



# 3Q2022 Earnings Presentation

November 1, 2022

# Forward-Looking Statements, Safe Harbor, and 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. 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 for any reason, whether as a result of new information, future events, or otherwise.

## 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.

# Business and Financial Highlights

- Organic constant currency (OCC) revenue growth of 4.8%, or 5.3% when normalized for the impact of suspension of Russian operations, was driven by solid growth in insurance and modest contributions from energy.
- OCC subscription revenue growth, which was 82% of total organic revenue in the quarter, was approximately 6.2%, when normalized for the Russia impact, demonstrating the consistency and durability of the business model.
- OCC adjusted EBITDA growth of 6.0%, or 7.0% when normalized for the Russia impact, was driven by sales leverage offset in part by continued investment in cloud and the return of T&E expenses.
- Adjusted EBITDA margins expanded 154 basis points to 51.5% reflecting cost discipline, operational efficiency, and the benefit of portfolio actions.
- Returned \$349 million to shareholders through share repurchases and dividends.



# Verisk Announces the Sale of Wood Mackenzie to Veritas Capital

- Signed a definitive agreement to sell our Energy business, Wood Mackenzie, to Veritas Capital
- \$3.1 billion in cash consideration payable at closing plus future additional contingent consideration of up to \$200 million.
- Expected to close in the first quarter of 2023, subject to customary closing conditions, including regulatory approvals.
- Intend to use \$3.1 billion in proceeds for debt paydown and share repurchases.

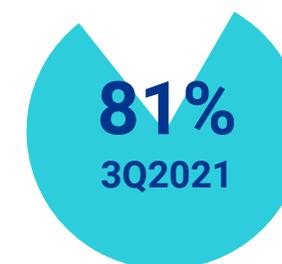
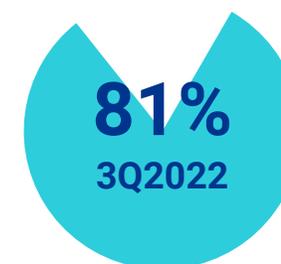


# Financial Summary

## Three months ended September 30

	2022	2021	% change
Revenue	\$745M	\$759M	-1.8%
Net income	189	202	-6.1
Adjusted net income	230	234	-1.9
Adjusted EBITDA	384	379	1.2
Adjusted EBITDA margin	51.5%	49.9%	154 bps
Diluted GAAP EPS	\$1.20	\$1.24	-3.2
Diluted adjusted EPS	\$1.46	\$1.44	1.4
Free cash flow	214	224	-4.2

