

# 3Q 2017 Earnings Conference Call

Doug Peterson  
President and CEO

Ewout Steenberg  
Executive Vice President and CFO

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October 26, 2017

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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 October 26, 2017 contains exhibits that reconcile the differences between the non-GAAP measures and comparable financial measures calculated in accordance with U.S. GAAP. Such exhibits are available on the Company's website at <http://investor.spglobal.com/quarterly-earnings>

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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 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 planned 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

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## 3Q 2017 highlights

- Attained strong organic revenue and adjusted operating profit growth in every segment
- Delivered 190 basis points of adjusted profit margin improvement and adjusted diluted EPS growth of 19%
- Increased adjusted diluted EPS guidance to a range of \$6.55 to \$6.70
- Completing \$500 million ASR by month-end
- Returned \$604 million through share repurchases and dividends
- Continued to fund growth and productivity initiatives across the Company

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## Company delivered growth in revenue, adjusted profit margin and adjusted EPS

	3Q 2017	3Q 2016	Change
Revenue	\$1,513	\$1,439	+5%
Organic revenue	\$1,503	\$1,347	+12%
Adjusted operating profit	\$701	\$638	+10%
Adjusted operating margin	46.3%	44.4%	+190 bps
Average diluted shares outstanding	257.9	265.3	(7.4) shares
Adjusted diluted EPS	\$1.71	\$1.43	+19%

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

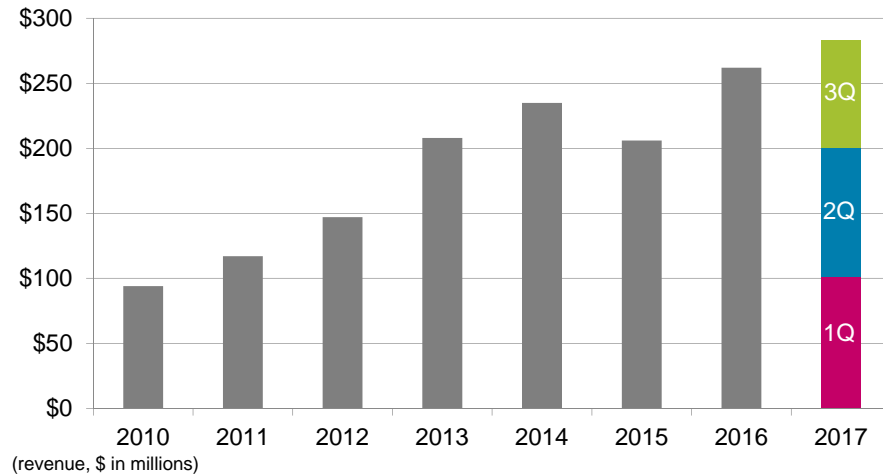
### 3Q 2017 FINANCIAL HIGHLIGHTS:

- Delivered 12% organic revenue growth
- Achieved 190 basis-point improvement in adjusted operating profit margin
- Adjusted diluted EPS increased 19%

## Highlights of current and future drivers of our business

- **S&P Global Ratings:**
  - Bank loan ratings, 3Q17 global issuance, global issuance forecast, U.S. debt by proceeds, Green Evaluations
- **Market and Commodities Intelligence:**
  - Market Intelligence added capabilities, Platts development of new benchmarks (e.g. LNG)
- **S&P Dow Jones Indices:**
  - Recently launched products

## Banner year for bank loan ratings revenue



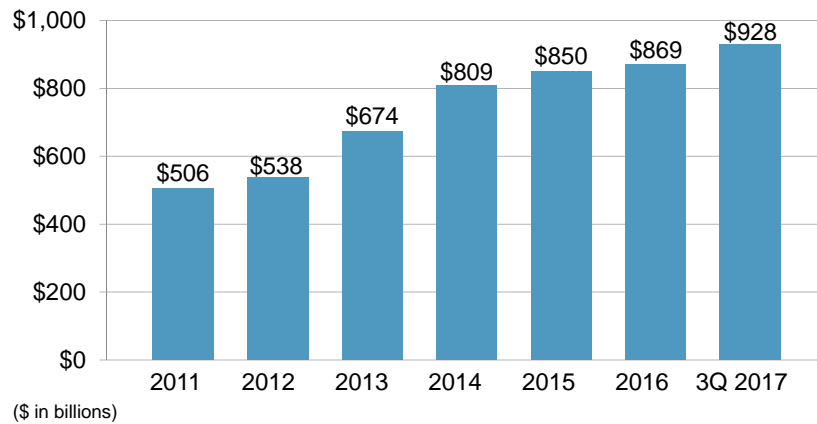
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## Maturing U.S. leveraged loans continue to build

Each bar depicts U.S. leveraged loans maturing in the next eight years, as of the end of each period

