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Fourth Quarter Earnings Conference Call
Prepared Remarks
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S&P Global

Thank you for joining us today for S&P Global's fourth quarter earnings call. Presenting on today's call are Doug Peterson, President and CEO; and Ewout Steenbergen, Executive Vice President and Chief Financial Officer. We issued a news release with our fourth-quarter and full-year 2019 results earlier today. If you need a copy of the release and financial schedules, they can be downloaded at investor.spglobal.com.

New this quarter, we've added an appendix at the end of this slide deck. These slides will not be addressed during the webcast. However, you may access them by downloading the PDF of the slides from the webcast viewer or from the quarterly earnings page on our Investor Relations website.

In today's earnings release and during the conference call, we're providing adjusted financial information. This information is provided to enable investors to make meaningful comparisons of the Corporation's operating performance between periods and to view the Corporation's business from the same perspective as management's. The earnings release contains exhibits that reconcile the difference between the non-GAAP measures and the comparable financial measures calculated in accordance with U.S. GAAP.

Before we begin, I need to provide certain cautionary remarks about forward-looking statements. Except for historical information, the matters discussed in the teleconference may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including projections, estimates, and descriptions of future events. Any such statements are based on current expectations and current economic conditions and are subject to risks and uncertainties that may cause actual results to differ materially from results anticipated in these forward-looking statements. In this regard, we direct listeners to the cautionary statements contained in our Form 10-Ks, 10-Qs, and other periodic reports filed with the U.S. Securities and Exchange Commission.

I would also like to call your attention to a European regulation. Any investor who has, or expects to obtain, ownership of 5% or more of S&P Global should give me a call to better understand the impact of this legislation on the investor, and potentially the Company.

We're aware that we do have some media representatives with us on the call. However, this call is intended for investors and we would ask that questions from the media be directed to Dave Guarino at (212) 438-1471.

At this time, I would like to turn the call over to Doug Peterson.

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Douglas L. Peterson
President and CEO
S&P Global

Thank you, Chip.

Welcome to today's earnings call. I'm going to review our full-year highlights and Ewout will review the fourth-quarter results in a moment.

2019 was a notable year for the Company with solid financial results while we invested for future growth.

- In 2019, we delivered 7% revenue growth and 12% adjusted diluted EPS growth;
- We generated margin improvement in every business;
- We reported $2.6 billion in free cash flow, excluding certain items — a 29% increase year-over-year;
- We returned $1.8 billion through share repurchases and dividends and will initiate a $1 billion ASR in the next few days.

We also advanced significantly on key initiatives:

- We made great strides towards our Investor Day targets.
- We launched a number of new products with very encouraging early success.
- As we continue to build for the future, we made substantial progress on our 2019 growth investments. In China, we launched a Ratings agency and started a Market Intelligence franchise, and across the Company we substantially expanded our ESG activities and applied automation and AI.
- We added unique benchmarks, data, and analytics with the acquisitions of 451 Research, Live Rice Index, Enerdata, and the pending acquisition of Greenwich Associates. We also bolstered our ESG capabilities with the acquisition of the ESG rating business from RobecoSAM.

With the progress achieved in 2019, we are well-positioned to advance our strategic initiatives and financial targets in 2020.

On this slide, we summarize our full-year 2019 results. This year we delivered:

- Solid revenue growth of 7%;
- Exceptional margin improvement of 140 basis points to 50.2%;
- A 2% reduction in shares outstanding; and
- Solid EPS growth.

Every business delivered revenue growth and margin improvement in 2019. Indices led the way with 10% revenue growth and three of our four businesses delivered improvement of more than 100 basis points of adjusted operating profit margin. As we indicated on the first-quarter 2019 earnings call, Market Intelligence investment spending in new initiatives increased during 2019, which impacted adjusted profit margin expansion for Market Intelligence.

Our 2019 performance extended our succession of solid revenue and exceptional adjusted operating margin growth. We've delivered a 6% four-year CAGR for revenue and improved our adjusted operating profit margin by more than 1,000 basis points over the past four years.

We are very proud of the collective efforts of our employees to deliver such meaningful financial progress year after year; a remarkable 19% compound annual growth rate of adjusted diluted EPS over the last four years. 2019 adjusted diluted EPS growth was lower than the four-year CAGR due to the increased investment spending that we outlined for you a year ago.

