



SNL Financial Acquisition  
& 2Q 2015 Earnings Call

July 27, 2015

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President and CEO

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Executive Vice President and CFO

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## Comparison of Adjusted Information to U.S. GAAP Information

This presentation includes adjusted financial measures that are derived from the Company's continuing operations. This non-GAAP information is provided in order to allow investors to make meaningful comparisons of the Company's operating performance between periods and to view the Company's business from the same perspective as Company management.

The Company's earnings release dated July 27, 2015 contains exhibits that reconcile the differences between the non-GAAP measures and comparable financial measures calculated in accordance with U.S. GAAP.

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## “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains “forward-looking statements,” as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management’s current views concerning future events, trends, contingencies or results, appear at various places in this press release and use words like “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “future,” “intend,” “plan,” “potential,” “predict,” “project,” “strategy,” “target” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would.” For example, management may use forward-looking statements when addressing topics such as: the outcome of contingencies; future actions by regulators; changes in the Company’s business strategies and methods of generating revenue; the development and performance of the Company’s services and products; the expected impact of acquisitions and dispositions; the Company’s effective tax rates; and the Company’s cost structure, dividend policy, cash flows or liquidity. Forward-looking statements are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include, among other things:

- the impact of the acquisition of SNL Financial, including the impact on the Company’s results of operations; any failure to successfully integrate SNL Financial into the Company’s operations and generate anticipated synergies and other cost savings; any failure to attract and retain key employees to execute SNL Financial’s growth strategy; and any failure to realize the intended tax benefits of the acquisition;
  - the Company’s ability to obtain the requisite regulatory approvals and to satisfy the other conditions to complete the SNL Financial acquisition; the Company’s ability to obtain sufficient debt to finance the acquisition on favorable terms; the risk of litigation, competitive responses, or unexpected costs, charges or expenses resulting from or relating to the acquisition; and any disruption to the business of the Company or SNL Financial due to the announcement or completion of the acquisition or any transaction-related uncertainty;
  - the rapidly evolving regulatory environment, in the United States and abroad, affecting Standard & Poor’s Ratings Services, Platts, S&P Dow Jones Indices, S&P Capital IQ, SNL Financial and the Company’s other businesses, including new and amended regulations and the Company’s compliance therewith;
  - the outcome of litigation, government and regulatory proceedings, investigations and inquiries;
  - worldwide economic, financial, political and regulatory conditions;
  - the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances;
  - the level of interest rates and the strength of the credit and capital markets in the United States and abroad;
  - the demand and market for credit ratings in and across the sectors and geographies where the Company operates;
  - concerns in the marketplace affecting the Company’s credibility or otherwise affecting market perceptions of the integrity or utility of independent credit ratings;
  - the Company’s ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential information and data, and the potential of a system or network disruption that results in regulatory penalties, remedial costs or improper disclosure of confidential information or data;
  - the effect of competitive products and pricing;
  - consolidation in the Company’s end-customer markets;
  - the impact of cost-cutting pressures across the financial services industry;
  - a decline in the demand for credit risk management tools by financial institutions;
  - the level of success of new product developments and global expansion;
  - the level of merger and acquisition activity in the United States and abroad;
  - the volatility of the energy marketplace;
  - the health of the commodities markets;
  - the impact of cost-cutting pressures and reduced trading in oil and other commodities markets;
  - the strength and performance of the domestic and international automotive markets;
  - the impact on the Company’s revenue and net income caused by fluctuations in foreign currency exchange rates;
  - the level of restructuring charges the Company incurs;
  - the level of the Company’s capital investments;
  - the level of the Company’s future cash flows;
  - the Company’s ability to make acquisitions and dispositions and to integrate, and realize expected synergies, savings or benefits from the businesses it acquires;
  - the Company’s ability to successfully recover should it experience a disaster or other business continuity problem from a hurricane, flood, earthquake, terrorist attack, pandemic, security breach, cyber-attack, power loss, telecommunications failure or other natural or man-made event;
  - changes in applicable tax or accounting requirements; and
  - the Company’s exposure to potential criminal sanctions or civil penalties if it fails to comply with foreign and U.S. laws and regulations that are applicable in the domestic and international jurisdictions in which it operates, including sanctions laws relating to countries such as Iran, Russia, Sudan and Syria, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, and local laws prohibiting corrupt payments to government officials, as well as import and export restrictions.
- The factors noted above are not exhaustive. The Company and its subsidiaries operate in a dynamic business environment in which new risks emerge frequently. Accordingly, the Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made, except as required by applicable law. Further information about the Company’s businesses, including information about factors that could materially affect its results of operations and financial condition, is contained in the Company’s filings with the SEC, including the “Risk Factors” section in the Company’s most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Report on Form 10-Q.



## EU Regulation Affecting Investors in Credit Rating Agencies

European Union Regulation 1060/2009 (as amended) applies to credit rating agencies (CRAs) registered in the European Union and therefore to the activities of Standard & Poor’s Credit Market Services Europe Limited, Standard & Poor’s Credit Market Services France SAS and Standard & Poor’s Credit Market Services Italy Srl, (collectively, “Standard & Poor’s”), indirect wholly-owned subsidiaries of McGraw Hill Financial, Inc., each of which is registered and regulated as a CRA with the European Securities and Markets Authority (“ESMA”).

