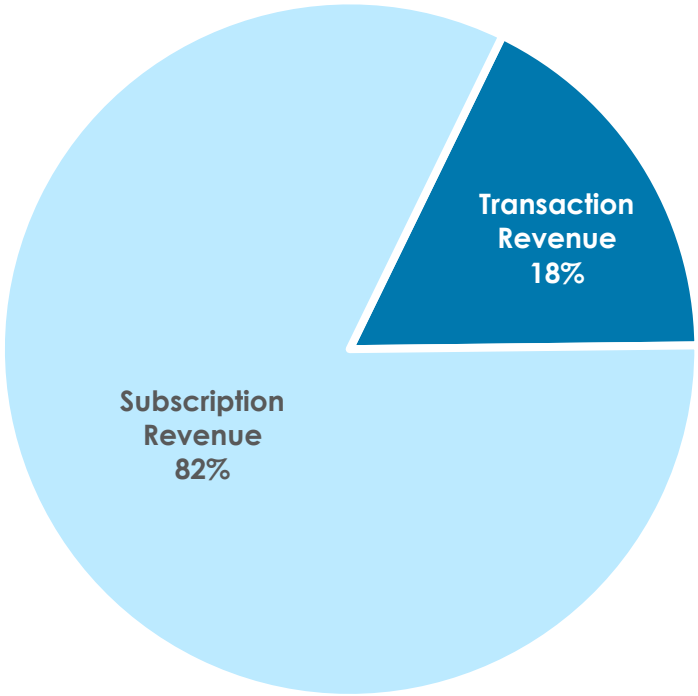
Notes: 1. Some Argus data assets have been developed in partnership with non-Verisk institutions.

Diverse, High Recurring Revenue Sources

3Q2016 Revenue Distribution [1]

