

# 2Q 2017 Earnings Conference Call

Doug Peterson  
President and CEO

Ewout Steenberg  
Executive Vice President and CFO

Chip Merritt  
Vice President, Investor Relations

July 27, 2017

---

**S&P Global**

## 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, 2017 contains exhibits that reconcile the differences between the non-GAAP measures and comparable financial measures calculated in accordance with U.S. GAAP.

---

**S&P Global**

2

## “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 report 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:

- worldwide economic, financial, political and regulatory conditions, including economic conditions and regulatory changes that may result from the United Kingdom’s likely exit from the European Union;
- the rapidly evolving regulatory environment, in the United States and abroad, affecting S&P Global Ratings, S&P Global Platts, S&P Dow Jones Indices, and S&P Global Market Intelligence, including new and amended regulations and the Company’s compliance therewith;
- our ability to make acquisitions and dispositions and successfully integrate the businesses we acquire;
- the outcome of litigation, government and regulatory proceedings, investigations and inquiries, and the outcome of any review by controlling tax authorities of the Company’s tax positions;
- the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances;
- 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 effect of competitive products and pricing, including the level of success of new product developments and global expansion and the introduction of competing products or technologies by other companies;
- 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 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;
- our ability to incentivize and retain key employees;
- 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 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;
- the level of the Company’s future cash flows and capital investments;
- the impact on the Company’s revenue and net income caused by fluctuations in foreign currency exchange rates; 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.

## 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, indirect wholly-owned subsidiaries of S&P Global 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 S&P Global Inc. may (i) impact how S&P Global Ratings 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 S&P Global Inc. should promptly contact Chip Merritt at S&P Global’s Investor Relations department ([chip.merritt@spglobal.com](mailto:chip.merritt@spglobal.com)) for more information and should also obtain independent legal advice in such respect.

# Doug Peterson

President and Chief Executive Officer

---

S&P Global

## 2Q 2017 highlights

- Attained strong organic revenue and adjusted operating profit growth in every segment
- Achieved outstanding revenue growth of 20% from S&P Dow Jones Indices
- Delivered 330 basis points of adjusted profit margin improvement and adjusted diluted EPS growth of 19%
- Increased adjusted diluted EPS guidance to a range of \$6.15 to \$6.30
- Returned \$251 million through share repurchases and dividends
- Introducing new capital management philosophy
- Intend to launch a \$500 million ASR in the next few days

---

S&P Global

6

## 10% organic revenue growth propelled results

	2Q 2017	2Q 2016	Change
Revenue	\$1,509	\$1,482	+2%
Organic revenue	\$1,504	\$1,364	+10%
Adjusted operating profit	\$715	\$652	+10%
Adjusted operating margin	47.4%	44.1%	+330 bps
Average diluted shares outstanding	259.9	266.7	(6.8) shares
Adjusted diluted EPS	\$1.72	\$1.44	+19%

(dollars and shares in millions, except earnings per share)

### 2Q 2017 FINANCIAL HIGHLIGHTS:

- Achieved 330 basis-point improvement in adjusted operating profit margin
- Adjusted diluted EPS increased 19%
- Forex had an \$8 million unfavorable impact on revenue and a \$2 million favorable impact on adjusted operating profit

S&P Global

7

## Review of current and future drivers of our business

### • S&P Global Ratings:

- Bank loan ratings, 2Q17 global issuance, global issuance forecast, U.S. debt to GDP