Any person obtaining direct or indirect ownership or control of 5% or more or 10% or more of the shares in McGraw Hill Financial, Inc. may (i) impact how Standard & Poor’s can conduct its CRA activities in the European Union and/or (ii) themselves become directly impacted by EU Regulation 1060/2009 (as amended).

Persons who have or expect to obtain such shareholdings in McGraw Hill Financial, Inc. should promptly contact Chip Merritt at the McGraw Hill Financial, Inc. Investor Relations department ([chip.merritt@mhfi.com](mailto:chip.merritt@mhfi.com)) for more information and should also obtain independent legal advice in such respect.

DOUG PETERSON  
PRESIDENT AND CHIEF EXECUTIVE OFFICER



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## Transaction Summary

### Highlights

- McGraw Hill Financial to acquire SNL Financial for \$2.225 billion in cash
- A leading provider of sector-specific data, news and analytics for the financial institutions, real estate, insurance, media, energy and metals & mining sectors
- Deep reservoir of technical expertise, proprietary data and analytical tools
- Strong management team with a track record of innovation and success adds to the MHFI leadership bench
- Opportunity for combined companies to develop new products, further penetrate core customer segments and geographies, as well as mutually enhance common core capabilities in data, technology and market approach

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## Compelling Combination of Highly Complementary Businesses



### Unique Fit Adds Depth and Scale

- Clear synergy with S&P Capital IQ & Platts with deep sector coverage
- Adds scale to data, technology and commercial capabilities

### Common Industry Footprint

- Deepens expertise in banking and insurance with new platforms in real estate and media, and complementary positions in energy and metals & mining

### Proven Growth Engine

- Subscription-based business accretive to growth due to proven track record of low- to mid-teens organic growth

### Clear Revenue & Cost Synergies

- Leverages MHFI's global footprint to accelerate international growth of SNL
- Expected run-rate EBITDA synergies of \$70 million by 2019

### Sound Transaction Fundamentals

- Accretive to adjusted diluted EPS in 2016, excluding amortization
- Tax benefits due to basis step-up valued at NPV of ~\$550 million

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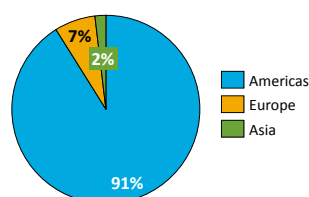
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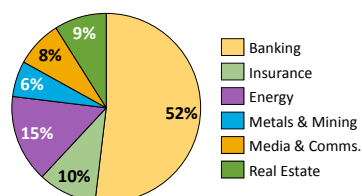
## Overview of SNL

- Provides corporate, financial, operating, and market data, analytics, and news
  - Deep domain expertise with proprietary data built over 28 years
  - Customers include leading financial institutions, energy companies, regulators, and corporate clients
  - Long-standing customer relationships with over 5,000 customers and 75,000 users across industries and geographies
  - Considered a best-in-class product by customers with industry-leading quality and customer service
- Headquartered in Charlottesville, VA with 19 offices globally
- Approximately 3,300 employees
  - Extensive sales and customer service in North America, expanding global coverage
  - Highly capable data operations, research and analytics in India, Pakistan, Philippines and the U.S.

### Revenue by geography



### Revenue by product focus



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## Market Leading Positions Across Industries



### Financial Institutions

Global  
Banks / Financial  
Services / Insurance



### Energy

N. American  
Power / Gas / Coal



### Metals & Mining

Global  
Mines / Projects / Claims  
Reserves / Resources



### Real Estate

Global  
REITs / REOCs /  
Homebuilders / Gaming



### Media & Comms.

Global  
Multichannel / Networks / Broadcast /  
Wireless / Wireline / Internet / Film

% of 2014  
Revenue

62%

15%

6%

9%

8%

- Data on 200,000+ branches across the globe
- Data profiles for 20,000+ US public / private financial institutions, 9,000+ non-US financial institutions, 23,000+ asset managers, PE firms, etc.
- Purpose-built analytical tools (e.g., peers, branch mapping, M&A, valuation, etc.)

- Data on project development, financials, operations M&A, and news
- Proprietary indices, templates and tools
- Monitors 9,000+ power plants, 100+ gas utilities / 120+ interstate pipelines, 2,500+ renewables plants
- Independent research and consultation

- Ownership and production data for 80,000+ mines across >60 countries
- Detailed profiles on 2,500 mining companies around the world
- Price forecasts and cost analysis tools
- Mapping tools to analyze assets, claims, and trade flows

- Property data for ~140,000 commercial / residential properties globally
- Sector-specific metrics such as FFO, AFFO, NAV etc.
- Detailed profiles on 800+ listed real estate companies

- SNL Kagan proprietary data and forecasts on 191 cable networks and detailed data on thousands of broadcast assets
- Global multichannel data on Cable, DTH, HDTV, IPTV, etc.
- Multimedia Technology & Consumer Trends: Vendor rankings, adoption figures