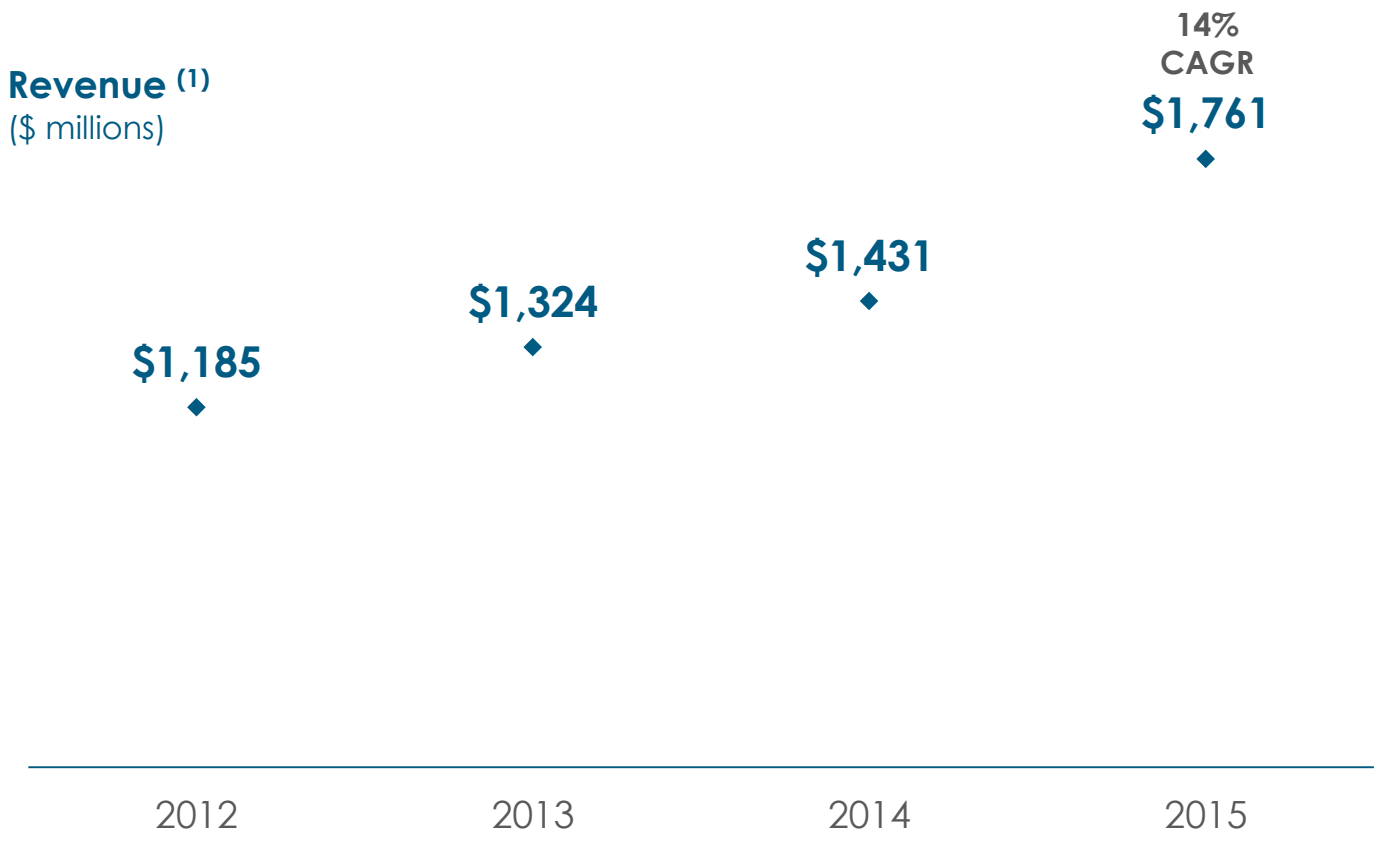


3Q2016 YTD Subscription Base [1]



Notes: 1. From continuing operations.

Verisk: Strong Track Record of Top-Line Growth

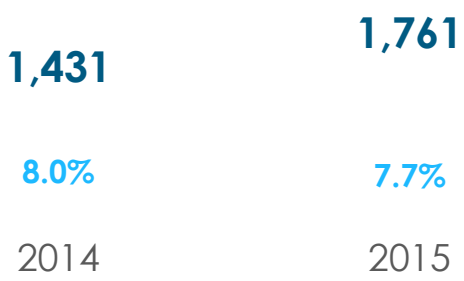


Notes: 1. From continuing operations which excludes the divested Healthcare business.

Verisk's Differentiated Financial Model

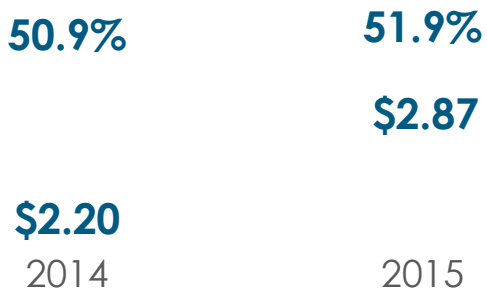
Strong, Stable Revenue Growth [1]…

($ millions), (organic revenue growth)



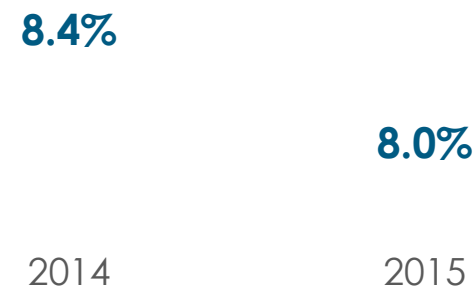
and Leading Margins Power EPS [1,2]

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



Low Capital Intensity…

(as reported, CapEx as a % of Revenue)



