



Verisk Analytics

Scott Stephenson
Chairman, President, and Chief Executive Officer

CECP CEO Investor Forum
February 24, 2020

SERVE | ADD VALUE | INNOVATE





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, Verisk's expectation and ability to pay a quarterly cash dividend on its common stock in the future, subject to the determination by the Board of Directors and based on an evaluation of company 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 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 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, for budgeting and planning purposes, and for evaluating the performance of senior management.

Agenda

- I. Company Overview
- II. Strategy and Long-Term Value Creation
- III. Measuring Results and Outcomes

Company Overview



A Leading Data Analytics Partner to Our Customers

Insurance



Energy



Financial Services



We help our customers

- Assess and price risk with more accuracy
- Improve and automate underwriting and claims outcomes
- Mitigate fraud
- Build resilience to extreme events

- Manage risk across the natural resources value chain
- Solve complex cost management challenges
- Improve environmental health and safety
- Analyze geopolitical and humanitarian risk

- Identify fraud and abuse
- Manage regulatory and bankruptcy risk
- Analyze consumer spend



Financially Sound, Data Rich, and Global



1971
Founded



\$27B
Market cap



19PB
of information in
our data stores



30
Countries and growing



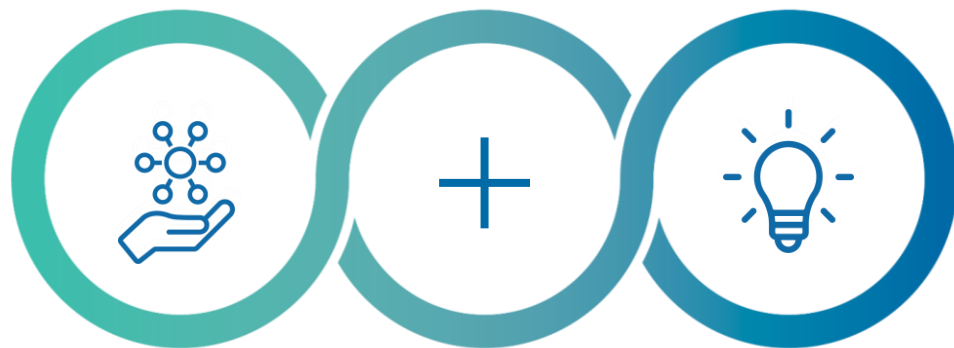
~9,300
Passionate employees

Purpose

We help customers make crucial decisions every day about risk, investments, and operations—with **greater precision, efficiency, and discipline**—that affect millions of lives and tens of thousands of businesses around the world.

The Verisk Way: Our Guiding Principles

SERVE | ADD VALUE | INNOVATE

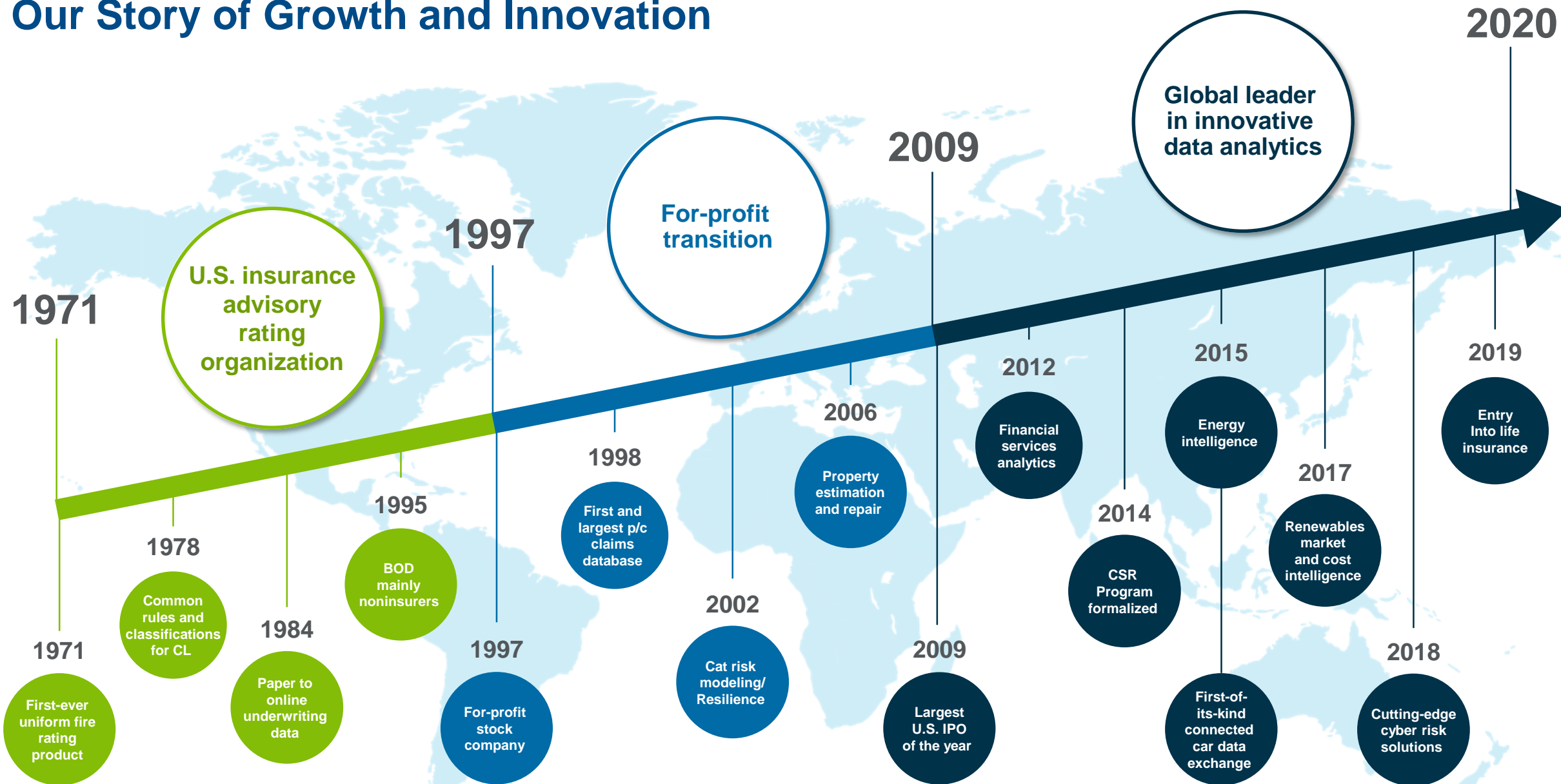


WE SUPPORT





Our Story of Growth and Innovation





Our Distinctives

What Sets Us Apart and Guides Our Company



**Unique
Data Assets**



**Deep Domain
Expertise**



**Deep Integration
into Customer
Workflows**



**Steady Stream
of First-to-Market
Innovations**

Strategy and Long-Term Value Creation



Strategy for Growth



**Increase Solution
Penetration**



**Develop New
Proprietary Data Sets**



**Leverage Our
Intellectual Capital**



**Pursue Strategic
Acquisitions**

**We help our customers improve operations,
decisions, and performance.**



Work with Purpose: Protecting People, Property, and Financial Assets Around the World