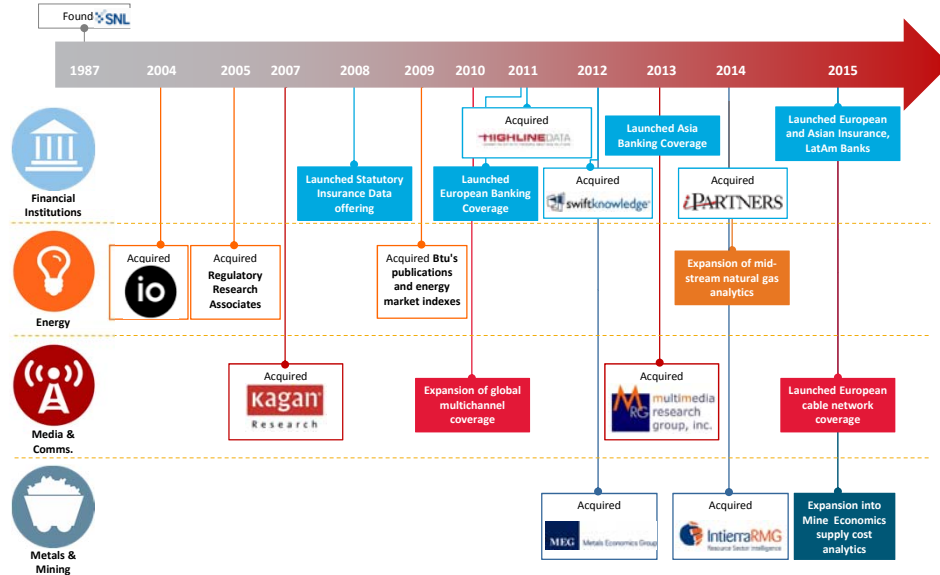
Note: % of revenue calculated based on cash revenue.

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## SNL Historical Timeline: Investing to Expand Capabilities



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## Recent Investments in Developing Businesses



### Accelerate Global Growth

#### Established Businesses

- Track record of low-to-mid teens organic growth
- Strong and expanding margin performance
- Additions of key content to expand market opportunity
- Early stages of expanding channel distribution



**Financial Institutions US**



**Real Estate**



**Energy**



**Media & Comms.**

#### Developing Businesses

- Completing investment phase in 2015
- Ramping quickly with additional large, untapped market opportunity
- Anticipating strong margin expansion as businesses grow and scale



**Financial Institutions Global**  
Launched Europe in 2011,  
Asia in 2013, LatAm in 2015



**Metals & Mining**  
Initiated with the acquisition  
of Metals Economics Group  
in 2012



**Financial Institutions Software**  
SaaS products for banking/  
and insurance, launched in 2014

Established businesses margins in the +30% range

Current SNL margins in the +20% range

Developing business expected to contribute to profits by 2017

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## Enhances MHFI Portfolio

### Current Revenue Mix



Essential Intelligence

### Pro Forma Combined



Essential Intelligence



- Analytics, Data & Research
- Ratings, Indices & Price Assessments



- Significant new revenue stream
- Clear synergies with existing portfolio
- Enhances analytics, data & research capabilities

- Non-Recurring
- Recurring



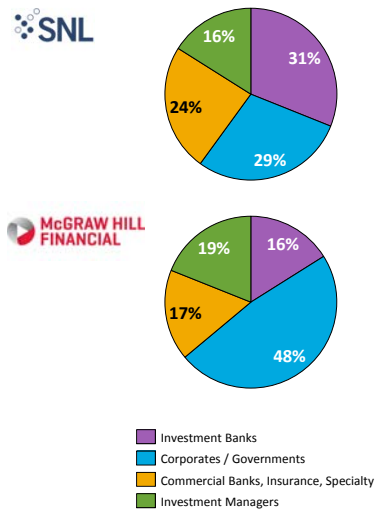
- SNL is a subscription business with strong renewal rates and high future revenue visibility
- Recurring revenue model results in upfront receipt of cash

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## Similar Customer Base and Deeply Embedded Customer Relationships

Revenue by customer type



SNL Customers

Investment banks	<ul style="list-style-type: none"> <li>All leading bulge bracket, regional, and boutique U.S.-based investment banks serving SNL's covered sectors</li> <li>Several leading regional firms outside the U.S.</li> </ul>
Investment managers	<ul style="list-style-type: none"> <li>Over 600 investment managers around the world, including mutual funds, hedge funds and PE firms</li> <li>Concentrated among long-only funds in the U.S.</li> </ul>
Commercial banks	<ul style="list-style-type: none"> <li>All 75 of the largest U.S. commercial banks</li> <li>Over 1,500 U.S. depository institutions in total</li> </ul>
Insurance companies	<ul style="list-style-type: none"> <li>All 25 of the largest U.S. P&amp;C and Life insurers</li> <li>Over 600 insurers, reinsurers and brokers in total</li> </ul>
Corporates	<ul style="list-style-type: none"> <li>All of the largest management consulting firms</li> <li>Large and mid-sized diversified media firms in the U.S., including every major cable network owner</li> <li>Most large U.S. power utilities and coal producers</li> <li>Most key mining producers around the world</li> </ul>

## Subscription Business with Strong Renewal Rates and Laser Focus on Data Quality

**Accuracy Guarantee**

SNL Financial has always pursued our simple mission with a vengeance: to provide corporate, market and financial information on companies in the banking, insurance, financial services, real estate, energy, media & communications and metals & mining sectors with the highest possible degree of quality, timeliness and completeness.