This is a slide that we shared at our Investor Day in May 2018—Powering the Markets of the Future. It's the framework we use to allocate investments to where we can most deliver growth. We will continue to invest in our core businesses and adjacencies to **Fuel Revenue Momentum** through improving our products, adding new data sets, and entering new geographies. And we will continue to invest in the foundational capabilities that are necessary for our long-term results.

We are particularly pleased with the success of a number of products that we launched in 2019.

- Our launch of a **Ratings franchise in the Chinese domestic bond market** was the most-publicized new product. We are building a business from scratch and the education of market participants is pivotal to its success. To that end, we met with over 1,600 investors and issuers. During these meetings we have consistently found a genuine demand for high-quality, objective, transparent, and reliable ratings in China. With six ratings issued to-date, we expect adoption to steadily increase in the coming years.
- **Ratings' ESG Evaluations** were launched as a cross-sector, relative analysis of an entity's ability to operate successfully in the future and optimize long-term stakeholder value in light of its natural and social environment and the quality of its governance. Once again, education is important and we have been meeting with potential issuers around the world to discuss our ESG Evaluation. To date, we have published six ESG Evaluations and expect adoption to increase quickly in 2020.
- After S&P Dow Jones Indices introduced ESG versions of our most recognized indices, there was considerable interest among our partners to create ETFs based on these indices. UBS, DWS, and State Street have each launched an ETF based on the **S&P 500 ESG index**. As of the end of 2019, these ETFs have collectively surpassed $450 million in AUM.
- The **Micro E-mini futures** have been touted as one of CME's most successful launches with over 44 million contracts traded by year-end.
- After our introduction of **Low-Sulfur Marine Fuel prices**, both CME and ICE have launched new futures contracts. 667,000 contracts traded in 2019 and momentum is building as more than half of those contracts were traded in the fourth quarter.
- On the third-quarter conference call, we introduced **Textual Data Analytics** for earnings conference calls. The team has analyzed 214,000 earnings calls from more than 10,000 companies, providing over 680 million sentiment and behavioral scores with history that goes back to 2004.
- Trucost launched their **Climate Change Physical-Risk data set** in the fourth quarter to help companies and investors understand their exposure to physical risks and report in line with TCFD recommendations. The dataset covers six climate-change physical-risk indicators (such as heatwaves and coastal flooding) for more than 15,000 companies and 500,000 underlying assets with analytics supporting various climate-change scenarios.

In 2019, we continued to invest in ESG benchmarks, data, and analytics. We announced acquisitions of:

- One of the most widely recognized leaders in ESG data with the ESG ratings business from RobecoSAM;
- Unique intelligence, expertise, and data covering high-growth emerging technology segments with 451 Research;
- A global provider of information and benchmark price assessments for the rice industry with Live Rice index;
- Benchmark prices, news, and analysis on the Canadian natural gas market with Enerdata; and
- Data, analytics, and insights to the financial services industry with CRISIL's pending acquisition of Greenwich Associates.

In aggregate, during 2019 we invested approximately $260 million on these acquisitions. We also streamlined our operations with a couple of small divestitures.

As we increasingly embed technology into the fabric of the Company, we want to not only improve our product offerings but also increase operational excellence. Automation is a large part of this effort. This slide lists some of the key projects implemented. I'll discuss two of these today:

- **Kensho's Scribe**, which we highlighted on the 3rd quarter earnings call, will now process preliminary transcripts for nearly all of the 33,000 calls posted to the global platform each year. Human editors refine and approve the final version to meet our customers' needs. Scribe has enabled us to increase our coverage by 1,500 companies for 2020 with no headcount increase and expected production cost savings of about 35% compared to 2018, before Scribe was launched.
- **Robotic Process Automation (RPA)** is a Company-wide program. Employees across the Company were challenged to see if RPA could be used to automate routine tasks. And by working with a small team of RPA experts, projects identified by our employees have saved an estimated 247,000 human hours by automating 218 processes in 2019.

Both our Ratings business and our Indices business can be impacted by short-term market movements. And I would like to put some of these movements into perspective, starting with 2019 debt issuance.