**Building code assessment
and mitigation**



**Community fire
protection**



**Extreme event and
catastrophe models**



Cyber risk solutions



Fraud



Smart regulation



Capitalizing on Megatrends That Affect Our Business



**Increasing Demand for
Data Analytics**



Automation

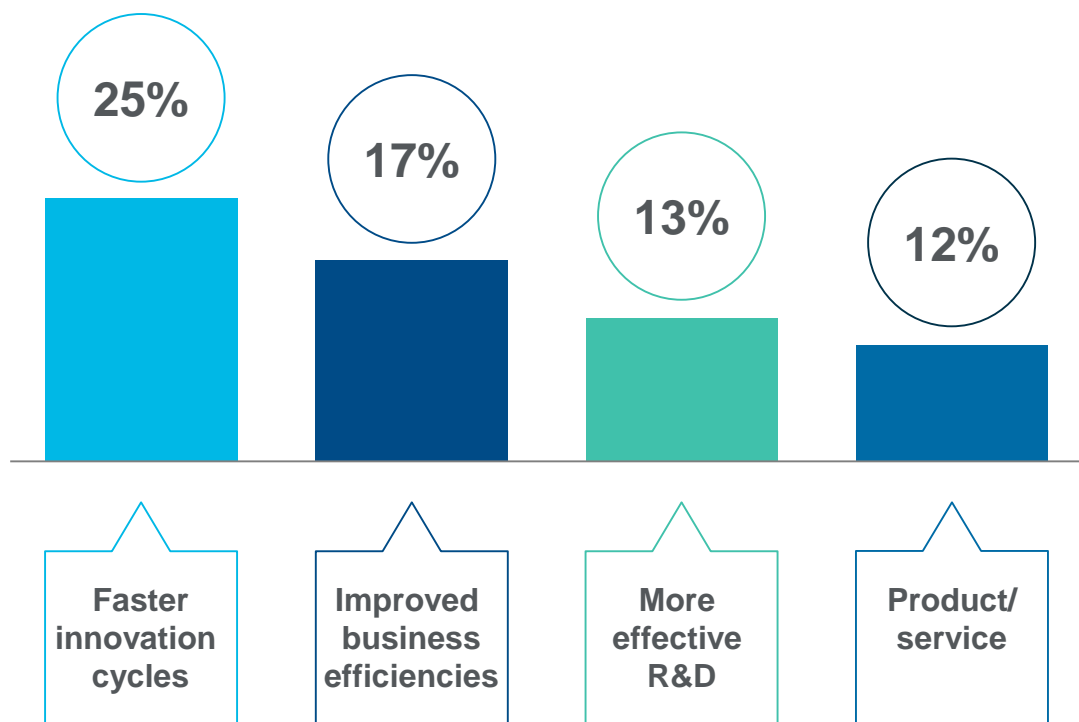


**Energy Transition Outlook:
Scalability Challenge**



Increasing Demand for Data Analytics

Top 4 Benefits



Source: Chicago Analytics Group, 2019

The Cost of Being “Data Analytic”

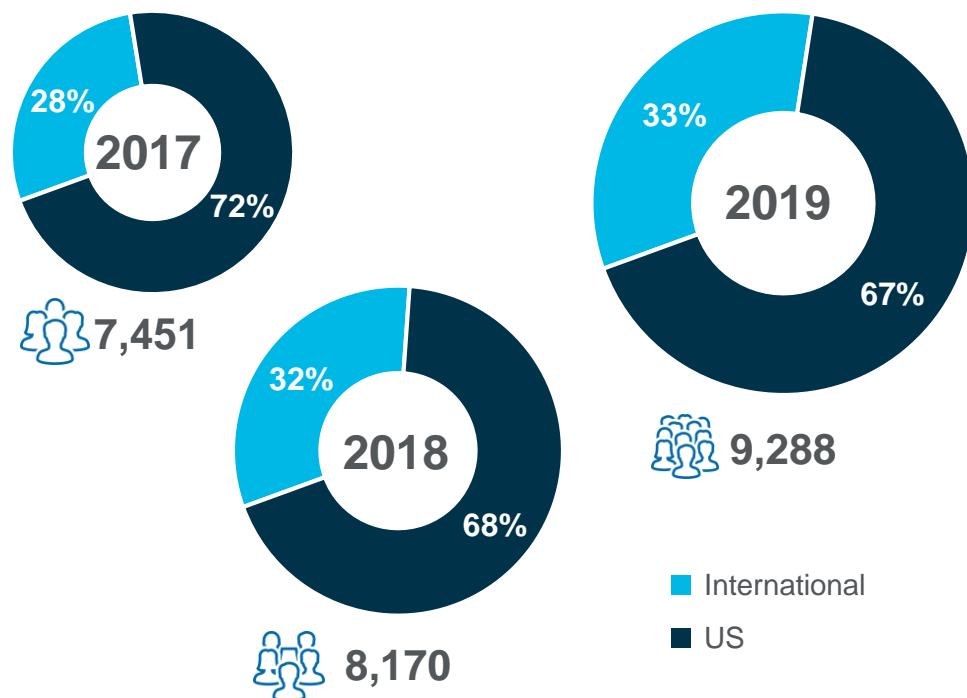


	1999	2019
Cost of 1 PB of storage	~\$8,000,000	~\$50,000
Cost of human to make data useful	~\$80,000 Data Administrator	~\$500,000 Data Scientist
	100:1	1:10



Our Talent: A Foundation for Growth and Innovation

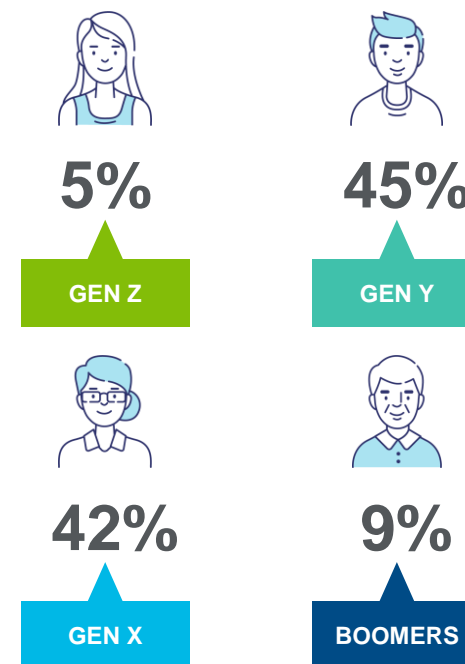
Global Reach and Headcount



Our People

- Actuaries
- Chemists and physicists
- Commercial bankers and financial analysts
- Commodity specialists
- Data and AI scientists
- Economists
- Engineers
- Geologists
- Insurance experts
- Meteorologists
- Natural resources specialists
- Predictive modeling experts
- Supply chain analysts