## Subscription/Long-Term Revenue

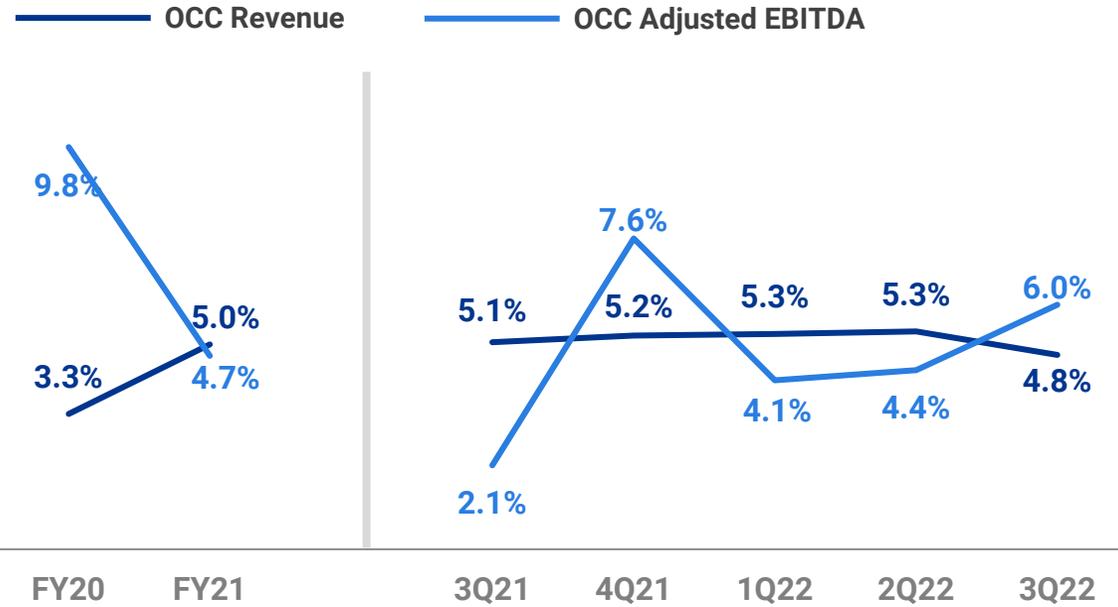


## International Revenue



# Organic Constant Currency Growth and Adjusted EBITDA Margins

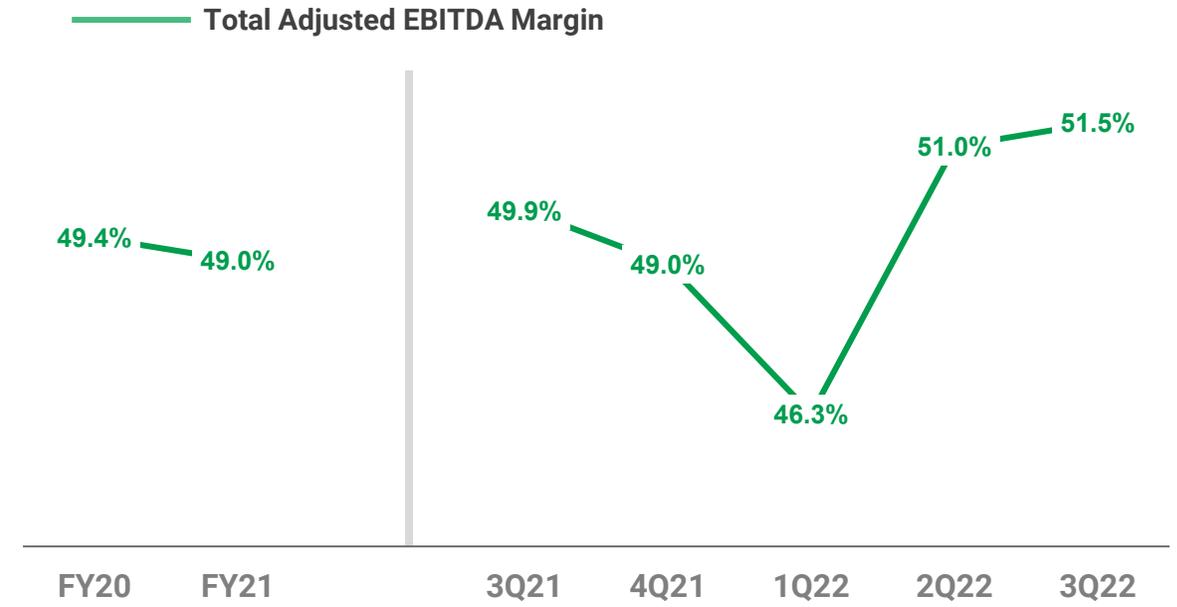
## 3Q Financial Review



### Highlights

- OCC<sup>1</sup> revenue increased 4.8%, or 5.3% when normalized for the impact of suspension of Russian operations, driven by growth in subscription revenues across both segments.
- OCC<sup>1</sup> adjusted EBITDA growth was 6.0%, or 7.0% when normalized for Russian impact, demonstrating strong core leverage and margin expansion.

1. OCC figures beginning 1Q22 exclude results from recent dispositions, namely 3E and Verisk Financial Services.



### Highlights

- Total adjusted EBITDA margin was 51.5%, up 154 basis points, demonstrating cost and operating discipline and the benefit of recent portfolio actions.
- This level of margin includes higher costs from the inflationary environment, continued investment in our technology transformation, the return of T&E expenses, the impact of suspension of Russian operations, and a headwind from recent acquisitions.

# Subscription vs. Non-subscription Growth

## Organic Constant Currency

OCC Growth <sup>1</sup>	Subscription revenue			Non-subscription revenue			Total Revenue		
	Insurance	E&SM	Total	Insurance	E&SM	Total	Insurance	E&SM	Total
1Q21	7.1%	-1.0%	5.4%	1.3%	-4.4%	0.2%	<b>6.0%</b>	<b>-1.5%</b>	<b>4.4%</b>
2Q21	6.2%	0.1%	4.9%	15.3%	23.7%	16.9%	<b>7.8%</b>	<b>3.8%</b>	<b>7.0%</b>
3Q21	7.9%	-1.0%	6.0%	5.0%	12.2%	6.4%	<b>7.4%</b>	<b>1.2%</b>	<b>6.1%</b>
4Q21	7.1%	3.1%	6.3%	2.9%	-2.2%	2.0%	<b>6.4%</b>	<b>2.2%</b>	<b>5.5%</b>
<b>FY21</b>	<b>7.1%</b>	<b>0.3%</b>	<b>5.7%</b>	<b>6.0%</b>	<b>6.9%</b>	<b>6.2%</b>	<b>6.9%</b>	<b>1.4%</b>	<b>5.8%</b>
1Q22	7.2%	2.0%	6.2%	1.3%	1.5%	1.3%	<b>6.1%</b>	<b>1.9%</b>	<b>5.3%</b>
2Q22	7.3%	1.7%	6.2%	2.7%	-2.8%	1.7%	<b>6.4%</b>	<b>0.8%</b>	<b>5.3%</b>
3Q22	6.1%	3.5%	5.6%	1.8%	-1.8%	1.2%	<b>5.3%</b>	<b>2.5%</b>	<b>4.8%</b>

### 3Q22 Highlights

#### Insurance

- Strong growth driven by core underwriting, claims analytics, extreme event modeling, specialty business, and life insurance solutions.
- Non-subs revenue growth rate of 1.8% reflects lower transactional revenue from personal auto underwriting, marketing and a lower level of storm-related activity this year.