Global issuance increased 6% in 2019. The most noteworthy gains were the 51% increase in high-yield and the 21% increase in U.S. Public Finance. Leveraged-loan new-issuance activity declined 23% as many issuers chose to utilize the high-yield market rather than take out a bank loan.

This slide puts high-yield and leveraged-loan issuance into perspective. While high-yield issuance was up considerably in 2019, the combination of high-yield and leveraged-loan issuance was consistent with the 10-year average.

The bars on these charts depict the volatility of leveraged-loan volumes in both the U.S. and Europe. The lines depict the percentage of these loans that we rate. In 2019, we rated 89% of U.S. leveraged loans and 92% of European leveraged loans.

Turning to industry trends affecting our Indices business, this chart depicts the continuing outflows from actively-managed U.S. mutual funds into index-based ETFs and mutual funds. There are several reasons for this trend including:

- Growing institutional and retail adoption;
- Search for transparent, lower-fee investments;
- Globalization of passive investing; and
- Growing need for complex, passive solutions.

We continue to work with the markets to provide the most comprehensive collection of index solutions.

Specifically to ETF AUM associated with our indices, we saw an increase in 2019 due to significant market appreciation combined with product inflows. For the full year, market appreciation added $333 billion and inflows added $58 billion, bringing year-end AUM to over $1.7 trillion. AUM is up more than 150% since the end of 2013.

Now I would like to shift to our 2020 outlook.

Our latest GDP forecast was developed in December 2019. Our economists expect 2020 global GDP growth of 3.3%—slightly higher than the 2019 forecast of 3.2%. Lower growth in the U.S., Europe, and China is expected to be more than offset by growth in Russia, Turkey, Mexico and Brazil. Please note that this doesn't take into account any potential impact from the outbreak of the coronavirus.

The latest global refinancing study was issued earlier this week. The total amount of global debt maturing in this study is $10.8 trillion dollars over the next five years. This is up slightly from the $10.6 trillion highlighted in last year's study. The chart on the right depicts the global high-yield debt maturing over the next five years. It totals to $2.5 trillion, up from $2.3 trillion in last year's study. The report notes that maturities appear largely manageable in the near term as monetary easing by multiple central banks is contributing to favorable funding conditions for companies, particularly those with higher credit quality, and about 77% of the debt due through 2024 is investment-grade.

The Company updated its 2020 bond issuance forecast in a report issued last week. Excluding International Public Finance, issuance is expected to increase 5%. This is unchanged from the previous forecast that we shared with you on the third-quarter earnings call.

As you saw on an earlier slide, we use our framework "Powering the Markets of the Future," including six foundational capabilities, to set our goals and allocate resources.

For 2020, here are some of our top initiatives we have prioritized and aligned to this framework. Some of these are new for 2020 while many are multi-year initiatives that we discussed in 2019.

Under **Global**:
- We believe that we are in a unique position to bring additional transparency and independent analytics to the capital markets in China. Both Ratings and Market Intelligence will continue their efforts in this important market.
- Outside China, both Platts and Ratings will be extending their commercial presence in Asia.

Under **Customer Orientation:**
- We continue building the Market Intelligence platform.
- In Ratings, we want to make the vast array of models and data that are created during the ratings process available to issuers through Ratings 360 and to fixed-income investors through Ratings Direct and RatingXpress.
- We're simplifying Platts' 300-plus product offerings and grouping them into about a dozen commodity classes. This will help customers better understand the full breadth and depth of our offerings within a commodity class.

Under **Innovation:**
- After acquiring the ESG Ratings Business from RobecoSAM, we are now integrating their data and methodologies with ours. This will bolster our ESG product offerings.
- Our Data Marketplace will help clients navigate and link increasing volumes of new and unstructured data. In 2020, we will introduce weather, satellite, foot traffic, and FDA data, amongst others; linked to Market Intelligence and Platts data.
- In addition, our customers are demanding increased private-company and SME coverage on the desktop.
- We are also working to launch an expanding suite of proprietary Climate Analytics, covering both physical risk and transition risk, on the desktop and Xpressfeed. And, we are integrating Trucost data with our equity portfolio analytics and our credit analytics products.