We've been pursuing that mission since our founding in 1987. Each year we add new features to our products and new checks and procedures to our data and news-gathering process. And we're willing to challenge our clients to find any deficiencies in what we do.

Find a data error or omission in any SNL product – including substantive news that is otherwise publicly available – and we'll send you a reward. Simply let us know of the error or omission by emailing us at [support@snl.com](mailto:support@snl.com) or calling us at +1 (888) 275-2822, and we'll send you a \$50 VISA Reward Card or make a \$50 donation to the **SNL Cares Foundation**.

If you ever think you've been improperly denied an error reward, you may appeal by sending an email with background information to SNL. President Mike Chen at [mchen@snl.com](mailto:mchen@snl.com).

SNL is committed to helping you maximize the power of the information we provide. If there is ever anything we can do to improve our product or service, don't hesitate to let us know!

*“The core tenet of SNL is data quality” – Key SNL Customer*

- Strong reputation for data granularity, accuracy, and fast turnaround
- Average renewal rate across all businesses has been ~94% consistently over the past 5 years
- Leveraged its successful model to expand into other niche sectors (outside banking and insurance)

JACK CALLAHAN  
EXECUTIVE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER



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## Financial Summary

### Highlights

- **Sustained mid-teens revenue growth** for over a decade; organic growth low-to-mid teens
- **Subscription-based business** with consistently high renewal rates (+94%) and upfront receipt of cash enables cash receipts > GAAP revenue; 96% recurring revenue
- **Strong growth trajectory** with estimated 2015 GAAP revenue of ~\$255 million and EBITDA margin in excess of 20%
- Current **margins impacted by investments in developing businesses** which are on track to become profitable over the next 1-2 years; established businesses with margins in the low-to-mid 30% range
- **Expected run-rate EBITDA synergies of \$70 million by 2019**
- **Tax benefits** due to basis step-up valued at NPV of ~\$550 million
- **Accretive** to adjusted diluted EPS in 2016 excluding amortization; **accretive on a GAAP basis in 2018**

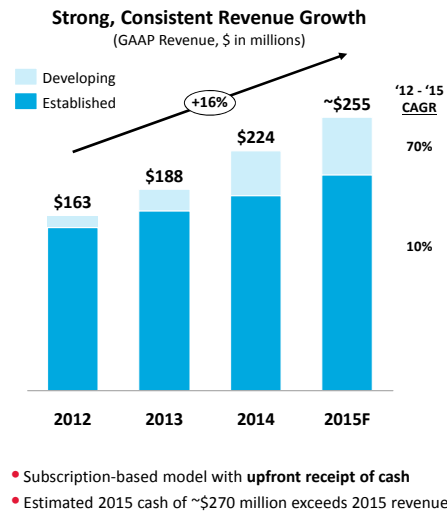
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## A Proven Growth Engine



**2015 Margin  
+20% includes  
5-6 Points of  
Investment**

**Margin on  
Established  
Businesses in the  
Low-to-Mid 30%  
Range**



## Significant Realizable Revenue and Cost Synergies



**McGRAW HILL  
FINANCIAL**  
Essential Intelligence



**S&P  
CAPITAL IQ**  
McGRAW HILL FINANCIAL



- Deepen penetration in core industry segments
- Accelerate SNL international growth leveraging S&P/CIQ global footprint
- Expand product offerings in core sectors, including commercial banking and insurance
- Add real estate and media platforms