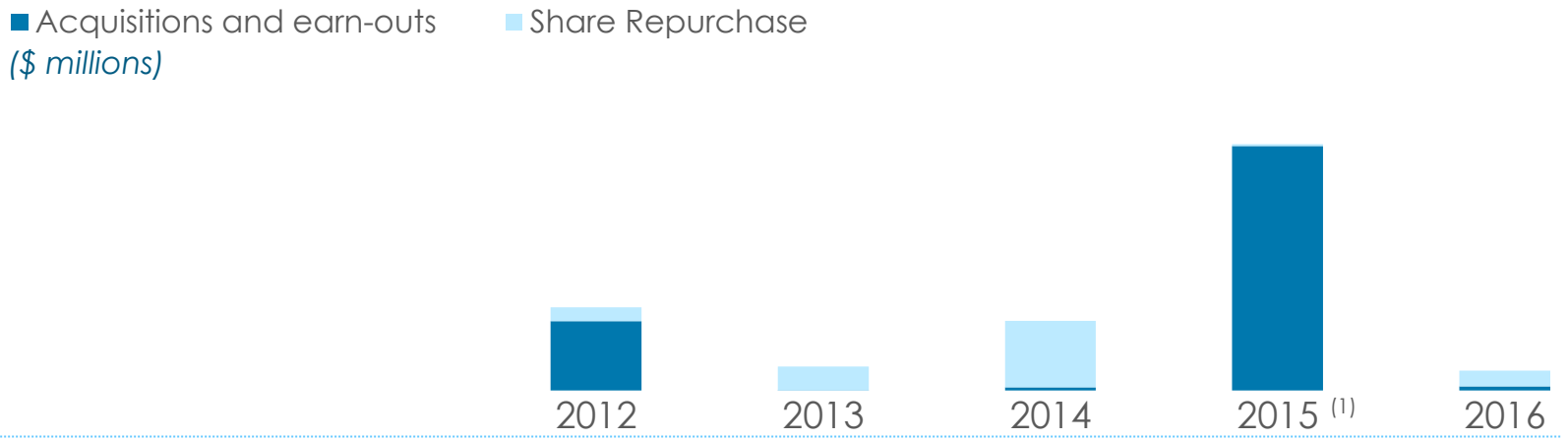
enables Strong Free Cash Flow

(as reported, Cash from OPs less CapEx $ millions)



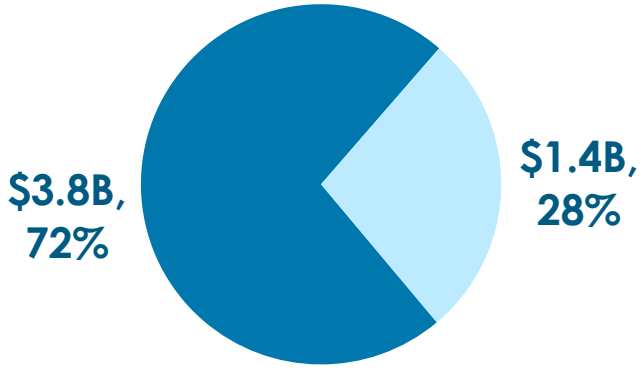
Notes: 1. From continuing operations.
2. 2015 EBITDA and Adjusted EPS exclude 2Q2015 one-time items related to the WoodMac acquisition.

Verisk: Disciplined Capital Allocation



	2012	2013	2014	2015 (1)	2016
Share Repurchase	163	279	778	20	183
Acquisitions and earn-outs	808	1	35	2,856	50

Cumulative Capital Allocation, $ billions (2)



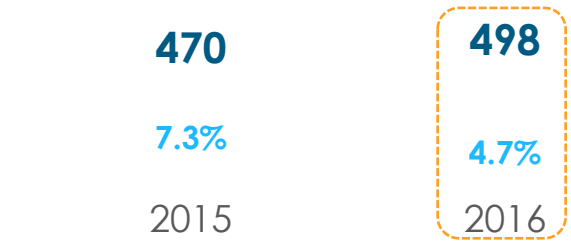
Notes: 1. 2015 acquisition amount is net of currency hedges.
2. January 01, 2012 through September 30, 2016.

Multiple Paths to Growth

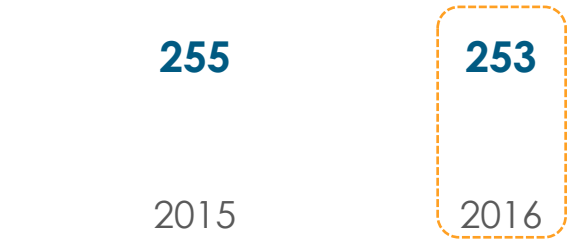
- Strong track record of BOTH organic revenue increases and effective M&A
- Opportunities remain large and growing
- Share repurchases remain valuable alternative for capital
- Leverage reference level: 2.5x gross Debt/EBITDA

Verisk Analytics, Third Quarter [1]