Generation



Employee
Networks





Building Careers, Not Jobs



Specialty Programs

Data Science Excellence Program

Data Analytics Certification
(Coursera/Johns Hopkins)

Returnship Program

Campus Outreach / Internships

Lean Six Sigma Training

Cloud Certification



Capitalizing on Megatrends That Affect Our Business



**Increasing Demand for
Data Analytics**



Automation



**Energy Transition Outlook:
Scalability Challenge**



Automation



Four Factors Putting Pressure on Insurers

1 

Evolving demographic of insurance buyer

Millennials now the largest generation

>75% of policyholders prefer applying online and expect an “Amazon-like” experience

2 

Aging insurance workforce

400,000 of the 1.4M professionals in the p/c insurance industry are set to retire within the next 2-3 years

3 

Competitive forces

New non-traditional entrants

Innovative industry frontrunners

4 

Drive to reduce costs

Greater price transparency

New players are redefining high performance with digitization



Our Automated Underwriting Solution

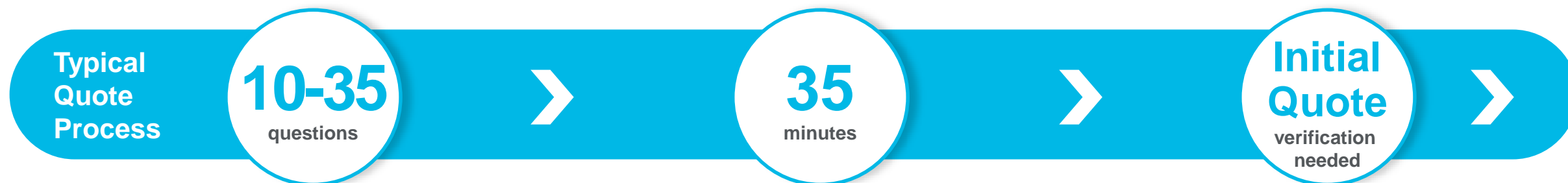


Our Approach



50% to 85% boost in conversion rates

Current Approach



45% of prospects will drop off during the process or not purchase revised rate



Capitalizing on Megatrends That Affect Our Business



**Increasing Demand for
Data Analytics**



Automation



**Energy Transition Outlook:
Scalability Challenge**



Energy Transition Outlook: The Scalability Challenge



2040

the energy transition
becomes reality

~25%

of global power needs will be
met by solar and wind

35%

of all new vehicle sales will
use electric motors rather
than gasoline or diesel

**This
could
happen
faster**

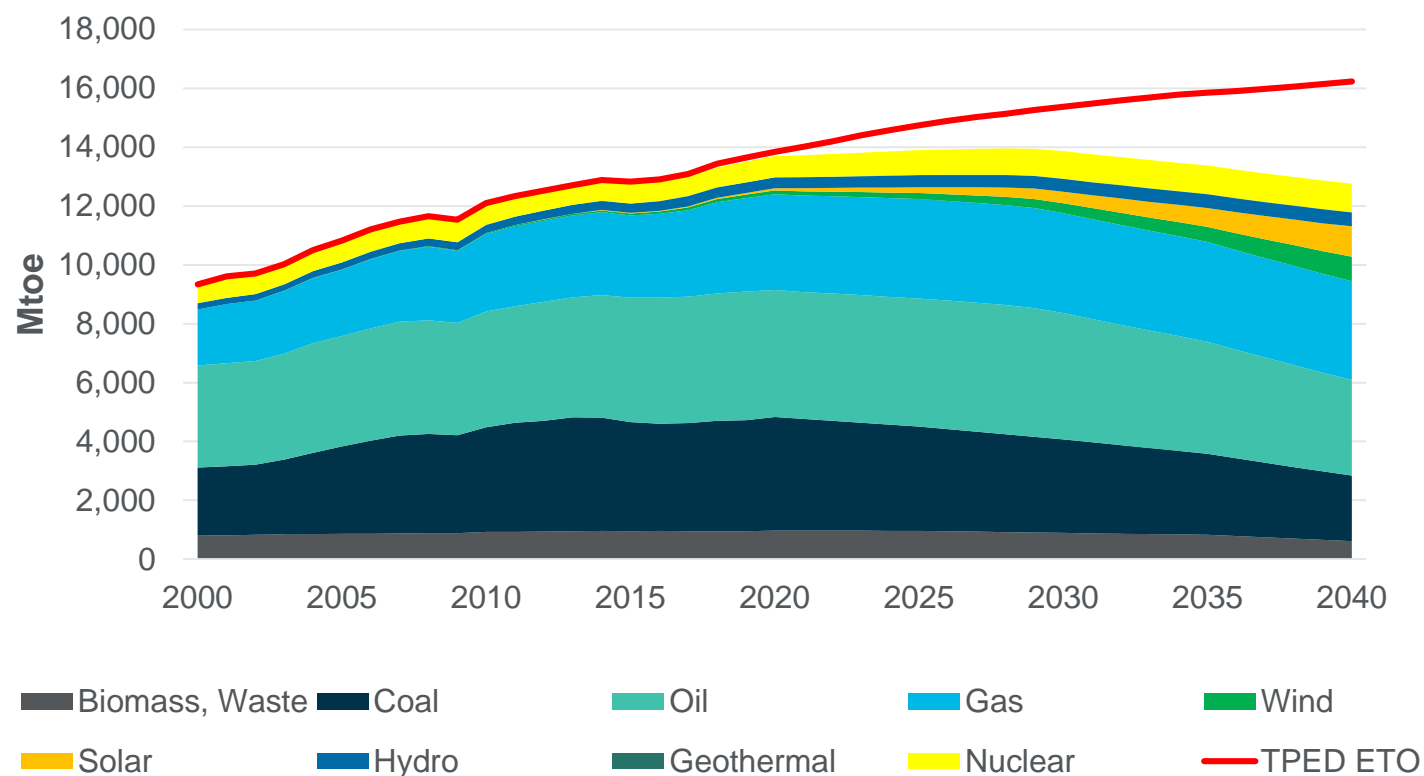
**What
does this
mean for
companies
and
investors?**



Helping Customers Navigate the Energy Transition



Accelerated Energy Transition Outlook



Source: Wood Mackenzie

TPED = Total primary energy demand

Mtoe = Millions of tons of oil equivalent

Energy Transition Service

- Leverages our entire commodity platform
- Delivers integrated energy market research underpinned by extensive expertise, proprietary models, and robust market knowledge
- Helps clients position their business for success in rapidly changing times, exploit opportunities, and manage risks from competitor tech and innovation

Our Commitment to Environmental Responsibility



For two consecutive years, we've balanced 100% of our Scope 1 and 2 emissions, and 100% of our Scope 3 business air travel, by investing in renewable energy certificates and carbon offsets.