**PLATTS**  
McGRAW HILL FINANCIAL

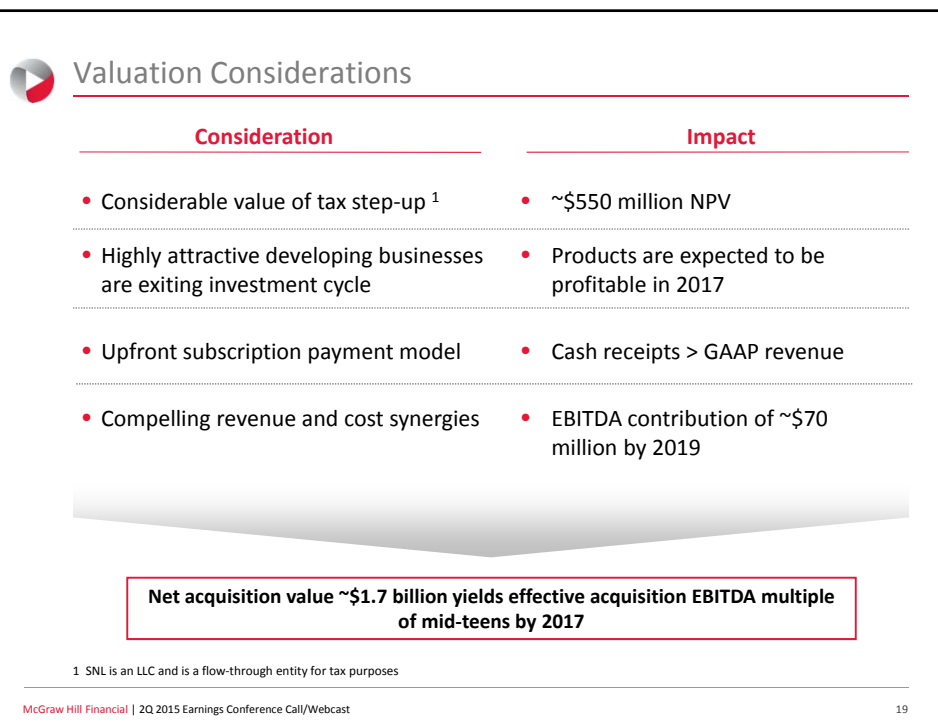
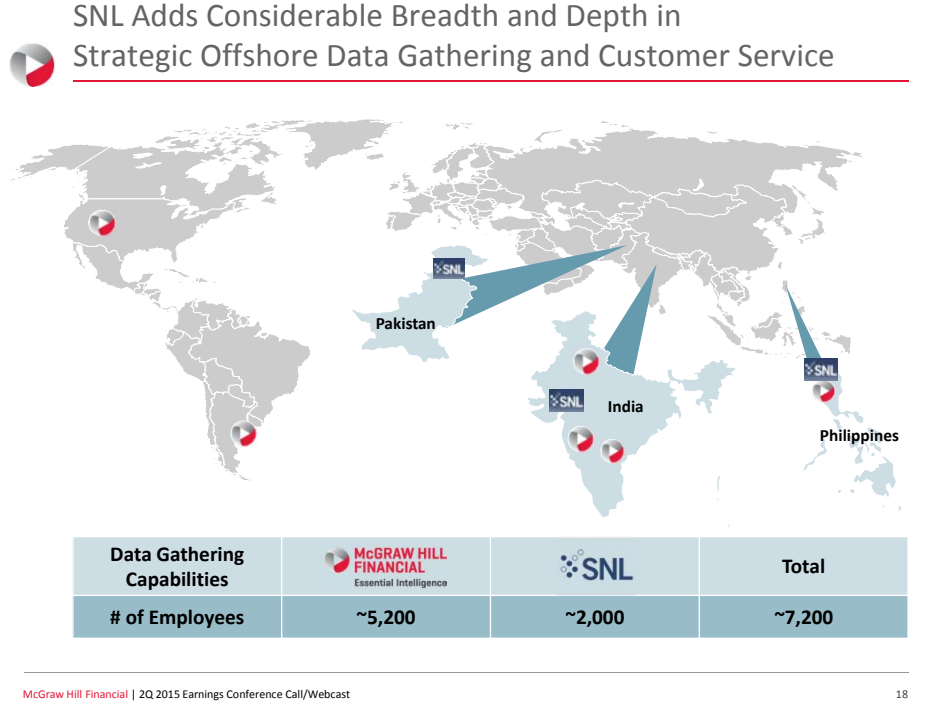


- Expand product offerings in power, natural gas and energy, e.g. asset-level analytics
- Accelerate SNL international growth with the help of Platts' global footprint

**Data Collection, Purchasing & Aggregation**

**Technology Leverage**

**Targeting \$70 million EBITDA contribution from synergies by 2019**





## Financing Plans

### At Signing

- Strong MHFI balance sheet enhanced by recent debt offering and credit facility renewal
- Committed \$1.0 billion bridge facility

### At Closing

- Acquisition to be funded with a combination of:
  - \$525 million cash on balance sheet
  - \$1.7 billion of new debt

### Balance sheet Impact

- Pro forma leverage of 1.6x
- Targeting to maintain investment-grade rating
- Maintain balance sheet flexibility post-acquisition
- Ongoing commitment to continue to pursue growth opportunities and return capital to shareholders

**Financing expected to be completed as soon as practicable**



## Integration Approach

- 1 SNL CEO, Mike Chinn, reporting to MHFI CEO, Doug Peterson
- 2 Immediate areas of focus include pragmatic integration of corporate, data and technology functions; initiate sales force training to boost commercial capabilities
- 3 Report results as part of S&P Capital IQ (pending further review for 2016)
- 4 Committed to Charlottesville as a strategic location for MHFI