### • S&P Dow Jones Indices:

- Annual survey of assets, recently launched products

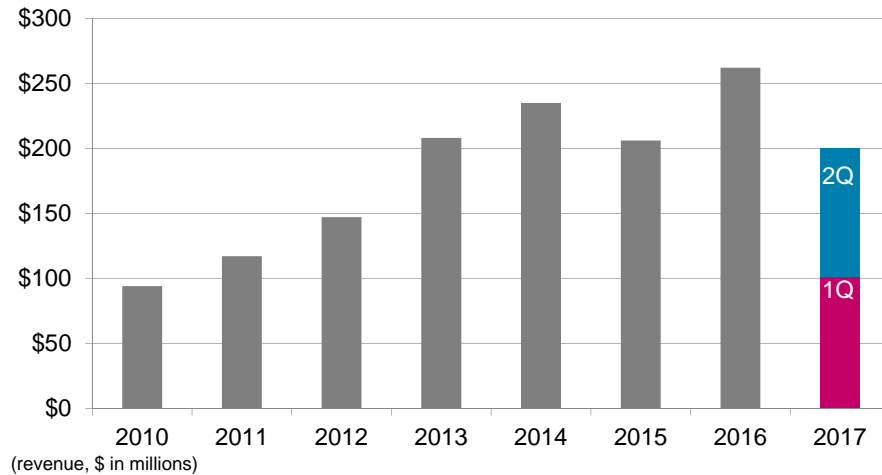
### • Market and Commodities Intelligence:

- Platts expanded reach, Market Intelligence added capabilities

S&P Global

8

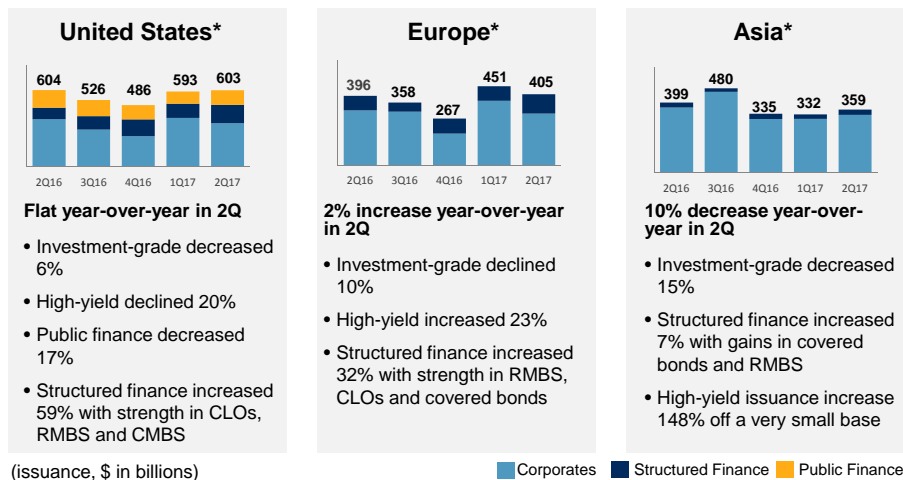
## Bank loan ratings revenue growth accelerated in 1<sup>st</sup> half of 2017 for S&P Global Ratings



S&P Global

9

## Global issuance decreased slightly versus 2Q16 despite strength in structured finance issuance

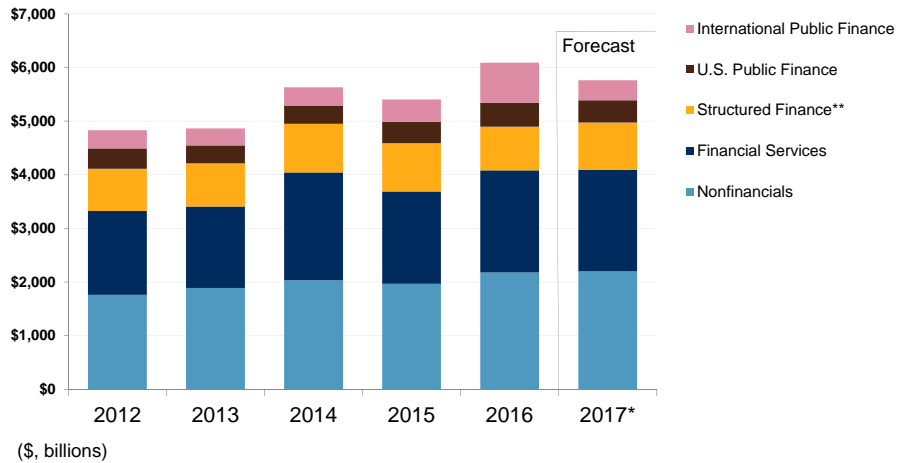


S&P Global

\* Excludes sovereign issuance  
Sources: Thomson Financial Securities and Harrison Scott Publications