SCOPE 1



Mobile
combustion



Stationary
combustion

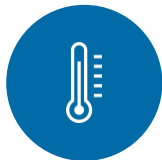


Fugitive
emissions

SCOPE 2



Purchased
electricity



Purchased
steam



Purchased
chilled water

SCOPE 3



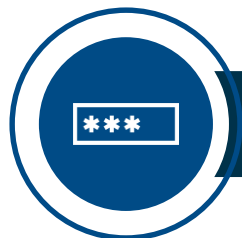
Business
air travel

We continue to invest in purposeful energy reduction initiatives affecting our physical space and data management operations.

Always on Our Minds



Cloud Migration



Data Security / Tokenization



Regulatory Environment



Ethical Machine Learning





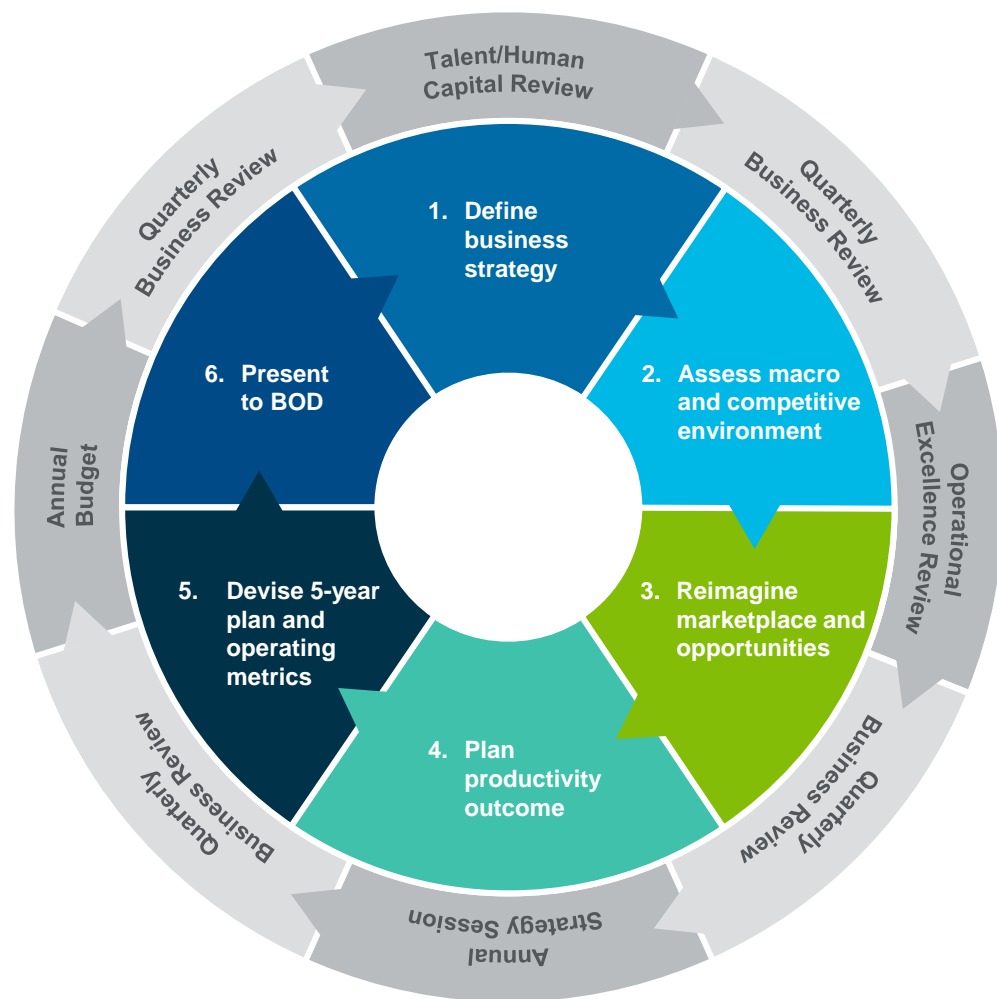
Capital Management Philosophy

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
- Evaluate capital return alternatives and determine allocation
- Allocate capital to attractive return opportunities in excess of risk-adjusted WACC with highest value creation opportunity
- Target leverage of 2x – 3x