#### Energy

- Excluding the negative impact from suspension of Russian operations, revenue grew by 5.2%.
- Delivered double digit growth in energy transition, metals and mining and chemicals subscriptions.
- Non-subs growth impacted by resource constraints.

1. All OCC figures exclude results from recent dispositions, namely 3E and Verisk Financial Services.

# Segments

# Insurance

## Industry-leading data analytics and insights

### Underwriting & Rating Solutions

#### Underwriting Solutions

Industry-standard insurance programs, property-specific underwriting & rating information, and underwriting solutions.

#### Extreme Event Solutions

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

#### Specialty Business Solutions

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

### Claims Solutions

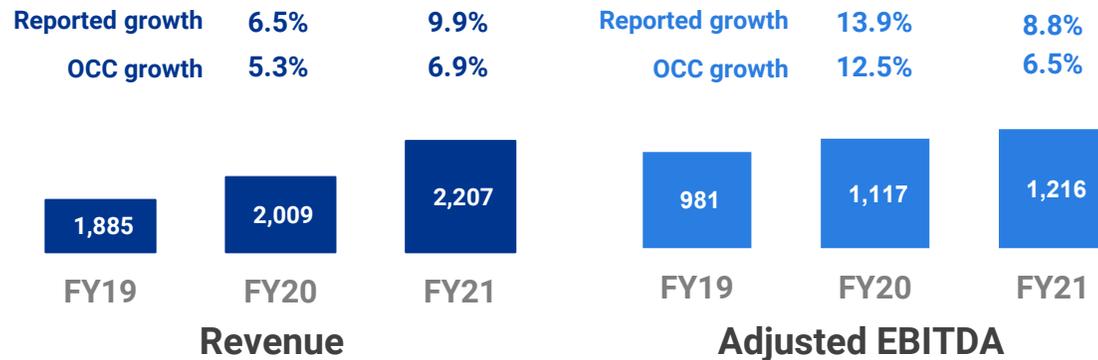
#### Claims Solutions

Integrated analytics solutions for improving claim outcomes and fighting fraud at every step of the process.