10

## Forecast 2017 global issuance to decline by 5% due to decline in International Public Finance



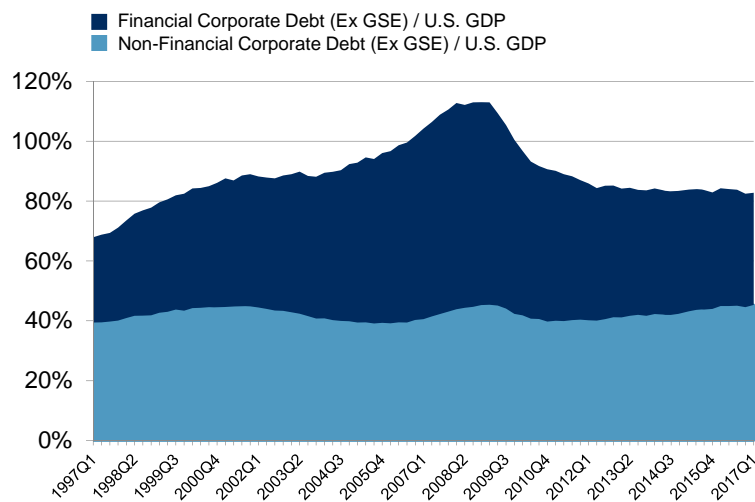
S&P Global

\*Full-year forecast. \*\*Excludes transactions that were fully retained by the originator: domestically-rated Chinese issuance, and CLO resets and refinancings.  
Sources: Harrison Scott; Thomson Financial; S&P Global Fixed Income Research

Copyright © 2017 by Standard & Poor's Financial Services LLC. All rights reserved.

11

## U.S. Corporate Debt as a Share of U.S. GDP



S&P Global

Credit market instruments including bonds, commercial paper, and loans, excluding agency and GSE-backed securities from financials.  
Sources: Federal Reserve and S&P Global Fixed Income Research

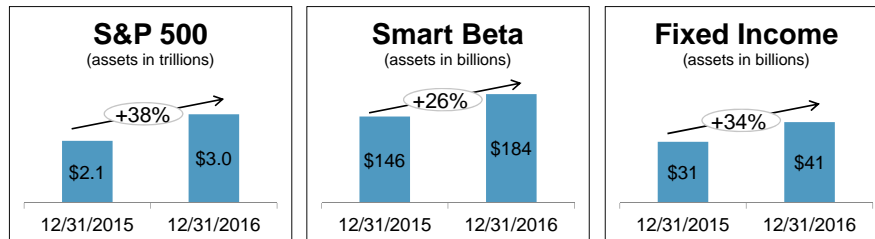
12

## S&P Dow Jones Indices Annual Survey of Assets

### \$11.7 trillion in assets globally track indices managed by SPDJI

- \$7.5 trillion benchmarked
- \$4.2 trillion indexed via investment products (37% increase over 12/31/15)

#### Index Investment Category Highlights



S&P Global

13

## S&P Dow Jones Indices continues to expand

- **Ivy ProShares S&P 500 Bond Index Fund launched**
  - Designed to track the index of corporate bonds issued by S&P 500 companies
- **Ivy ProShares S&P 500 Dividend Aristocrats Index Fund launched**
  - Invests in S&P 500 companies with at least 25 years of consecutive dividend growth
- **Published the S&P Dow Jones Indices Carbon Scorecard**
  - Analyzes the carbon efficiency and energy mix alignment for major S&P DJI equity benchmarks around the world
- **Launched the Dow Jones/BM&F Commodity Index**



S&P Global

14

## Platts continues to expand its reach

- **Platts celebrates 10 year anniversary of eWindow**

Operating in more than 100 markets across oil, refined products, petrochemicals, metals and agriculture involving more than 2,000 traders



- **CME to launch Australian Wheat Futures With Platts Index**  
Based on Platts Australian Premium White (APW) Wheat



## Market Intelligence extends capabilities

### Expanded transcript service:

- Formed strategic data agreement to provide transcripts to users of Thomson Reuters desktop platforms, extending industry-leading coverage

### Launched portfolio analytics for small/mid-sized investment management market:

- Streamlines portfolio reporting and monitoring, provides customizable dashboards
- Incorporates users' proprietary classifications, rankings, and metrics