## Clear Strategic Rationale

Unique Fit Adds  
Depth and Scale

Common  
Industry  
Footprint

Proven Growth  
Engine

Clear Revenue &  
Cost Synergies

Sound  
Transaction  
Fundamentals

 **STANDARD & POOR'S  
RATINGS SERVICES**  
McGRAW HILL FINANCIAL

 **S&P DOW JONES  
INDICES**  
McGRAW HILL FINANCIAL

 **S&P  
CAPITAL IQ**  
McGRAW HILL FINANCIAL

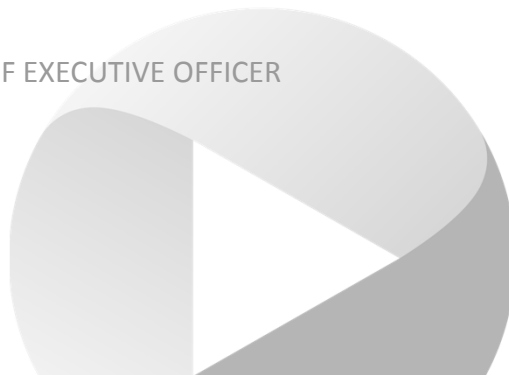
 **SNL**

 **PLATTS**  
McGRAW HILL FINANCIAL

 **J.D. POWER**  
McGRAW HILL FINANCIAL

 **CRISIL**  
A STANDARD & POOR'S COMPANY

DOUG PETERSON  
PRESIDENT AND CHIEF EXECUTIVE OFFICER





## 2Q 2015 Highlights

- The Company delivered
  - Increased revenue despite forex and decreased ex-U.S. issuance
  - 450 basis-point improvement in adjusted operating profit margin
  - 17% adjusted diluted EPS increase to \$1.21
- YTD free cash flow, excluding legal settlements, was \$621 million
- Issued \$700 million of new 10-year notes
- Increased capital return with 2.6 million shares repurchased YTD
- Added to the portfolio with purchases of NADA Used Car Guide, Petromedia Ltd. and, pending closure, SNL Financial
- Continued productivity efforts across the Company



## MHFI Delivers

(\$ in millions)	2Q 2015	2Q 2014	Change
Revenue	\$1,342	\$1,302	+3%
Adj. Operating Profit	\$552	\$476	+16%
Adj. Operating Margin	41.1%	36.6%	+450 bps
Adjusted Diluted EPS	\$1.21	\$1.04	+17%

### 2Q 2015 highlights:

- MHFI revenue increased 6% excluding forex impact
- Non-ratings business segments led revenue and adjusted operating profit growth
- Concerns over Greece and China impeded issuance
- Progress on productivity initiatives resulted in YOY decline in adjusted expenses
- Margin expansion continued
- 17% increase in adjusted diluted EPS



## 2015 – Consistent Margin Progress in Every Business Unit

### Business Unit Results 2Q 2015 vs. 2Q 2014

	Standard & Poor's Ratings Services	S&P Capital IQ	S&P Dow Jones Indices	Commodities & Commercial
Revenue	(1%)	+6%	+11%	+7%
Adj. Operating Profit	+7%	+37%	+16%	+15%
Adj. Operating Margin (bps)	+370	+520	+250	+270

Standard & Poor's Ratings Services revenue was the 2<sup>nd</sup> highest ever, despite forex and weak ratings issuance outside the U.S.



### Standard & Poor's Ratings Services: Productivity Improvements Elevate Adjusted Margin to 50%

(\$ in millions)	2Q 2015	2Q 2014	Change
Revenue	\$658	\$664	(1%)
Adj. Segment Op. Profit	\$329	\$308	+7%
Adj. Segment Op. Margin	50.0%	46.3%	+370 bps

#### 2Q 2015 highlights:

- Excluding forex, revenue increased 3%
- Revenue impacted by reduced YOY issuance outside the U.S.
- Adjusted expenses decreased 7%, decreased 3% excluding forex
  - Reduced headcount from recent restructurings
  - Significant decrease in legal expenses offset by Dodd Frank implementation
  - We continue to invest in compliance and technology



## Standard & Poor's Ratings Services: Second Highest Quarterly Revenue

(\$ in millions)	2Q 2015	2Q 2014	Change
Non-transaction	\$329	\$337	(2%)
Transaction	\$329	\$327	+1%

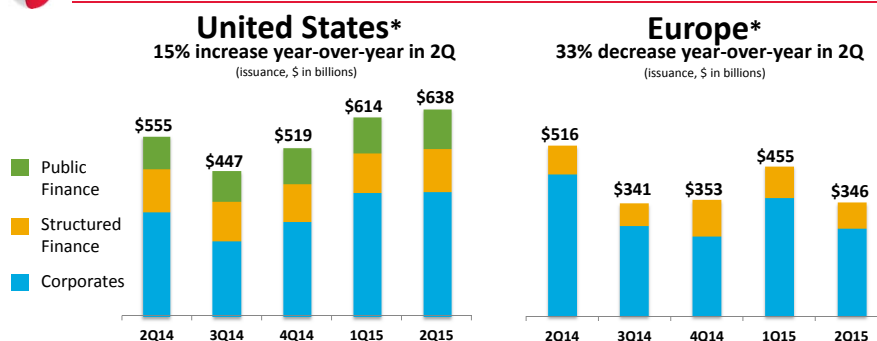
- Strength in U.S. corporate ratings and public finance contrasted with weakness in the rest of the world
- Transaction revenue reached 50% of total revenue
- Non-transaction revenue decreased mostly due to the strong U.S. dollar. Excluding forex, non-transaction revenue increased 3% due primarily to annual fee growth
- Transaction revenue growth was 4% excluding forex. This was the result of record public finance issuance and M&A-driven, investment-grade issuance in the U.S.