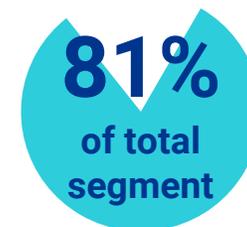
#### Property Estimating Solutions

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

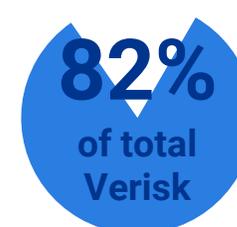
### Historical Performance



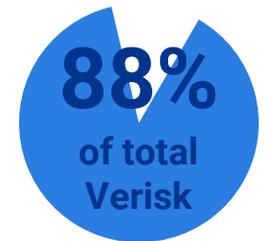
### 3Q2022



% Subscription



Revenue



Adjusted EBITDA

# Insurance Quarterly Performance

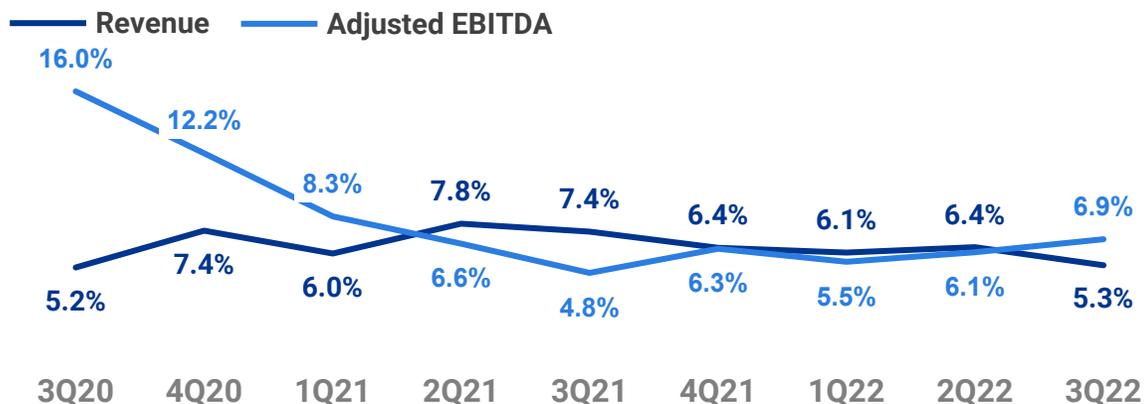
## Financials

	3Q22	3Q21	% change	
			Reported	OCC
UW & rating	\$436M	\$391M	11.7%	6.5%
Claims	174	167	3.9	2.4
<b>Revenue</b>	<b>610</b>	<b>558</b>	<b>9.4</b>	<b>5.3</b>
<b>Adjusted EBITDA</b>	<b>329</b>	<b>312</b>	<b>8.2</b>	<b>6.9</b>
Total margin	55.2%	55.9%		

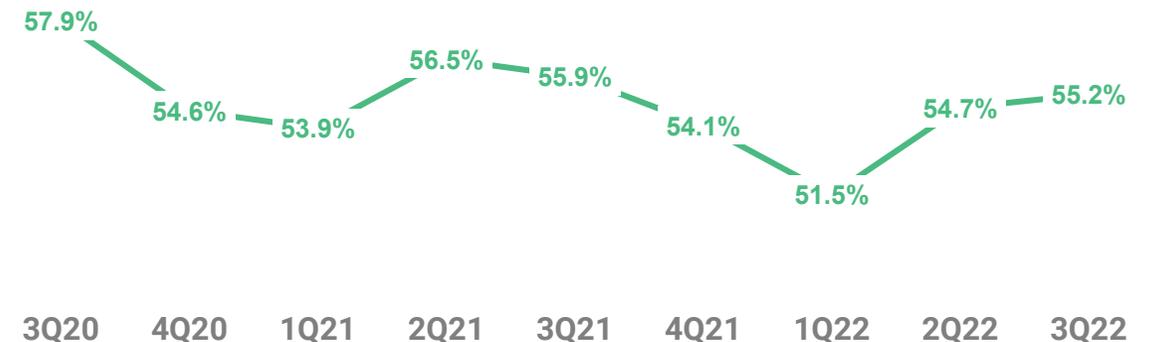
## Business Highlights

- Underwriting and rating revenue grew 6.5% on an OCC basis with solid growth across industry-standard programs, extreme events solutions, life insurance solutions, and specialty business solutions.
- Claims grew 2.4% on an OCC basis with strong growth in claims analytics partially offset by modest gains in property estimating solutions as growth was negatively impacted by tough comparisons to a more active storm season last year.
- Total Adjusted EBITDA Margin was 55.2%, down 70 basis points year-over-year reflecting a higher level of corporate allocations resulting from recent dispositions, the impact of recent acquisitions, and higher cloud and travel expense.

## Organic Constant Currency Growth



## Total Adjusted EBITDA Margin



# Energy and Specialized Markets

Unique insight on the world's energy resources and intelligent compliance solutions

## Energy



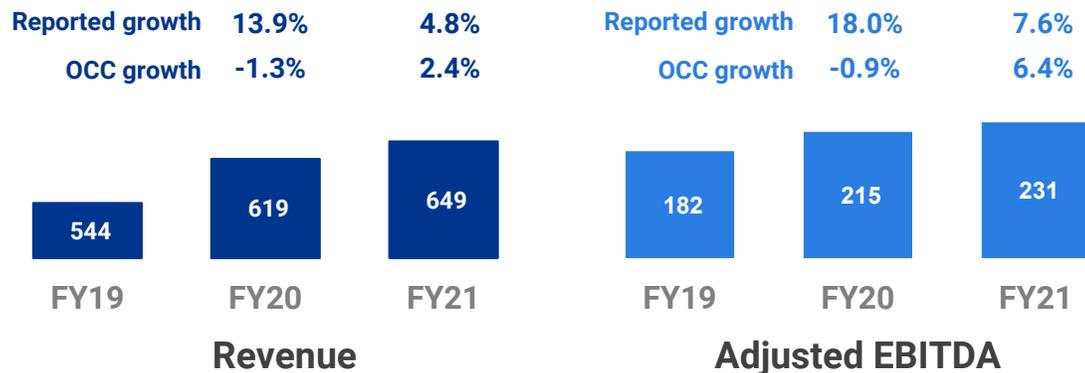
Energy and natural resources solutions across Research & Analytics and Advisory Services.

Providing engaging digital platforms and tools to support objective decision-making for the oil and gas, metals and mining, chemicals, subsurface, and power and renewables industries.



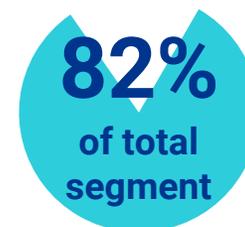
Spend and cost data from millions of transactions across thousands of services, materials, and equipment categories.