### Expanded risk and credit analytics:

- Launched new functionality on RatingsDirect to enhance portfolio monitoring capability
- Added non-rated entity credit analytics and scores to Xpressfeed



# Ewout Steenbergen

Executive Vice President, Chief Financial Officer

## 2Q 2017: Marked by improvements in revenue, profit margin, tax rate, and shares outstanding

	2Q 2017	2Q 2016	Change
Revenue	\$1,509	\$1,482	+2%
Organic revenue	\$1,504	\$1,364	+10%
Adjusted total expense	\$794	\$830	(4%)
Adjusted operating profit	\$715	\$652	+10%
Adjusted operating profit margin	47.4%	44.1%	+330 bps
Interest expense, net	\$37	\$42	(13%)
Adjusted effective tax rate	28.9%	32.1%	(320 bps)
Adjusted net income (less NCI)	\$446	\$385	+16%
Adjusted diluted EPS	\$1.72	\$1.44	+19%
Average diluted shares outstanding	259.9	266.7	(6.8) shares

(\$ and shares in millions, except earnings per share)

## Minimal impact of foreign exchange rates on 2Q 2017 results

Favorable (Unfavorable)	Ratings	Market and Commodities Intelligence	S&P Dow Jones Indices
Revenue	(\$6)	(\$2)	–
Adj. operating profit	(\$1)	+\$2	+\$1

(\$ in millions)

### Key factors mitigating impact of currency changes

- Approximately ½ of international revenue is invoiced in U.S. dollars
- Hedges are in place for key currencies to mitigate a portion of the risk

### Key currencies that impacted the quarter

- Ratings revenue was primarily impacted by weakness year-over-year in the British pound and Euro

S&P Global

19

## 2Q 2017: Non-GAAP adjustments to operating profit

Pre-tax expense excluded from adjusted results	2Q 2017
Lease exit charge and asset write-off	(\$8)
Employee severance	(\$5)
Total	(\$13)

(\$ in millions)

	2Q 2017
Deal-related amortization	(\$25)

(\$ in millions)

S&P Global

20

## Strong organic revenue growth in every segment

2Q 2017 vs. 2Q 2016

	Ratings	Market and Commodities Intelligence	S&P Dow Jones Indices
Reported revenue	+10%	(10%)	+20%
Organic revenue	+10%	+8%	+19%
Adjusted operating profit	+8%	+5%	+18%
2Q 2017 adjusted operating margin	53.3%	37.5%	65.1%
Adjusted operating margin change (bps)	(80 bps)	+530 bps	(90 bps)

S&P Global

21

## S&P Dow Jones Indices: Continued surge in asset-linked fees led revenue growth

	2Q 2017	2Q 2016	Change
Revenue	\$184	\$153	+20%
Adjusted segment operating profit	\$120	\$101	+18%
SPGI share of Adj. Seg. Op. Profit*	\$89	\$74	+19%
Adjusted segment operating margin	65.1%	66.0%	(90 bps)
Trailing four quarters adjusted segment operating margin	65.2%	66.7%	(150 bps)

(\$ in millions)

### 2Q 2017 HIGHLIGHTS:

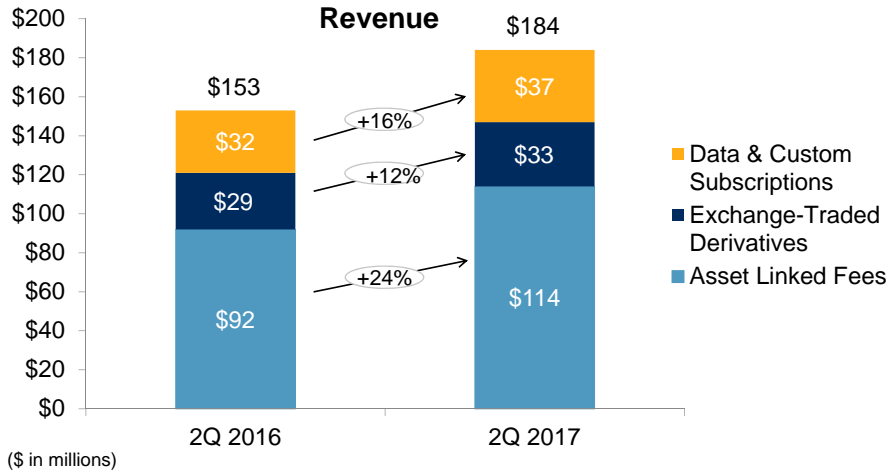
- Revenue led by continued surge in ETF AUM growth
- Adjusted operating profit increased 18% as revenue gains were partially offset by increased headcount in commercial and operations to support future growth as well as incentive compensation