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## Issuance Trends: U.S. and Europe Diverge



### 2Q United States Issuance:

- Investment-grade increased 30%
- High-yield decreased 9%
- Public finance increased 20%
- Structured finance was unchanged with strength in CMBS and weakness in CLOs

### 2Q Europe Issuance:

- Investment-grade decreased 33%
- High-yield decreased 54%
- Structured finance decreased 7%, with strength in RMBS and weakness in ABS, CDOs, and covered bonds

\* Excludes sovereign issuance

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## S&P Capital IQ: Solid Revenue Growth and Margin Expansion

(\$ in millions)	2Q 2015	2Q 2014	Change
Revenue	\$324	\$307	+6%
Adj. Segment Op. Profit	\$74	\$54	+37%
Adj. Segment Op. Margin	22.9%	17.7%	+520 bps

### 2Q 2015 highlights:

- Revenue growth and cost containment led to margin expansion
- Excluding forex, revenue increased 7% and expenses increased 3%
- Consistent growth both in and outside the U.S.



## S&P Capital IQ: Key Products Continue to Drive Revenue Growth

### S&P Capital IQ Desktop & Enterprise Solutions

- S&P Capital IQ Desktop
- Portfolio Risk
- Compustat
- Consolidated Feeds

2Q Revenue +7%

- Double-digit increase in S&P Capital IQ Desktop

### S&P Credit Solutions

- RatingsDirect®
- RatingsXpress®

2Q Revenue +6%

- RatingsXpress® and RatingsDirect® continue to deliver consistent growth

### S&P Capital IQ Markets Intelligence

- Global Markets Intelligence (GMI)
- Leveraged Commentary & Data (LCD)
- Equity Research Services (ERS)

2Q Revenue (4%)

- GMI double-digit growth offset by declines in Equity Research Services
- Combined GMI and LCD revenue now exceeds ERS revenue





## S&P Dow Jones Indices: Double-Digit Top- and Bottom-Line Growth

(\$ in millions)	2Q 2015	2Q 2014	Change
Revenue	\$148	\$133	+11%
Segment Op. Profit	\$96	\$82	+16%
Segment Op. Margin	64.6%	62.1%	250 bps
MHFI Share of Op. Profit*	\$71	\$60	+16%

### 2Q 2015 highlights:

- ETF, derivative, mutual fund and data license revenue all increased
- Products based on S&P DJI smart beta indices increased 55% year-over-year to \$133.6 billion
- Inflows into U.S. equity ETFs declined
- Launched flagship S&P 500® Bond Index

\* The Company owns 73% of the S&P Dow Jones Indices joint venture

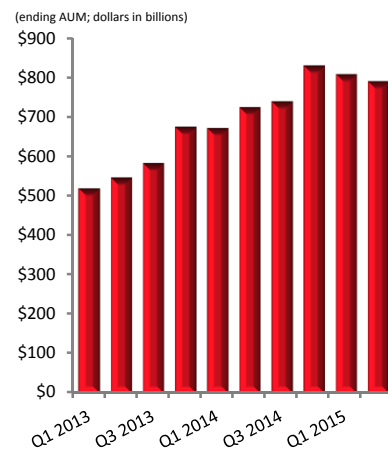
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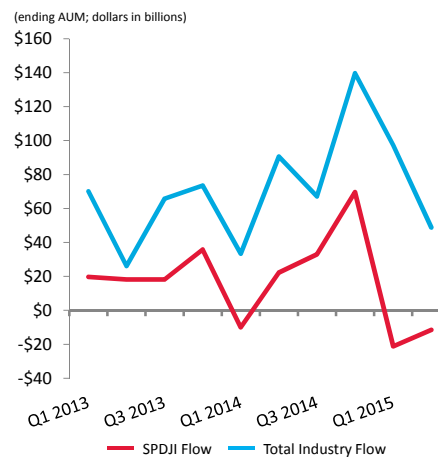
## Record ETF Industry YTD Inflows Flowed Mostly Overseas

### AUM based on S&P Dow Jones Indices



Source: Bloomberg

### S&P Dow Jones Indices & Industry ETF Flows



Source: BlackRock Global ETP Landscape

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## S&P Dow Jones Indices: Pursuing New Avenues for Growth

### Launched the cornerstone of our fixed income indices — the S&P 500® Bond Index:

- The first-ever index that tracks the debt of the S&P 500 companies
- Priced in real-time throughout the day
- S&P DJI published more than 20 years of daily historical data on the S&P 500 Bond Index as part of the launch
- Multiple index variation choices based on duration, rating, sector

### Entered new strategic index agreements with:



## Commodities & Commercial Markets: Revenue Growth Leads to Margin Expansion

(\$ in millions)	2Q 2015	2Q 2014	Change
Revenue	\$234	\$219	+7%*
Adj. Segment Op. Profit	\$88	\$77	+15%
Adj. Segment Op. Margin	37.8%	35.1%	+270 bps