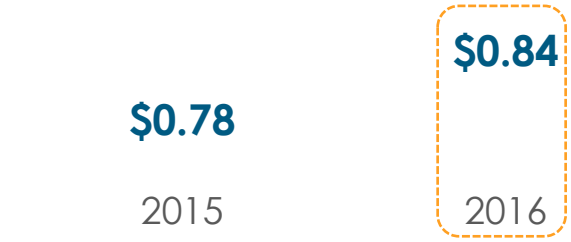
3Q Revenue
($ millions), (organic revenue growth)



3Q EBITDA $
($ millions)



3Q Adjusted EPS
($ Earnings per Share)



Revenue

- 5.9% growth in 3Q2016
- Organic constant currency revenue growth was 6.2%

EBITDA

- Excluding last year's gain on the exercise of warrants, 3Q2016 EBITDA increased 5.9% year over year
- 0.6% decrease in 3Q2016
- 3Q2016 margins of 50.9%

Adjusted EPS

- 7.7% growth in 3Q2016
- Increases from solid organic and acquired operations, lower interest expense, and lower taxes were partially offset by higher fixed asset depreciation and amortization expense and the 2015 warrant sale gain which did not recur this year

Notes: 1. 3Q2016 EBITDA excludes non-recurring severance and gain on sale of business investment.

Verisk Analytics

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Chief Financial Officer

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Appendix

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Non-GAAP reconciliations

Constant currency revenue growth

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

Non-GAAP reconciliations

Adjusted EBITDA [1]
($ millions)

	2015	2014
Net Income	487.5	354.0
Depreciation and amortization of fixed assets and intangible assets	167.0	95.5
Interest expense	121.4	70.0
Provision for income taxes	196.6	208.5
Plus: Nonrecurring items related to the Wood Mackenzie acquisition	-58.6	0.0
Adjusted EBITDA from continuing operations	913.9	728.0

Notes: 1. Figures may not sum due to rounding.

Non-GAAP reconciliations

Adjusted EPS [1]

($ millions, except shares and per share amounts)

	2015	2014
Income from continuing operations	487.5	354.0
Plus: Amortization of intangibles	70.4	30.1
Less: Income tax effect on amortization of intangibles	-19.2	-11.4
Plus: Nonrecurring items related to the Wood Mackenzie acquisition	-45.2	0.0
Less: Income tax effect on one-time items related to the Wood Mackenzie acquisition	-10.7	0.0
Adjusted net income from continuing operations	482.8	372.7
Basic adjusted EPS from continuing operations	$2.92	$2.25
Diluted adjusted EPS from continuing operations	$2.87	$2.20
Weighted average shares outstanding (in millions)		
Basic	165.1	165.8
Diluted	168.5	169.1

Notes: 1. Figures may not sum due to rounding.

Non-GAAP reconciliations

Free Cash Flow [1]
($ millions)

	2015	2014
Net cash provided by operating activities	623.6	489.4
Capital expenditures	166.1	146.8
Free Cash Flow	457.5	342.6

Notes: 1. Figures may not sum due to rounding.

Non-GAAP reconciliations

Adjusted EBITDA [1]
($ millions)

	3Q2016	3Q2015
Net Income	127.6	124.2
Depreciation and amortization of fixed assets and intangible assets	52.2	39.7
Interest expense	28.1	33.0
Provision for income taxes	44.8	57.9
Plus: Nonrecurring severance charges	2.1	0.0
Minus: Gain on sale of equity investments	-1.5	0.0
Adjusted EBITDA from continuing operations	253.3	254.8

Notes: 1. Figures may not sum due to rounding.

Non-GAAP reconciliations

Adjusted EPS [1]

($ millions, except shares and per share amounts)

	3Q2016	3Q2015
Income from continuing operations	127.6	124.2
Plus: Amortization of intangibles	22.7	12.6
Less: Income tax effect on amortization of intangibles	-5.9	-3.3
Plus: Nonrecurring items related to the Wood Mackenzie acquisition		
Less: Income tax effect on one-time items related to the Wood Mackenzie acquisition		
Adjusted net income from continuing operations	144.4	133.5
Basic adjusted EPS from continuing operations	0.85	0.79
Diluted adjusted EPS from continuing operations	0.84	0.78
Weighted average shares outstanding (in millions)		
Basic	168.9	168.7
Diluted	171.8	172.2

Notes: 1. Figures may not sum due to rounding.