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

S&P Global

22

## S&P Dow Jones Indices: All businesses delivered double-digit revenue growth



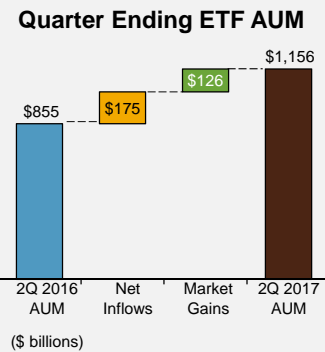
## S&P Dow Jones Indices: Continued strong growth in ETF AUM associated with our indices

### Asset-Linked Fees (primarily exchange-traded funds):

- Exchange-traded products industry net inflows were \$148 billion in the 2Q
- 2Q average ETF AUM associated with our indices increased 34% YOY

- Quarter ending ETF AUM associated with our indices reached a new record of \$1,156 billion, surpassing the previous quarterly record of \$1,116 billion set 3/31/17

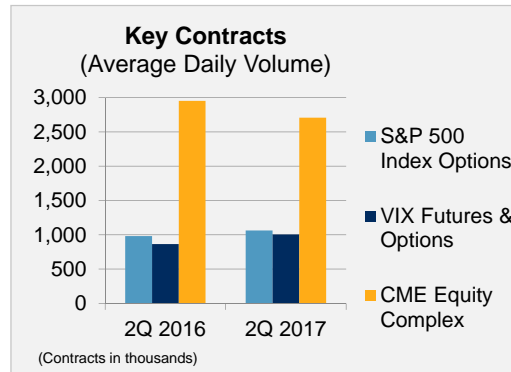
- Sequentially, since 3/31/17, ETF net inflows associated with our indices totaled \$18 billion and market gains were \$23 billion



## S&P Dow Jones Indices: Exchange-traded derivatives revenue increased 12%

### Transaction (exchange-traded derivatives):

- Revenue increased 12% with gains in S&P 500 index options and VIX futures & options activity (up 8% and 16%, respectively) and favorable mix partially offset by declines in activity at the CME equity complex



## Market and Commodities Intelligence: Delivered strong organic revenue growth and margin gains

	2Q 2017	2Q 2016	Change
Revenue	\$606	\$671	(10%)
Adjusted segment operating profit	\$227	\$216	+5%
Adjusted segment operating margin	37.5%	32.2%	+530 bps
Trailing four quarters adjusted segment operating margin	36.1%	31.8%	+430 bps

(\$ in millions)

### 2Q 2017 HIGHLIGHTS:

- Organic revenue increased 8%
- Reported revenue declined with divestitures of J.D. Power, SPSE/CMA, Equity and Fund Research, and QuantHouse
- Adjusted operating profit increased despite the divestiture of several profitable businesses
- Adjusted operating margin improved primarily due to the sale of lower margin businesses, strong organic revenue growth, and SNL integration synergies