### Historical Performance<sup>1</sup>



1. All historically reported figures include results from recently completed disposition of 3E.

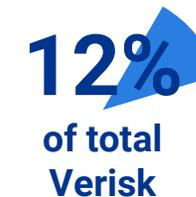
### 3Q2022



% Subscription



Revenue



Adjusted EBITDA

# Energy and Specialized Markets Quarterly Performance

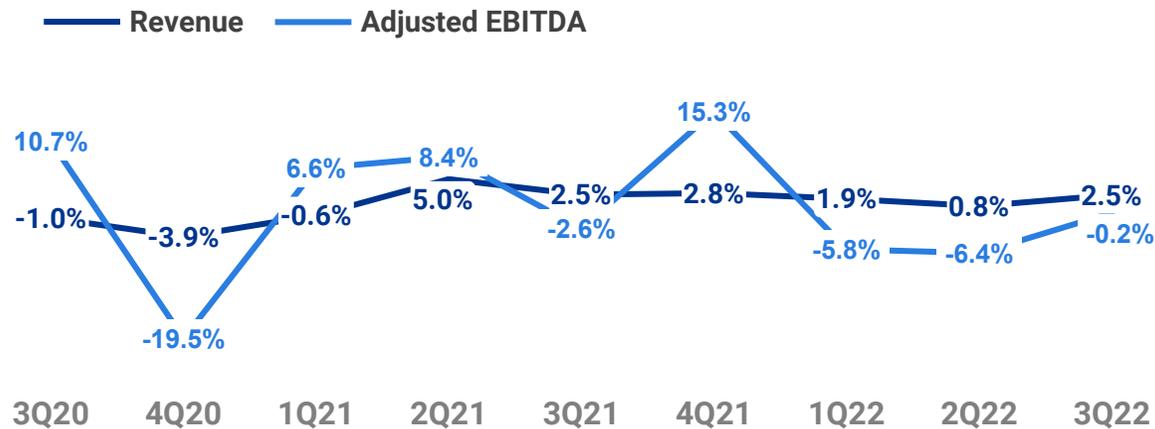
## Financials

			% change	
	3Q22	3Q21	Reported	OCC <sup>1</sup>
Revenue	\$135M	\$166M	(18.5)%	2.5%
Adjusted EBITDA	47	61	(23.1)	(0.2)
Total margin	34.4%	36.5%		

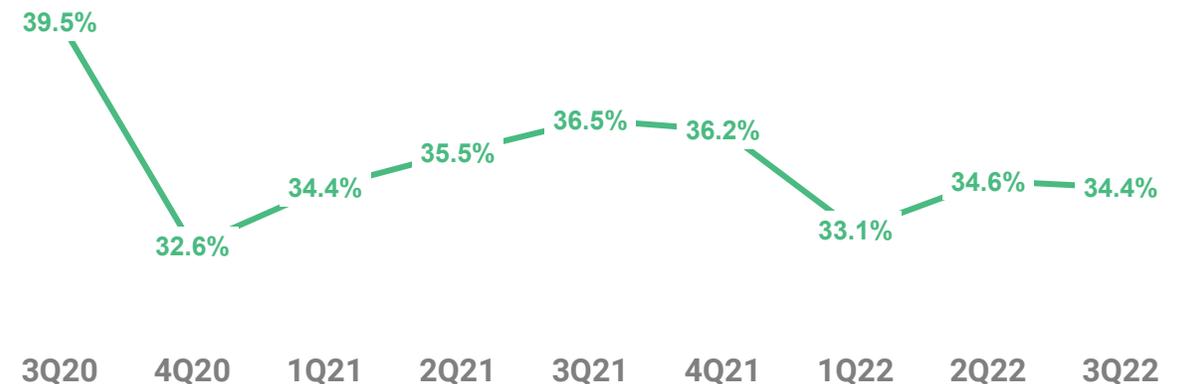
## Business Highlights

- OCC revenue increased 2.5%, reflecting growth in subscription revenues offset by decline in consulting.
  - Normalizing for the impact of suspended operations in Russia, Energy revenue would have grown 5.2% on an OCC basis.
- OCC adjusted EBITDA grew 7.8% when normalizing for the impact of suspended operations in Russia.
- Total adjusted EBITDA margin was 34.4%, down 210 bps year-over-year reflecting a negative mix shift from recent dispositions as well as higher cloud and travel expenses.