Under **Technology**, we are increasingly utilizing technology to improve the customer experience in 2020.
- An example is the success that Platts and Kensho achieved in 2019 to dramatically accelerate the Market on Close process for Dated Brent while unleashing best-in-class, real-time analytical and data visualization tools for our customers.

- Another Kensho project is OmniSearch. After Beta testing with 1,300 customers, we plan to bring OmniSearch into production on the Market Intelligence platform in 2020.

Under **Operational Excellence**:
- We want to expand our successes with Kensho in data ingestion and continue to leverage in-house RPA and third-party technologies to expand automation.

Under **People**:
- We want to continue to raise the technological acumen of every employee through our Essential TECH program and expand the capabilities of our technologists through our Data Science Academy.
- And, we'll maintain our foundational commitment to diversity and inclusion.

And now, I would like to turn the call over to Ewout Steenbergen who will provide additional insights into our capital plans and financial performance.

Ewout Steenbergen
Executive Vice President and CFO
S&P Global

Thank you Doug, and welcome to all of you on the call.

Let me start with our fourth-quarter financial results:
- Revenue increased 13%.
- Adjusted Corporate Unallocated loss increased by 27% due to higher incentive compensation and professional fees.
- Adjusted total expense increased 12% due to higher incentive compensation and investment spending.
- This led to a 40 basis-point improvement in our adjusted operating profit margin.
- The increase in the tax rate was due to an unusually low rate in the fourth quarter of 2018. As we noted a year ago, new tax regulations related to U.S. tax reform were issued in the fourth quarter of 2018, which altered our previous assumptions.
- Due to our share repurchase programs throughout the year, our diluted weighted-average shares outstanding declined by 2%.
- And finally, we achieved a 14% increase in adjusted diluted EPS to $2.53 during the fourth quarter.

There were a number of non-GAAP adjustments to pre-tax income this quarter. Let me highlight the largest items:
- During the quarter we took advantage of lower interest rates to retire $800 million in debt and replaced it with $1.1 billion in new lower interest-rate debt. As a result, there was $57 million associated with the premium paid to retire bonds early.
- $11 million in restructuring charges in Market Intelligence and Corporate. We expect that this will result in an estimated $20 million in annual savings.
- We had $30 million in deal-related amortization.

This is a slide that we shared at our Investor Day in May 2018. It depicts a framework that we outlined to show the areas where we most impact shareholder value and we have made great progress.

This quarter, we recorded revenue growth in every business with Ratings leading the way with a gain of 24%.

As we indicated on the first quarter 2019 earnings call, Market Intelligence incurred a substantial increase in investment spending which impacted its adjusted operating profit margin. All of the other businesses recorded gains in adjusted operating profit margin.

Here you see our headcount, by business, at the end of the last three years. One of the most important changes in 2019 was the creation of technology centers in India where we insourced IT work that was previously handled by outside contractors. While this resulted in the addition of 687 employees, we estimate that it will contribute approximately $16 million in annual savings.

We believe that funding organic growth projects is the best use of capital. During the 2018 fourth quarter earnings call, we announced our plan to invest $90 million to $110 million in new projects to fuel additional future organic growth. Many of these items are multi-year endeavors. We made great strides in advancing these projects and ended up investing $102 million in 2019. While the items marked with a single asterisk have been completed, I don't want to leave you with the impression that our work in ESG is completed. There is still a substantial effort underway to incorporate the data and methodologies from RobecoSAM and continue to build out our product offerings, however, these efforts are now funded as part of business-as-usual spending by each business.

During 2020, we plan to invest $150 million to continue to advance many of the projects that began in 2019 as well as invest in several new projects. Once again, about half of this investment will be in Market Intelligence. The new items are listed in red and include:

- **SME product build out** – Our focus is not only to capture foundational data like financial statements and corporate structure for millions of private companies, but to complement this with differentiated, alternative data and risk signals. We will layer in analytical tools based on S&P credit methodologies to give our customers a uniquely informed perspective on SME companies they do business with.
- **Marketplace commercialization** – The Marketplace storefront will include access to a robust catalog of S&P Global data, starting with Market Intelligence and select Platts content, and over time extend across the fuller gamut of SPGI data assets. Also, the third-party data offered via Marketplace will be structured and linked to S&P Global data to create logical alternative data packages that can readily be consumed.
- **Platts benchmark acceleration** – Platts' shipping business is a small fast-growing segment of the business covering tankers. We will be expanding coverage and building benchmarks in dry bulk freight, and container freight. Since shipping is linked to most of the other commodities which Platts assesses, it will help extend the value of our ecosystem.