## Market Intelligence: Recent divestitures mask solid organic growth

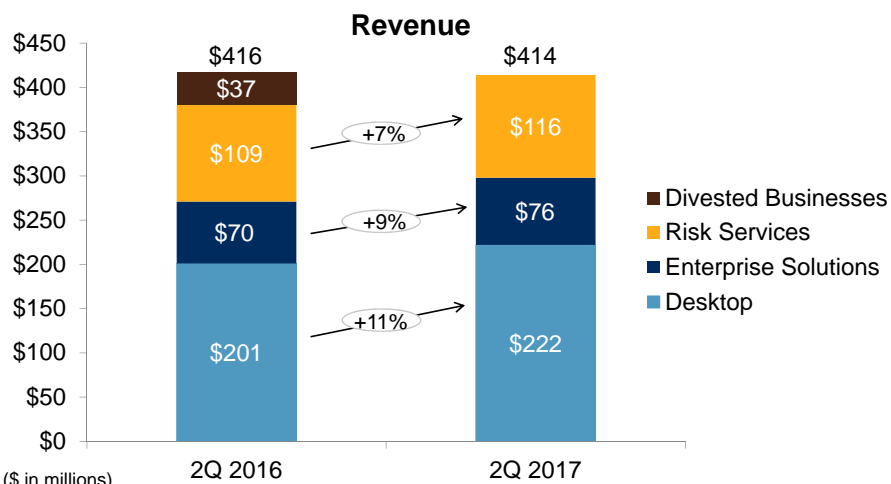
	2Q 2017	2Q 2016	Change
Revenue	\$414	\$416	(1%)

(\$ in millions)

### 2Q 2017 HIGHLIGHTS:

- Organic revenue increased 9% with growth across all major businesses
- Realized an 11% increase in Market Intelligence desktop users
- On track to achieve more than \$75 million in run-rate synergies by year-end
- Strong progress toward beta release of the new Market Intelligence desktop to the Investment Banking sector this fall
- Added SNL asset-level data to Xpressfeed to complement SNL fundamental data
- Added private company data for 77,000 Japanese and 2,000 Chinese companies

## Market Intelligence: Every business delivered solid organic revenue growth



## Platts: Delivered modest organic revenue growth despite difficult commodity markets

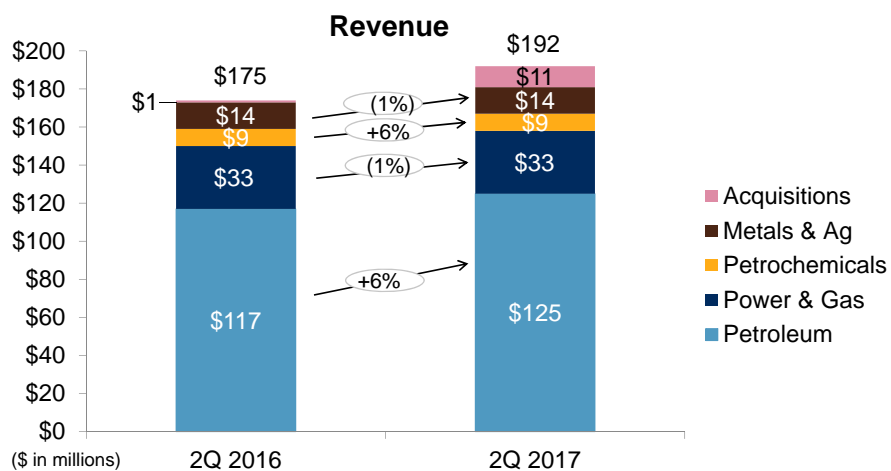
	2Q 2017	2Q 2016	Change
Revenue	\$192	\$175	+10%

(\$ in millions)

### 2Q 2017 HIGHLIGHTS:

- Organic revenue increased 4% due to modest growth in subscriptions bolstered by strong growth in Global Trading Services
  - The core subscription business delivered low single-digit revenue growth with gains in Petroleum
  - Global Trading Services' mid-teens revenue increase was primarily due to timing of revenue and strong petroleum trading volumes, partially offset by weakness in metals

## Platts: Organic revenue growth due to gains in Petroleum



Details may not sum to total due to rounding

## Ratings: Delivered strong revenue growth

	2Q 2017	2Q 2016	Change
Revenue	\$747	\$682	+10%
Adjusted segment operating profit	\$398	\$369	+8%
Adjusted segment operating margin	53.3%	54.1%	(80 bps)
Trailing four quarters adjusted segment operating margin	51.4%	48.2%	+320 bps

(\$ in millions)

### 2Q 2017 HIGHLIGHTS:

- Revenue increased 10% against toughest quarterly comparison in 2016
- Adjusted operating profit increased 8% due to strong revenue growth, partially offset by increased headcount, incentive compensation, and investments in productivity

## Ratings: Corporate and structured revenue drove transaction revenue growth

	2Q 2017	2Q 2016	Change
Non-transaction	\$353	\$339	+4%
Transaction	\$394	\$343	+15%