## Organic Constant Currency Growth<sup>1</sup>



## Total Adjusted EBITDA Margin



1. OCC figures beginning 1Q22 exclude results from recent dispositions, namely 3E.

# Cash Flow and Capital

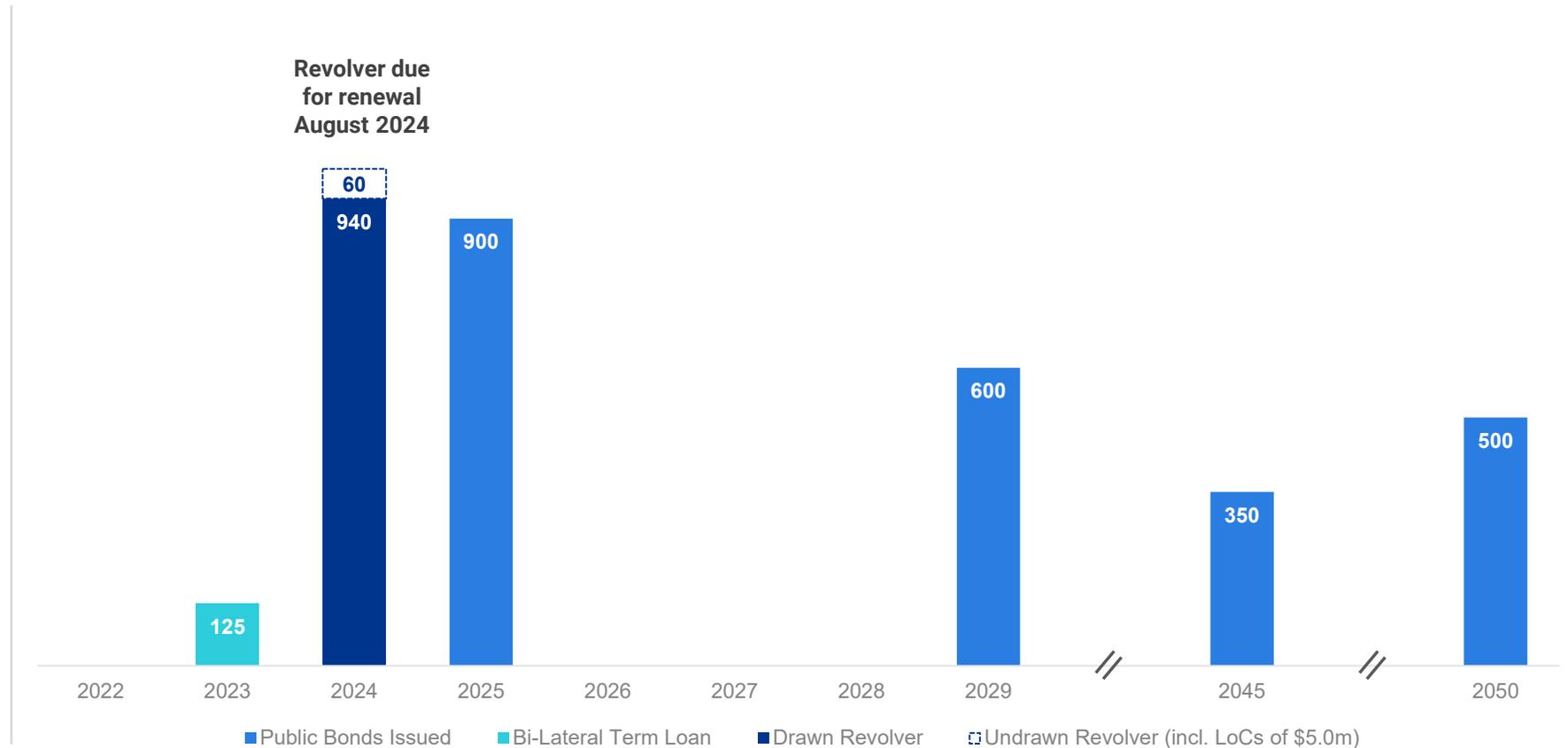
# Cash Flow Utilization

<b>(in \$ millions)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>3Q21</b>	<b>3Q22</b>
Net cash provided by operating activities	\$956M	\$1,068M	\$1,156M	\$285M	\$280M
Capital expenditures	(217)	(247)	(268)	(61)	(66)
Free cash flow (FCF)	740	821	887	224	214
Acquisitions (net of cash acquired) and related items <sup>1</sup>	(704)	(396)	(299)	(18)	—
Proceeds from sale of assets and settlement of related note	2	23	—	—	—
Net debt (repayments) borrowings	450	44	110	15	(60)
Purchase of investments in a nonpublic company	—	(95)	(24)	(6)	(2)
Repurchases of common stock	(300)	(349)	(475)	(150)	(300)
Dividends paid	(164)	(176)	(188)	(47)	(49)