Our Strategic Planning and Long-Term Financial Targets



ORGANIC REVENUE GROWTH

7–8% on average, over time

ORGANIC EBITDA GROWTH

1–2 pts faster than revenue growth

ROIC

Increase over time

ADJUSTED EPS

Double-digit growth



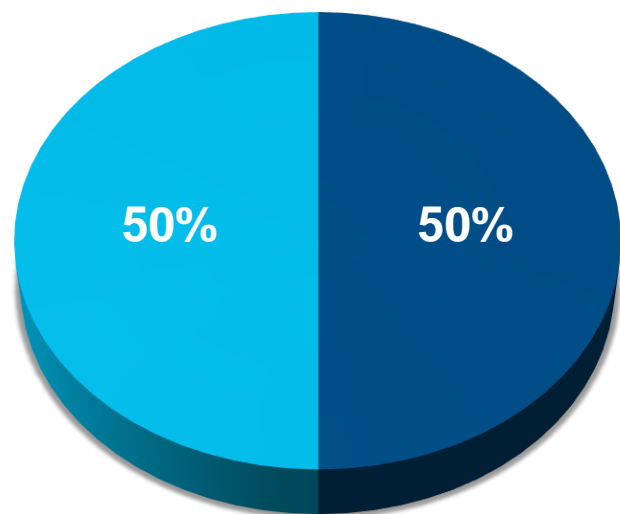
Governance

Quantitative, transparent, performance-based, and aligned with stakeholders

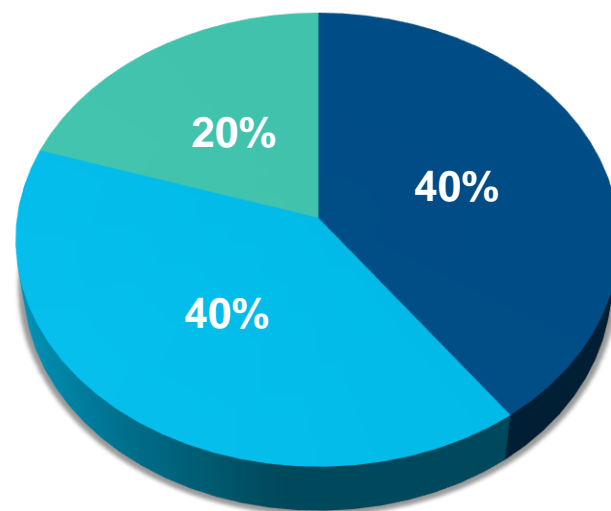
Short-Term Incentive

As of 2018

CEO



Other Named Officers



■ Adjusted organic revenue targets

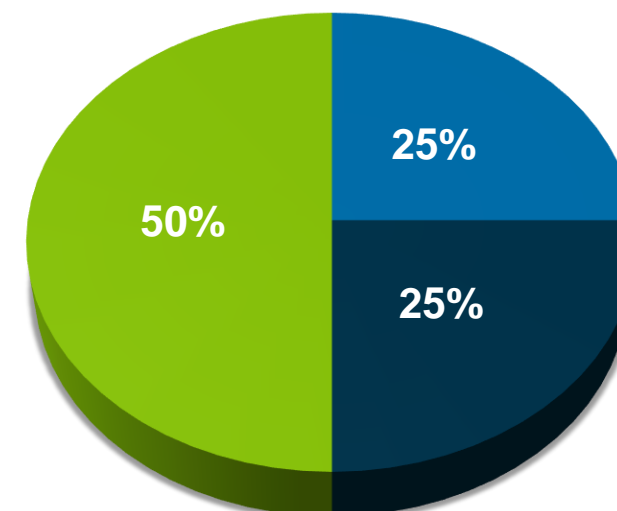
■ Adjusted organic EBITDA targets