In addition, within Petrochemicals we will introduce price assessments for recycled plastics. This aligns with the increased emphasis on ESG across the Company. No price reporting agency currently has benchmark status in container freight or recycled plastics.

All of these investments are aimed at either growing revenue or enhancing EBITA.

At Investor Day, we introduced a $100 million dollar, 3-year cost reduction plan. It was based on productivity improvements, often through investments, in support functions, real estate, technology, and digital infrastructure.

I am pleased to report that after our second year, we have made significant progress towards the $100 million original plan. We estimate that we have achieved run-rate savings of approximately $85 million. Examples include reducing our real estate footprint by exiting space at our London office, 2 Penn Plaza in New York, and our headquarters at 55 Water Street in New York.

We also combined data centers, offshored certain business services, and consolidated select work streams from the businesses to Centers of Excellence. We anticipate further savings in the future from technology and digital infrastructure, as these projects require more time to execute, along with continued consolidation of our real estate footprint.

Now turning to the balance sheet.

We ended the year with $2.9 billion of cash and cash equivalents. During the first quarter, we expect this balance to decline due to payments for:

- The new $1 billion ASR;
- The closing of the acquisition of the ESG ratings business from RobecoSAM; and
- Annual incentive compensation payments, which always occur in the first quarter.

Our adjusted gross leverage increased to 2.0 times, but remains well within our targeted range.

Free cash flow, excluding certain items, increased 29% in 2019 to $2.6 billion. This level is a bit higher than our 2019 guidance due to strong fourth-quarter Ratings revenue and improved receivable collections associated with the implementation of a new order-to-cash system.

During the year, we returned $1.8 billion to repurchase 5.5 million shares and paid $560 million in dividends. In addition, we were actively working to fuel future growth through acquisitions and organic investments. In 2019, our return of capital to shareholders equaled 70% of 2019 free cash flow. This was less than our target of 75% for a good reason—because the fourth-quarter cash flow was higher than expected.

While we have already begun our 2019 share repurchase program with open-market purchases of approximately $120 million in January, we will initiate a new $1 billion ASR in the next few days.

Now, let me turn to the segment results starting with Ratings.

S&P Global Ratings

A surge in high-yield issuance and gains in investment-grade issuance resulted in a 24% increase in Ratings revenue.

We reported an 18% increase in adjusted expenses primarily due to increased incentive compensation and investment spending offset partially by lower IT costs from insourcing. The adjusted segment operating profit margin for the quarter was 57.7%.

For 2019, Ratings delivered a 120 basis-point improvement in adjusted segment operating profit margin to 57.2%. Non-transaction revenue increased primarily due to fees associated with surveillance and intersegment royalties partially offset by lower new-entity ratings. Transaction revenue surged due to strong bond rating activity offset partially by bank loan ratings.

This slide depicts Ratings' revenue by its end-markets:

- Corporates increased 26%.
- Financial Services increased 30%.
- Structured Finance increased 24%.
- And Governments increased 43%.
- While the CRISIL & Other category decreased 1%.

The chart on the right depicts additional detail of our Structured revenue. The strongest areas of growth were in CMBS, RMBS, and Structured Credit.

S&P Dow Jones Indices

Turning to S&P Dow Jones Indices, the segment delivered:

- 9% revenue growth,
- 6% adjusted expense growth, and
- 10% adjusted segment operating profit growth.
- This led to an adjusted segment operating profit margin of 67.8% for the quarter.
- For the full-year, adjusted segment operating profit margin increased 120 basis points to 69.2%.

Strong revenue growth during the quarter was driven by a 27% increase in Asset-Linked Fees. This was partially offset by a 35% decline in Exchange-Traded Derivatives resulting from the elevated levels of market volatility that we experienced during the fourth quarter of 2018.

Key indicators for our exchange-traded derivatives volume were at more normalized levels in the fourth quarter compared to the extremely strong volume in the fourth quarter of 2018.

- S&P 500 index options activity decreased 31%,
- VIX futures and options activity decreased 35%, and
- Activity at the CME equity complex decreased 28%.