1. Includes acquisition-related earnout payments from both operating and financing activities.

# Capital Structure

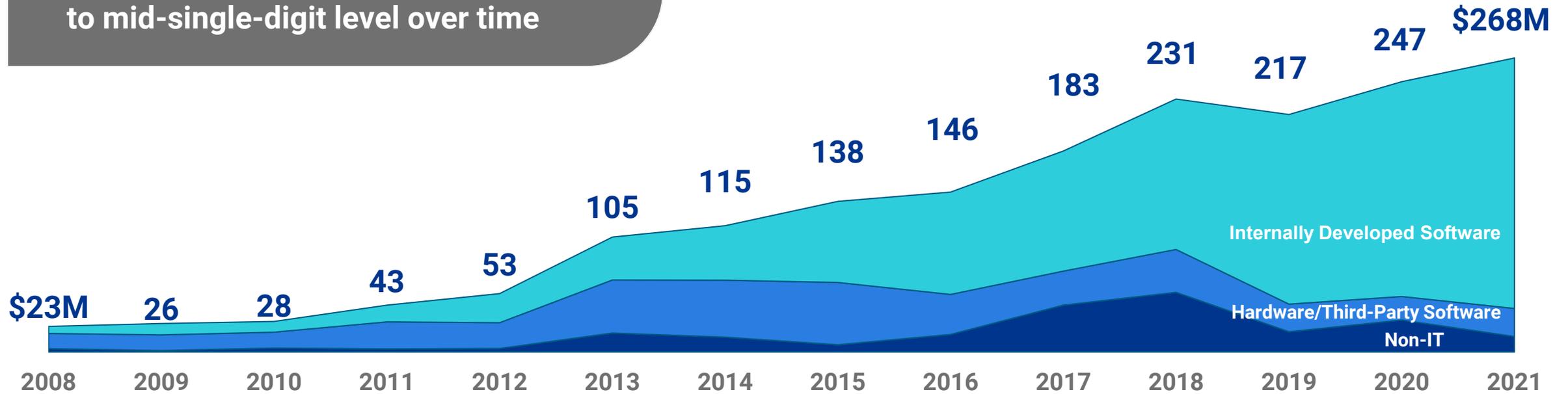
(in \$ millions)	as of Sep. 2022
<b>Bonds</b>	<b>\$2,350</b>
<b>Term Loan</b>	<b>\$125</b>
<b>Revolver Drawn</b>	<b>\$940</b>
<b>Total Debt <sup>1</sup></b>	<b>\$3,415</b>
<b>Debt/EBITDA <sup>2</sup></b>	<b>2.15x</b>
<b>Covenant level <sup>3</sup></b>	<b>3.50x</b>
<b>Investment Grade Ratings</b>	
S&P	BBB
Moody's	Baa2
Fitch	BBB+



1. Total debt excludes finance lease liabilities, any issued letters of credit, and issued surety bonds.  
 2. Per bank covenant; leverage based on reported (face) EBITDA is 2.22x i.e., total debt(including finance lease liabilities & surety bonds)/unadjusted EBITDA.  
 3. At Verisk's election, covenant may increase once to 4.25x and once to 4.00x for a period of up to 12 months twice in the facility life.  
 3. The second step-up in the leverage covenant level can occur only if actual leverage is <=3.00x at two consecutive quarter ends after the occurrence of the first step-up.

# Capital Expenditures

Capex as a % of revenue to come down to mid-single-digit level over time



## Capex as a % of revenue



# 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

# 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; 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) 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.

# Non-GAAP Reconciliations

## Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation	3Q22			3Q21		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$610.1M	\$135.2M	—	\$557.9M	\$165.9M	\$35.2M
Revenues from acquisitions and dispositions	(28.1)	—	—	(16.2)	(1.1)	—
<b>Organic revenues</b>	<b>582.0</b>	<b>135.2</b>	<b>—</b>	<b>541.7</b>	<b>164.8</b>	<b>35.2</b>
EBITDA	329.3	40.1	(1.4)	311.5	60.5	6.7
Acquisition-related costs (earn-outs)	7.7	—	—	0.1	—	—
Gain from disposition	—	6.4	1.4	—	—	—
Severance expense	—	—	—	—	—	—
<b>Adjusted EBITDA</b>	<b>337.0</b>	<b>46.5</b>	<b>0.0</b>	<b>311.6</b>	<b>60.5</b>	<b>6.7</b>
Adjusted EBITDA from acquisitions and dispositions	(8.0)	1.9	—	(4.6)	(12.7)	(6.7)
<b>Organic adjusted EBITDA</b>	<b>329.0</b>	<b>48.4</b>	<b>—</b>	<b>307.0</b>	<b>47.8</b>	<b>—</b>