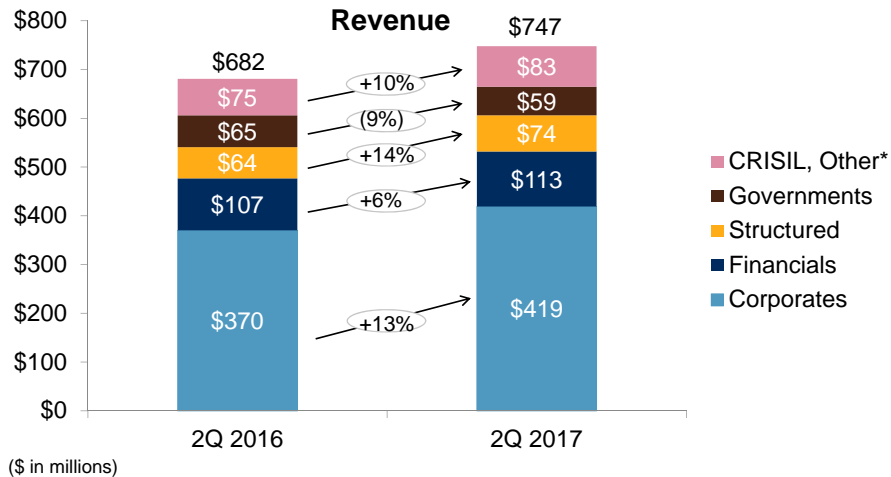
(\$ in millions)

### 2Q 2017 HIGHLIGHTS:

- Non-transaction revenue increased from growth in surveillance fees, entity fees, intersegment royalties from Market Intelligence, and CRISIL
- Transaction revenue increased primarily from gains in corporate bonds, bank loans, and structured products



## Ratings: Corporate and structured revenue led 2Q growth



\*Other includes intersegment royalty, Taiwan Ratings Corporation, and adjustments  
Details may not sum to total due to rounding

## Capital position

	2Q 2017	4Q 2016
Cash and cash equivalents	\$2,384	\$2,392
Long-term debt	\$3,566	\$3,564
Adjusted gross leverage*	\$5,661	\$5,632
Adjusted gross leverage to adjusted EBITDA	2.0x	2.1x

(\$ in millions)

Approximately \$1.9 billion was held outside the U.S. at the end of 2Q 2017

\* Adjusted gross leverage includes debt, unfunded portion of pension liabilities (-\$230 million), SPDJI put option (-\$1.1 billion) and the expected NPV of operating leases (-\$750 million)

## YTD free cash flow up over prior period

	2Q 2017 YTD	2Q 2016 YTD
Cash provided by operating activities	\$674	\$640
Capital expenditures	(56)	(36)
Distributions to noncontrolling interest holders	(54)	(57)
<b>Free cash flow</b>	<b>\$564</b>	<b>\$547</b>
Tax on gain from sale of SPSE and CMA	67	-
After-tax legal settlements and insurance recoveries	4	35
<b>Free cash flow excluding certain items</b>	<b>\$635</b>	<b>\$582</b>

(\$ in millions)

- 2Q 2017 return of capital totaled \$251 million:
- \$145 million repurchasing 1.1 million shares
  - \$106 million in dividends

S&P Global

35

## Our capital management philosophy

*We are continuously analyzing a wide range of internal investments and acquisitions, allocating capital to the highest returning projects and holding our management team accountable.*

*We will continue to return excess capital to shareholders in the form of share buybacks and dividends, while maintaining a strong balance sheet.*

### Key Points of Focus

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Responsible stewards of shareholder capital</li> <li>• Rigorous capital allocation framework</li> <li>• Business line accountability</li> </ul> | <ul style="list-style-type: none"> <li>• Portfolio optimization to continue maximizing organic growth prospects</li> <li>• Maintain capital light, cash flow generative business model</li> <li>• Disciplined acquirer</li> </ul> |
|--|---|