S&P Global Market Intelligence

Market Intelligence delivered organic revenue—which excludes revenue from the acquisitions, primarily from 451 Research and the divestiture of SPIAS—of 6% and active desktop user growth of 10%. Also, this was the first half-a-billion-dollar revenue quarter for Market Intelligence ever. Adjusted expenses increased 12% as roughly half of the Company's 2019 investment spending was directed toward Market Intelligence projects. As a result, adjusted segment operating profit decreased 6% and the adjusted segment operating profit margin decreased 410 basis points to 34.4%. For the full-year, the adjusted segment operating profit margin increased 10 basis points to 34.2%.

While the year-over-year adjusted operating profit margin decline was large in the fourth quarter, as you can see on this chart, the quarterly adjusted operating profit margin has been fairly steady throughout 2019 as we had signaled before.

Desktop, the largest category, grew 1% organically.

As we noted last quarter, growth in this category has been slowing for the past few quarters due to several industry trends:

- Lower industry growth in the desktop category;
- A continued competitive environment; and
- Evolving customer preference for desktop **and** data feeds.

The timing of contract renewals also impacted the growth in the quarter.

In addition, we don't believe that Desktop growth can reach its full potential until we've completed building out the Market Intelligence platform and transitioned a material number of our customers to this next-generation platform.

Data Management Solutions realized 11% revenue growth this quarter, once again benefiting from expansion and enhancement of the data feeds business. Risk Services grew 10% with RatingsXpress providing the greatest level of growth as we continue to expand the data feeds portion of Risk Services.

S&P Global Platts

And now, turning to the final business segment,

- Platts delivered organic revenue growth—which excludes revenue from the acquisitions of Live Rice Index and Enerdata and the divestiture of RigData—of 2%. Revenue growth was negatively impacted by about 1% from U.S. sanctions restricting our ability to conduct business in certain countries and another 1% from the timing of contract renewals.
- Global Trading Services (GTS) revenue increased 5% due mainly to increased trading volumes in iron ore and LNG. LNG was particularly strong but lower fuel oil activity tempered GTS growth.
- Adjusted expenses declined 3% due to productivity improvements and disciplined cost control.
- The fourth quarter adjusted segment operating profit margin increased to 50.4%.
- The full-year adjusted segment operating profit margin increased 110 basis points to 50.2%.

Platts revenue growth was the strongest in Metals & Agriculture followed by Power & Gas. These categories have benefited from recent product launches such as Black Sea Wheat and LNG. Petroleum grew 2%.

Beginning in 2020, we are changing our methodology for allocating technology expenses. The new methodology more accurately reflects usage. A recast version of our 2018 and 2019 quarterly results will be released in March. In the meantime, to help you with your modeling, this table shows the expected pre-tax impact to 2020 expenses for each of the businesses.

During Investor Day in May 2018, we introduced medium-term aspirational targets for the Company. We're pleased to use this morning's investor call to fine-tune these targets and to share the progress we've made in just the first two years.

- We target organic revenue growth of mid-to-high single-digit each year. During 2019, all four businesses achieved this target.
- We target low double-digit adjusted EPS growth. During 2019, we delivered 12%.
- We are committed to return at least 75% of our free cash flow each year. In 2019, we returned 70% through share repurchases and dividends as our fourth-quarter cash flow ended up being higher than we expected.
- And we established adjusted operating profit margin levels that we targeted to achieve by the end of 2021. In 2019, we made substantial progress, with each of the businesses contributing to an overall 140 basis-point improvement in the Company's adjusted operating profit margin.

We are tightening the range for two of the businesses' medium-term outlooks for adjusted operating profit margin. We are narrowing Market Intelligence from mid- to high-30's to mid-30's and Indices from mid- to high-60's to high-60's. While some of our aspirational targets have already been met, we continue to work toward full achievement of all of our Investor Day aspirational targets.

Next, I would like to update you on Kensho. Kensho's capabilities are embedded throughout the Company with projects underway in every business and a robust pipeline of additional projects.

- **OmniSearch** enables considerably more advanced search functionality on our customer-facing platforms for both structured and unstructured data. Beta versions of OmniSearch were released to select clients in investment banking, private equity, and investment management in the second half of last year. Full production is expected to launch on the Market Intelligence platform in the middle of 2020; and at that time, the plan is for OmniSearch to be the default tool for all generalist users.