■ Individual performance

Long-Term Incentive

As of 2018

Named Officers



■ PSUs

■ Restricted stock

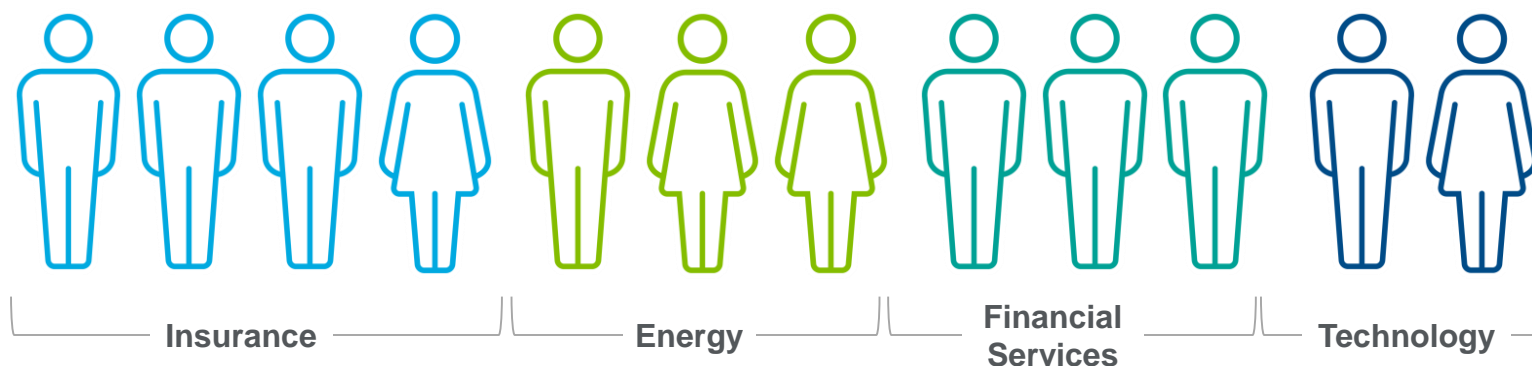
■ Options



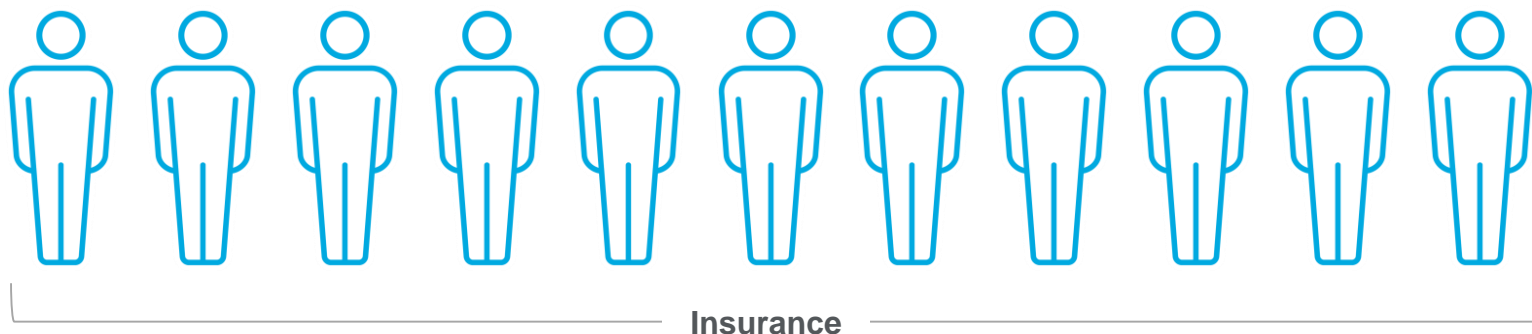
Governance

Board Diversity

2020



2009



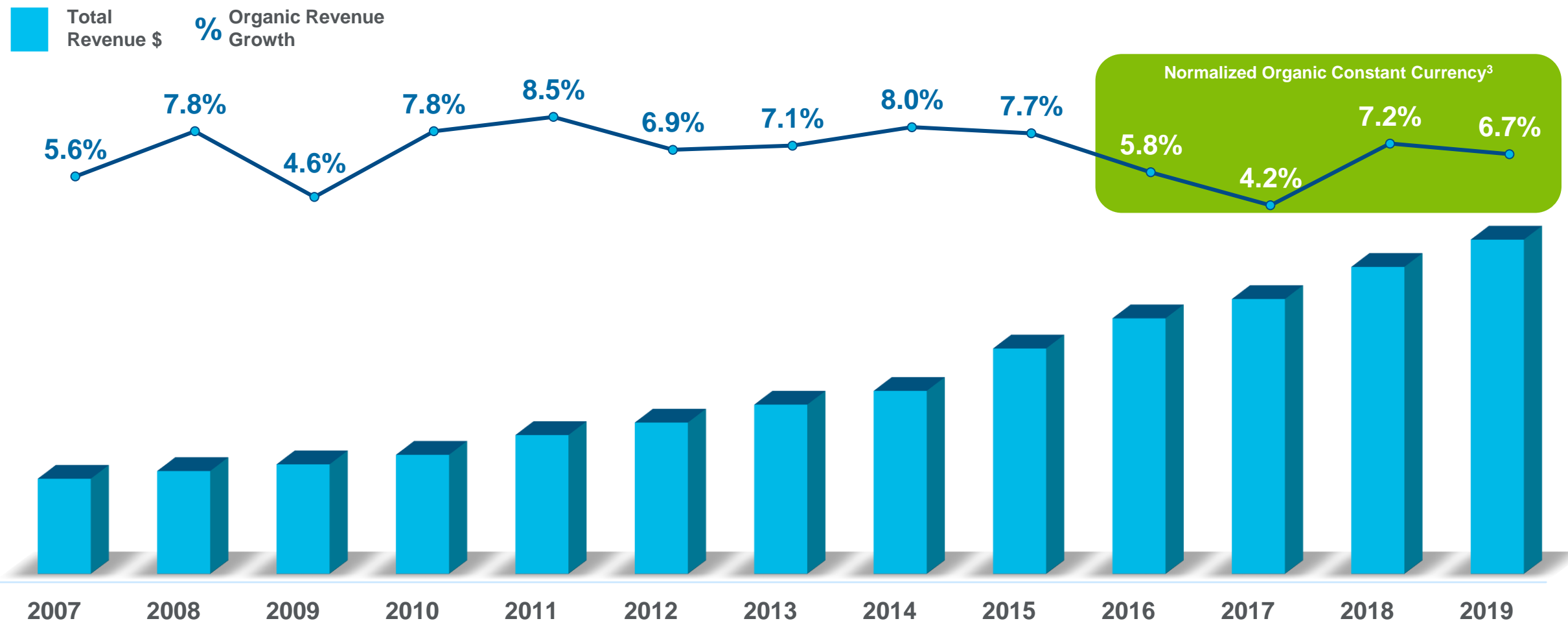
33%
of current directors
are women

4 new
directors
in past
5 years

Measuring Results and Outcomes



Long-Term Sustainable Growth^{1,2,3}



1. Organic growth includes businesses owned for a full year or more at measurement.

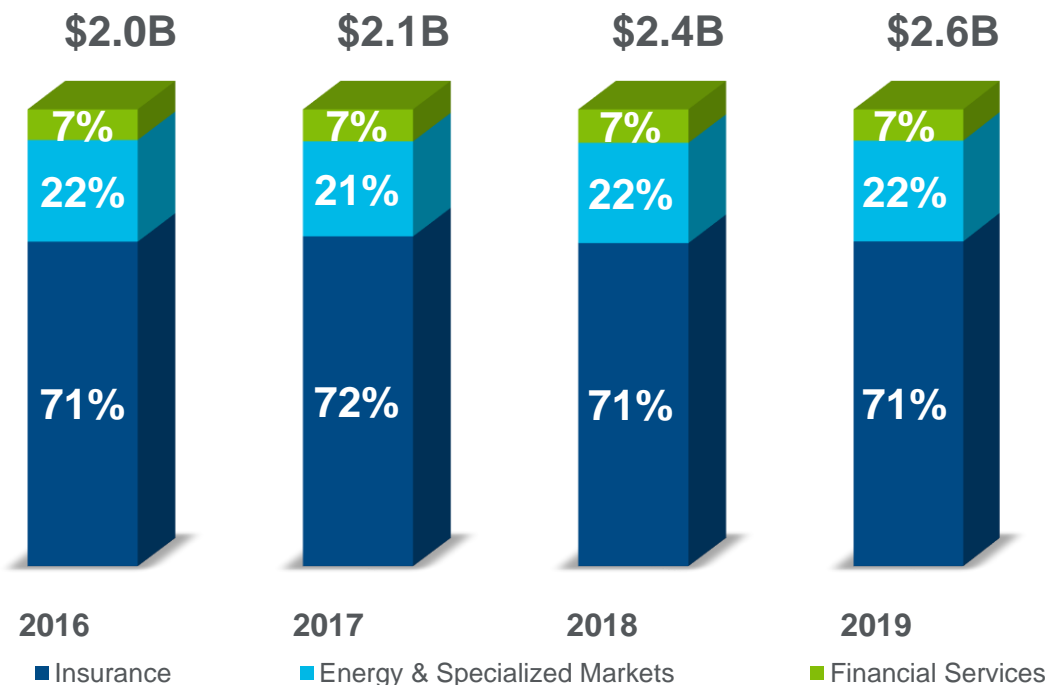
2. All figures exclude mortgage and healthcare.