# Non-GAAP Reconciliations

## Segment Results and EBITDA | Current and Prior-Year Period

Segment Results Summary and Adjusted EBITDA Reconciliation	FY21			FY20		
	Insurance	E&SM	FS	Insurance	E&SM	FS
Revenues	\$2,206.9M	\$648.9M	\$142.8M	\$2,008.7M	\$619.2M	\$156.7M
Revenues from acquisitions and dispositions	(58.5)	(2.9)	—	(6.2)	—	(1.4)
<b>Organic revenues</b>	<b>2,148.4</b>	<b>646.0</b>	<b>142.8</b>	<b>2,002.5</b>	<b>619.2</b>	<b>155.3</b>
EBITDA	1,265.7	231.3	(111.0)	1,131.0	215.1	47.7
Impairment loss	—	—	134.0	—	—	—
Litigation reserve	(50.0)	—	—	—	—	—
Acquisition-related costs (earn-outs)	0.1	—	—	2.1	—	—
Gain from dispositions	—	—	—	(15.9)	—	(3.5)
<b>Adjusted EBITDA</b>	<b>1,215.8</b>	<b>231.3</b>	<b>23.0</b>	<b>1,117.2</b>	<b>215.1</b>	<b>44.2</b>
Adjusted EBITDA from acquisitions and dispositions	(18.2)	1.7	—	4.1	—	(0.1)
<b>Organic adjusted EBITDA</b>	<b>1,197.6</b>	<b>233.0</b>	<b>23.0</b>	<b>1,121.3</b>	<b>215.1</b>	<b>44.1</b>

# Non-GAAP Reconciliations

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

	FY21	FY20	3Q22	3Q21
<b>Adjusted Net Income and EPS</b>				
Net income	\$666.3M	\$712.7M	\$189.5M	\$204.9M
plus: Amortization of intangibles	176.7	165.9	36.6	37.6
less: Income tax effect on amortization of intangibles	(38.8)	(36.5)	(8.1)	(8.2)
less: Litigation reserve	(50.0)	—	—	—
plus: Income tax effect on litigation reserve	12.6	—	—	—
plus: Acquisition-related costs and interest expense (earn-outs)	0.1	2.1	7.7	0.1
less: Income tax effect on acquisition-related costs and interest expense (earn-outs)	—	(0.5)	(1.8)	—
plus: Impairment loss	134.0	—	—	—
less: Income tax effect on impairment loss	(32.8)	—	—	—
plus: Loss (gain) from dispositions	—	(19.4)	7.8	—
less: Income tax effect on gain from dispositions	—	9.6	(1.8)	—
plus: Severance expense	—	—	—	—
less: Income tax effect on severance expense	—	—	—	—
<b>Adjusted net income</b>	<b>868.1</b>	<b>833.9</b>	<b>229.9</b>	<b>234.4</b>
<b>Diluted EPS attributable to Verisk</b>	<b>\$4.08</b>	<b>\$4.31</b>	<b>\$1.20</b>	<b>\$1.24</b>
<b>Diluted adjusted EPS</b>	<b>\$5.31</b>	<b>\$5.04</b>	<b>\$1.46</b>	<b>\$1.44</b>
Weighted-average diluted shares outstanding	163.3M	165.3M	158.0M	162.8M
<b>Free Cash Flow</b>				
Net cash provided by operating activities	\$1,155.7M	\$1,068.2M	\$280.2M	\$285.2M
Capital expenditures	(268.4)	(246.8)	(65.8)	(61.4)
<b>Free cash flow</b>	<b>887.3</b>	<b>821.4</b>	<b>214.4</b>	<b>223.8</b>

# Non-GAAP Reconciliations

## Adjusted EBITDA | Historical Full-Year Periods

### Segment Adjusted EBITDA Reconciliation

	2021	2020	2019
Insurance Segment – EBITDA	\$1,265.7M	\$1,131.0M	\$824.1M
Insurance Segment – Acquisition-related costs (earn-outs)	0.1	2.1	32.1
Insurance Segment – Gain and interest income on subordinated promissory note receivable	–	–	–
Gain from dispositions	–	(15.9)	–
Insurance Segment – Litigation reserve	(50.0)	–	125.0
<b>Insurance Segment – Adjusted EBITDA</b>	<b>1,215.8</b>	<b>1,117.2</b>	<b>981.2</b>
Energy and Specialized Markets Segment – EBITDA	\$231.3	\$215.1	\$140.4
Energy and Specialized Markets Segment – Acquisition-related costs (earn-outs)	–	–	41.9
<b>Energy and Specialized Markets Segment – Adjusted EBITDA</b>	<b>231.3</b>	<b>215.1</b>	<b>182.2</b>
Financial Services Segment – EBITDA	\$(111.0)	\$47.7	\$54.4
Financial Services Segment – Impairment reserve (loss)	134.0	–	–
Financial Services Segment – (Gain) Loss from dispositions	–	(3.5)	6.2
<b>Financial Services Segment – Adjusted EBITDA</b>	<b>23.0</b>	<b>44.2</b>	<b>60.6</b>