S&P Global

36

## Our guiding principles

### Our capital allocation framework

- We routinely explore and analyze internal and inorganic growth opportunities in order to deliver upon our strategic goals and enhance our competitive positioning
- Management conducts an in-depth review of each potential opportunity within a consistent framework – strategic fit is paramount
  - Key financial metrics: NPV Cash ROIC IRR Earnings contribution
  - Each project is followed up with a rigorous post-acquisition review process
- Expect our normal course business capital expenditures to be in the range of \$125 million annually

### Long-term capital return guidance

- Expect total payout to shareholders in the form of share repurchases and dividends to be at least 75% of annual free cash flow<sup>(1)</sup>
- Continue 44 year track record of steady annual dividend growth
- Execute share repurchases in a disciplined manner

### Prudent financial profile

- Committed to remain investment-grade rated
- Target average minimum U.S. cash balance of \$200 million
- Within our current business mix, we target an adjusted gross leverage<sup>(2)</sup> to adjusted EBITDA ratio of 1.75x to 2.25x

S&P Global

1) Free cash flow represents global operating cash flow less capex and certain excluded items  
2) Adjusted gross leverage includes debt, unfunded portion of pension liabilities (-\$230 million), SPDJI put option (-\$1.1 billion), and the expected NPV of operating leases (-\$750 million)

37

## Our M&A philosophy

### Strategic priorities

- We will continue to pursue both scale-driven and tuck-in acquisitions
- We are interested in opportunities that:
  - Augment our benchmark, proprietary data, and tools & analytics capabilities
  - Provide geographic diversification
  - Bolster recurring revenues
  - Provide synergies
- Potential areas of strategic interest by division include:
  - Ratings: Non-U.S. opportunities
  - Market Intelligence: Expand Risk Services and new technologies
  - Platts: Supply/demand analytics and additional commodity capabilities
  - Index: Fixed income, ESG, and international indices

S&P Global

1) Adjusted gross leverage includes debt, unfunded portion of pension liabilities (-\$230 million), SPDJI put option (-\$1.1 billion) and the expected NPV of operating leases (-\$750 million)

38

## 2017 GAAP guidance: Changes highlighted below

	Previous Guidance	New Guidance
Reported revenue	Low single-digit increase	Mid single-digit increase
Organic revenue	N.A.	N.A.
Unallocated expense	\$130 – \$140 million	\$130 – \$135 million
Deal-related amortization	N.A.	N.A.
Operating profit margin	42.5% - 43.5%	43.0% - 44.0%
Interest expense	~\$155 million	~\$150 million
Tax rate	30% - 31%	30% - 31%
Diluted EPS	\$5.72 - \$5.92	\$5.83 - \$5.98
Capital expenditures	\$125 - \$140 million	\$125 - \$140 million
Regular dividend per share (annual basis)	\$1.64	\$1.64

## 2017 adjusted guidance: Diluted EPS increased and other changes highlighted below

	Previous Guidance	New Guidance
Reported revenue	N.A.	N.A.
Organic revenue	Mid to high single-digit increase	High single-digit increase
Unallocated expense	\$130 - \$140 million	\$130 - \$135 million
Deal-related amortization	~\$100 million	~\$100 million
Operating profit margin	44.5% - 45.5%	45.0% - 46.0%
Interest expense	~\$155 million	~\$150 million
Tax rate	30% - 31%	30% - 31%
Diluted EPS	\$6.00 - \$6.20	\$6.15 - \$6.30
Capital expenditures	\$125 - \$140 million	\$125 - \$140 million
Free cash flow excluding certain items	> \$1.6 billion	> \$1.6 billion
Regular dividend per share (annual basis)	\$1.64	\$1.64

# 2Q 2017 Earnings Conference Call

Doug Peterson  
President and CEO

Ewout Steenberg  
Executive Vice President and CFO

Chip Merritt  
Vice President, Investor Relations

July 27, 2017

---

**S&P Global**

# 2Q 2017 Earnings Conference Call

**REPLAY OPTIONS**

**Internet:** Webcast replay available for one year  
Go to <http://investor.spglobal.com>

**Telephone:** Replay available through August 27, 2017

Domestic: 800-871-1320  
International: 402-280-1688

Doug Peterson  
President and CEO

Ewout Steenberg  
Executive Vice President and CFO

Chip Merritt  
Vice President, Investor Relations

July 27, 2017

---

**S&P Global**