3. Normalized Organic Constant Currency growth excludes the impact of nonrecurring revenue benefits in 2017.



High-Quality Recurring Revenue across a Diversified Solution Set

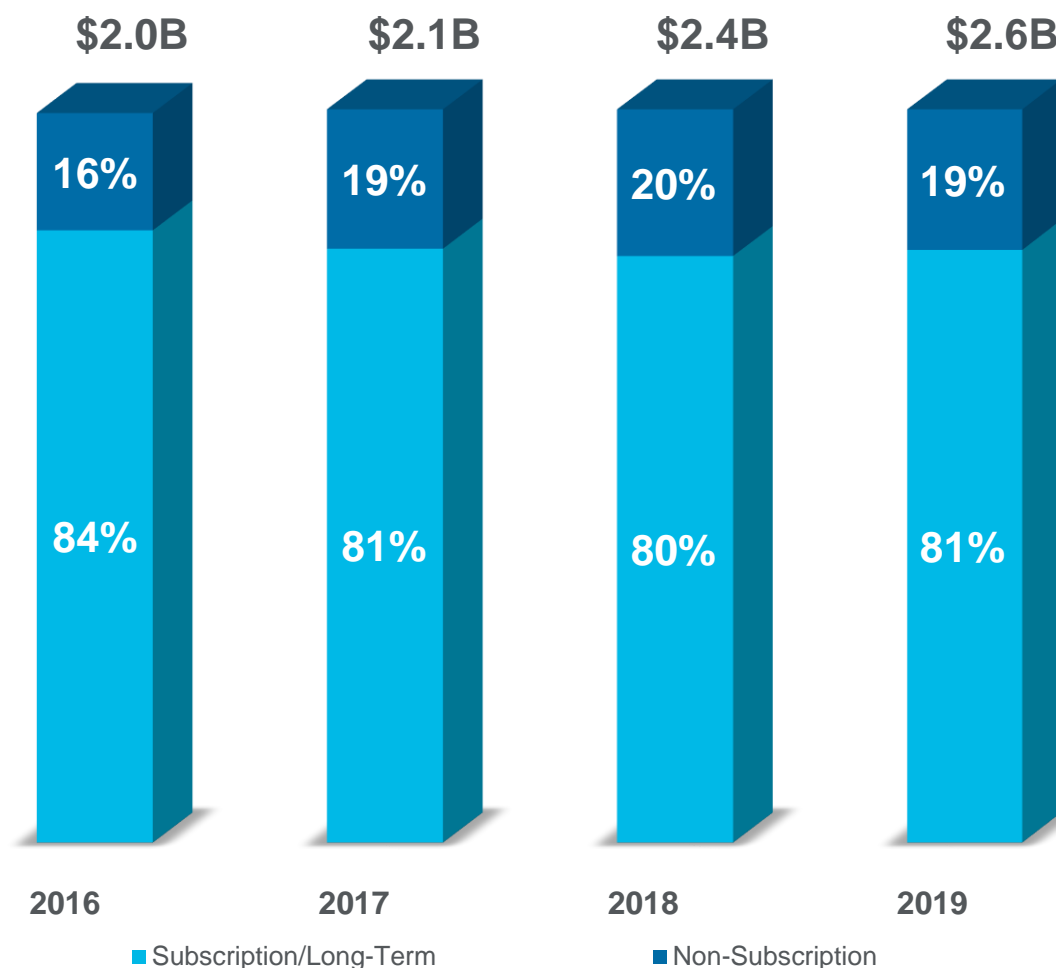
Revenue – Segment Breakdown



International Revenue

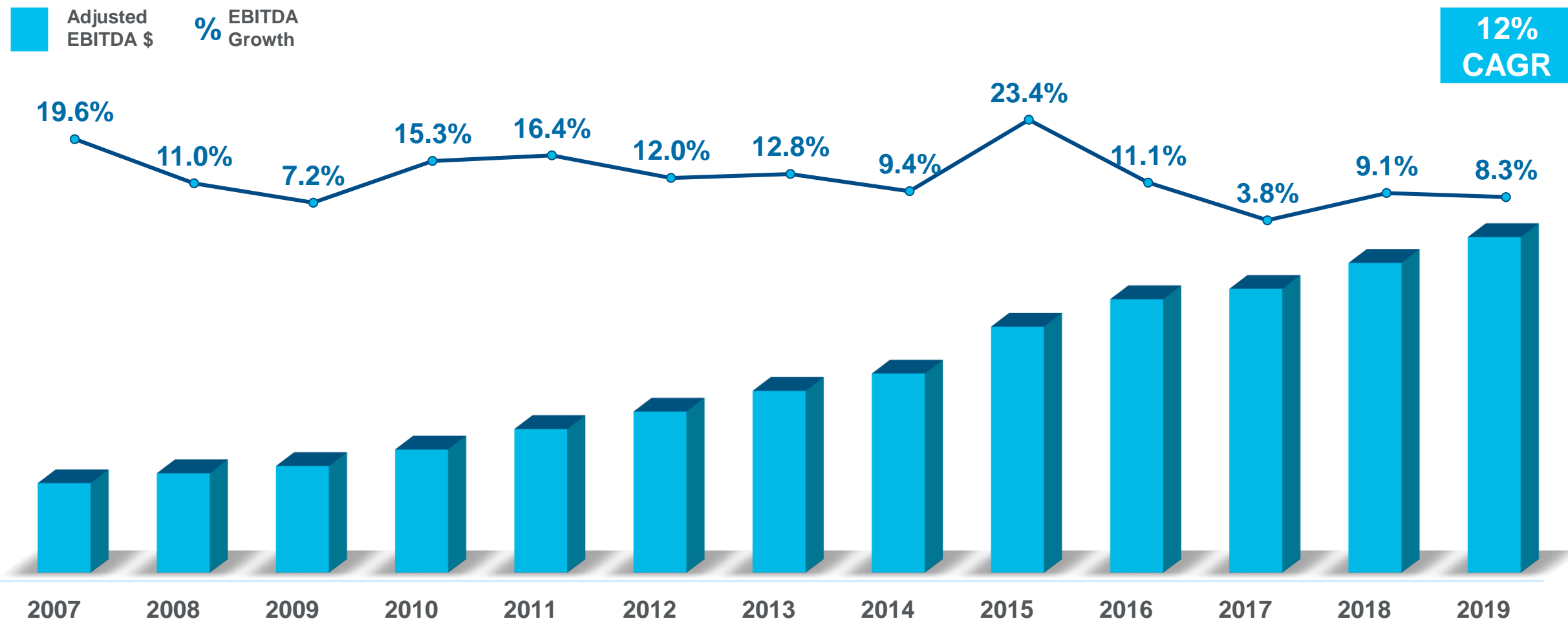


Revenue – Subscription vs. Non-Subscription





Solid Profitability Growth^{1,2,3}



1. 2015 excludes 2Q one-time Wood Mackenzie acquisition fees (net of hedge).

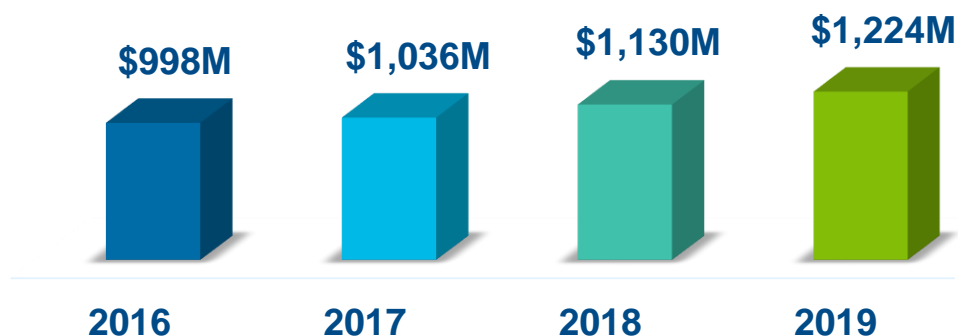
2. 2016 excludes nonrecurring severance and ESOP payments as well as gain on sale of equity investment.

3. 2016-2018 exclude Verisk Health note as well as acquisition-related earnouts.