- **Entity Linking** uses machine learning to link data from different sources to the correct entities without errors and in a fraction of the time it would take our employees. We have successfully automated the linking of more than 7 million entities in 2019 from U.K. Companies House, Crunchbase, Finchina, Gildata, Trucost, and several other alternative-data providers. Now that we are up and running, we anticipate linking an additional 20 million entities in 2020. This technology has cut our time-to-market for new data by six months and reduced manual processing needs by more than 260,000 hours.
- **Codex** is an end-to-end service that can ingest any document and provide the relevant data and information for a user's needs. Examples include SEC filings or conference call transcripts. A beta version will be introduced to select clients in the next few months.
- **Market on Close** is the price discovery process used by Platts to determine commodity prices. Kensho has two efforts underway.
  - Internally, there is a project to optimize the price-assessment process and get assessments out to clients earlier.
  - Externally, we are creating an interactive platform to offer clients a more dynamic analytics offering of key insights around trends in volumes, price differentials, spread movements, and trading activity.

We estimate the projects underway have the potential to generate a net present value equal to the full purchase price of Kensho. We have made great strides and believe that there is much more value generation to be achieved as we implement these and other projects over the next few years.

Now I would like to introduce our 2020 guidance. This slide depicts our GAAP guidance. Please keep in mind that our guidance reflects current spot-market forex rates.

This slide shows our adjusted guidance:

- An increase in revenue of mid-to-high single-digits with contributions by every business segment;
- Corporate unallocated expense of $150 million to $160 million;
- Deal-related amortization of $115 million to $120 million;
- Kensho retention plans of $10 million to $15 million;
- Operating profit margin in a range of 50.3% to 51.3%;
- Interest expense of $135 million to $140 million;
- A tax rate of 22.0% to 23.0 %; and
- Diluted EPS, which excludes deal-related amortization, of $10.40 to $10.60.
- In addition, we expect capital expenditures of approximately $90 million and free cash flow, excluding certain items, in a range of $2.6 billion to $2.7 billion.

Our 2020 guidance reflects an increase in planned organic investments in new revenue opportunities and productivity programs. This guidance also reflects our expectation that global economies will continue to expand this year.

In conclusion, we delivered solid 2019 financial results while making great progress on productivity programs, investment projects, and new product launches. We are well positioned to continue to advance our strategic initiatives and deliver solid financial results again in 2020. We look forward to updating you on this progress as 2020 unfolds.

With that, let me turn the call back over to Chip for your questions.

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To access the accompanying slides online, go to:
http://investor.spglobal.com/CustomPage/4023623/Index?KeyGenPage=1073751596&event=1073752117

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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 geopolitical uncertainty and conditions that may result from legislative, regulatory, trade and policy changes associated with the current U.S. administration;
- the rapidly evolving regulatory environment, in Europe, the United States and elsewhere, affecting Ratings, S&P Global Platts, Indices, and S&P Global Market Intelligence, including new and amended regulations and the Company's compliance therewith;
- the Company's ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential information and data, and the potential for a system or network disruption that results in regulatory penalties and remedial costs or improper disclosure of confidential information or data;
- 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;
- the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances and the potentially adverse impact of increased access to cash resulting from the Tax Cuts and Jobs Act;
- 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, benchmarks and indices;
- the effect of competitive products and pricing, including the level of success of new product developments and global expansion;
- the Company's exposure to potential criminal sanctions or civil penalties for noncompliance 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, and Venezuela, 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;
- consolidation in the Company's end-customer markets;
- the introduction of the introduction of competing products or technologies by other companies;
- the impact of customer cost-cutting pressures, including in the financial services industry and commodities markets;
- 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;
- our ability to attract, incentivize and retain key employees;

- 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;
- 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;
- the Company's ability to adjust to changes in European and United Kingdom markets as the United Kingdom leaves the European Union, and the impact of the United Kingdom's departure on our credit rating activities and other offerings in the European Union and United Kingdom; and
- the impact of changes in applicable tax or accounting requirements, including the impact of the Tax Cuts and Jobs Act in the U.S. on the Company.

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.