### 2Q 2015 highlights:

- Platts led the segment, delivering high single-digit revenue growth
- Tight cost control across the segment contributed to margin expansion
- J.D. Power revenue was modestly positive led by double-digit PIN growth and modest growth in the U.S. auto sector

\* Organic growth was 6%, excluding revenue from the Eclipse acquisition



## Platts: Delivering Growth While Building the Business



- Platts delivered high single-digit revenue growth despite continued low commodity prices
- Metals, Agriculture & Petrochemicals continued to deliver the highest revenue growth rates
- Global Trading Services' revenue increased primarily due to license revenue from The Steel Index derivative activity and record eWindow trading volumes
- Petromedia Ltd. acquisition closed July 15 **PETROMEDIA**



## J.D. Power Acquires NADA Used Car Guide



- Premier source of used car value benchmarks
- Tuck-in acquisition fits well with J.D. Power's PIN business
- Subscription based business
- Expands J.D. Power's offerings in the U.S. automotive OEM, retailer, financial services and insurance markets
- Deal closed July 1
- Expected to be accretive within one year



## Why NADA Used Car Benchmarks are Needed

<b>OEM</b>	To design a vehicle that will maintain its value
<b>Dealer</b>	Provides data to support inventory, purchase and sales price decisions
<b>Lender</b>	Independent valuation of a vehicle's value for funding and portfolio management
<b>Consumer</b>	Provide shoppers with the latest fair market values for purchases and trade-ins
<b>Fleet Company</b>	To support end-of-term disposal channel decisions
<b>Insurer</b>	To determine the value reimbursable to a customer when a car is totaled
<b>Government</b>	For states and counties that impose property tax on ownership of a personal use vehicles

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JACK CALLAHAN  
EXECUTIVE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER



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## Financial Highlights – Key Areas

- Consolidated income statements results
- Adjustments to earnings
- Balance sheet update
- Free cash flow and return of capital
- Guidance update



## 2Q 2015: Margin Improvement Drives EPS Growth

(\$ in millions, except earnings per share)	2Q 2015	2Q 2014	% Change
Revenue	\$1,342	\$1,302	+3%
Segment Operating Profit	\$587	\$521	+13%
Less: Unallocated Expense	(35)	(45)	(22%)
Operating Profit	\$552	\$476	+16%
Operating Profit Margin	41.1%	36.6%	+450 bps
Tax Rate	32.3%	32.9%	(60 bps)
Net Income	\$363	\$310	+17%
Diluted EPS	\$1.21	\$1.04	+17%
Average Diluted Shares Outstanding (in millions)	275.7	276.1	0%

Note: All numbers, except revenue and shares outstanding, are presented on an adjusted basis



## 2Q 2015: Several Adjustments to Operating Profit

(\$ in millions)	2Q 2015
Net legal settlement insurance recoveries	\$41
Gain on sale of legacy construction business asset	11
Restructuring charges	(22)
Total pre-tax gain excluded from adjusted results	\$30



## Strong Free Cash Flow Excluding Legal Settlement Payments

(\$ in millions)	2Q 2015	2Q 2014
Cash (used for) provided by operating activities	\$(897)	\$446
Capital expenditures	(42)	(37)
Dividends and other payments to noncontrolling interests	(49)	(30)
<b>Free Cash Flow</b>	<b>(988)</b>	<b>379</b>
Legal and regulatory settlements payments	1,609	0
<b>Free Cash Flow excluding above item</b>	<b>\$621</b>	<b>\$379</b>

### 2Q 2015 Return of Capital:

- Returned \$255 million in dividends and share repurchases in 2Q – \$459 YTD
- Repurchased 1.6 million shares in 2Q – 2.6 million YTD



## Created Additional Financial Flexibility in 2Q

(\$ in millions)	2Q 2015	1Q 2015
Cash and equivalents	\$1,720	\$1,176
Short-term debt	\$0	\$365
Long-term debt	\$1,494	\$799

- Issued \$700 million of 10 year notes
- Paid down short-term debt
- Extended bank line of credit with revolving \$1.2 billion five-year credit agreement
- Anticipate additional long-term debt of \$1.7 billion to fund the acquisition of SNL Financial



## Balance of Year Outlook: Impact of Acquisitions



Closed  
July 1

Expected 2015 incremental impact:  
+ \$80 – \$90 million revenue  
(\$0.05 - \$0.07) adjusted EPS

PETROMEDIA

Closed  
July 15



Targeted Close  
End of Q3

Maintaining existing  
adjusted diluted EPS  
guidance of \$4.35 - \$4.45  
despite dilution



## Questions & Answers



**McGraw Hill  
Financial**



SNL Financial Acquisition  
& 2Q 2015 Earnings Call

July 27, 2015

### REPLAY OPTIONS

- Internet: **Replay** available for one year  
Go to <http://investor.mhfi.com>
- Telephone: **Replay** available through August 27, 2015  
Domestic: 800-789-9018  
International: 203-369-33337  
No password required