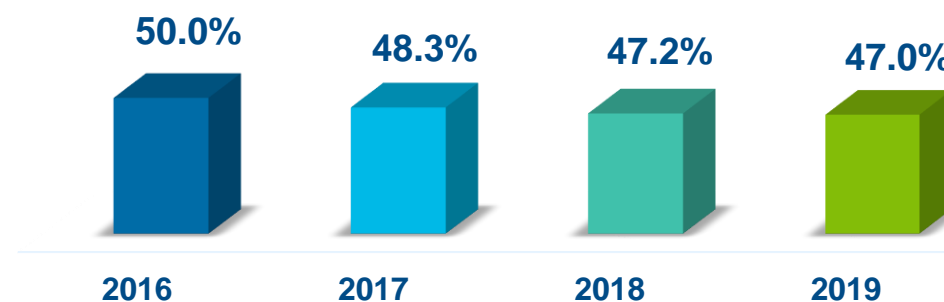


Healthy Margin Profile

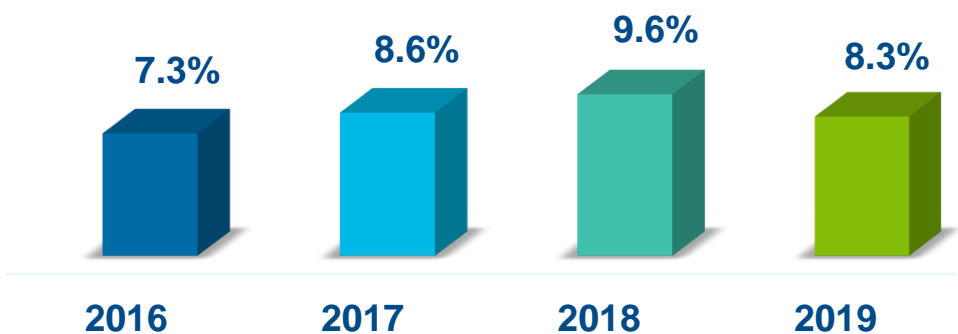
Adjusted EBITDA¹



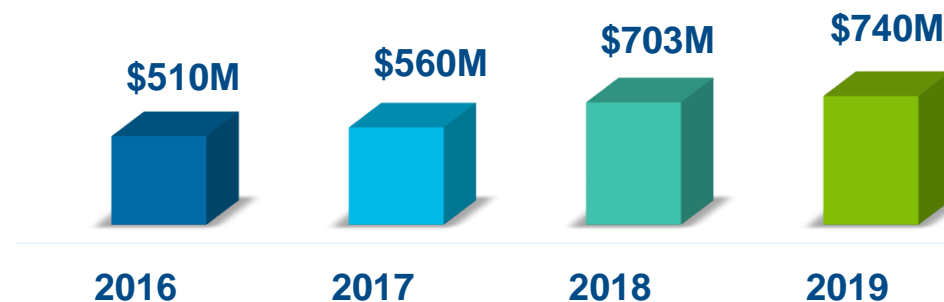
Adjusted EBITDA Margins¹



Capital Expenditures as a % of Revenue



Free Cash Flow²

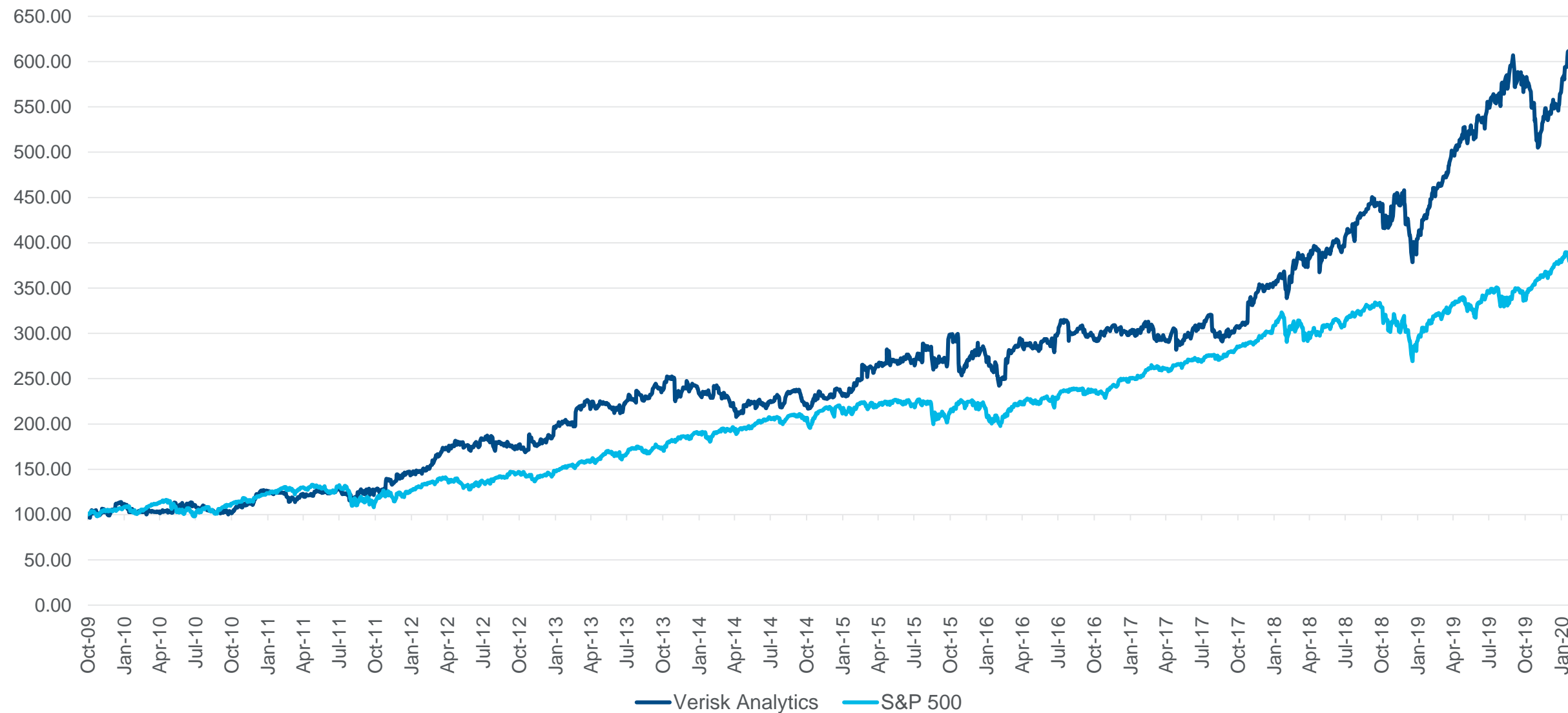


1. Adjusted EBITDA defined as EBITDA before nonoperating acquisition-related costs and nonrecurring items. See Appendix for itemized detail.

2. 2016 net cash provided by operating activities and free cash flow are normalized for \$100M of taxes paid related to the divestiture of the healthcare business.



Ten Years of Growth: Verisk Stock Outperforms the S&P 500





A Differentiated Business Model

- Unique and defensible data sets
- Substantial growth opportunities capitalizing on megatrends across verticals
- Stable subscription revenue base with established organic growth record
- Scaled business model with leading margins and operating leverage
- Attractive returns through compounding growth and disciplined capital allocation
- Work with purpose to address risks faced by businesses, people, and communities





Verisk™

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