**11% CAGR**

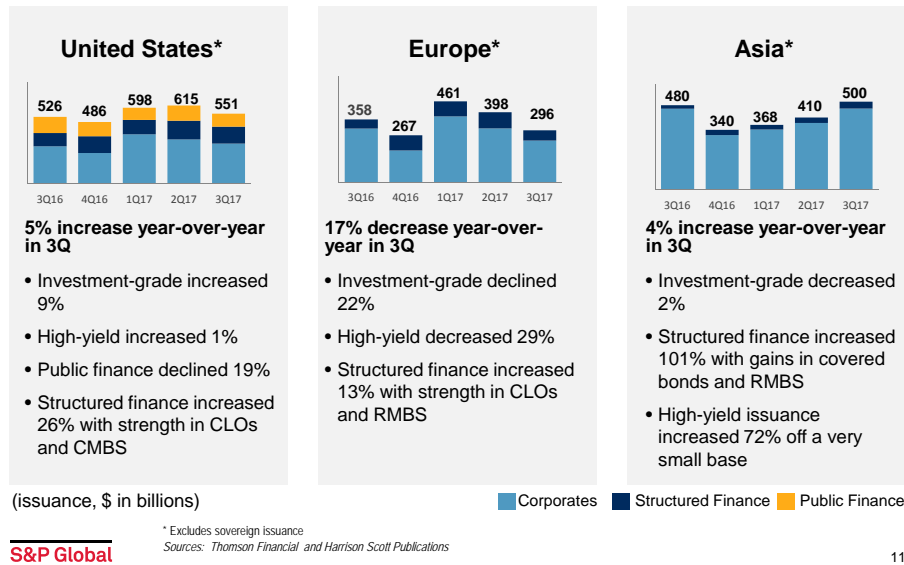


Source: S&PILSTA Leveraged Loan Index (Loan Syndications and Trading Association)

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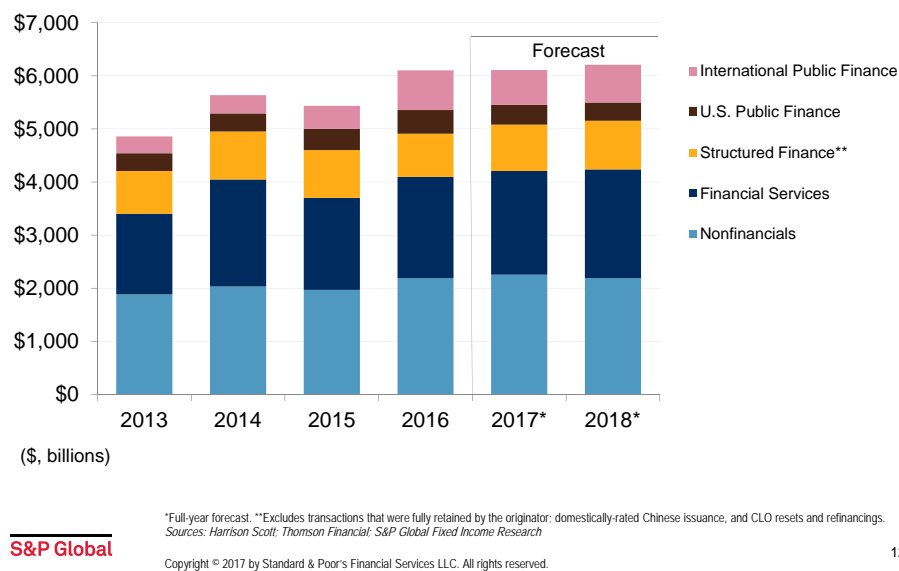
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## Global issuance\* decreased slightly versus 3Q16 with strength in structured finance issuance



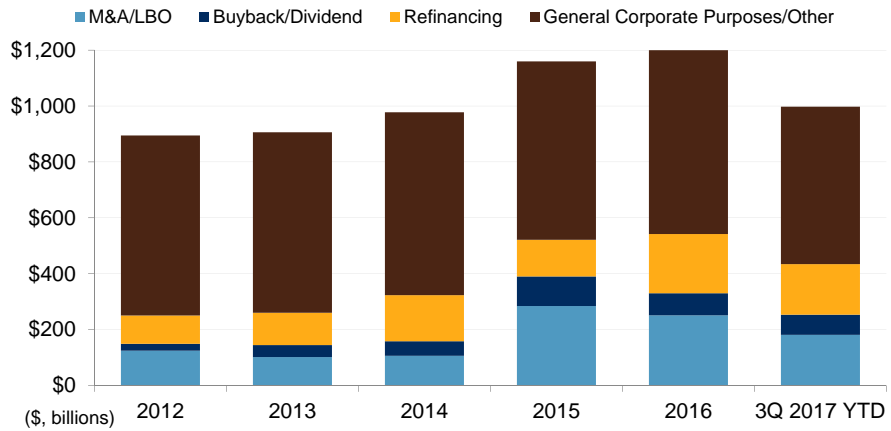
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## Excluding International Public Finance, global issuance forecast to increase ~2% in 2017 and ~1% in 2018



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## U.S. investment-grade bond volume by proceeds

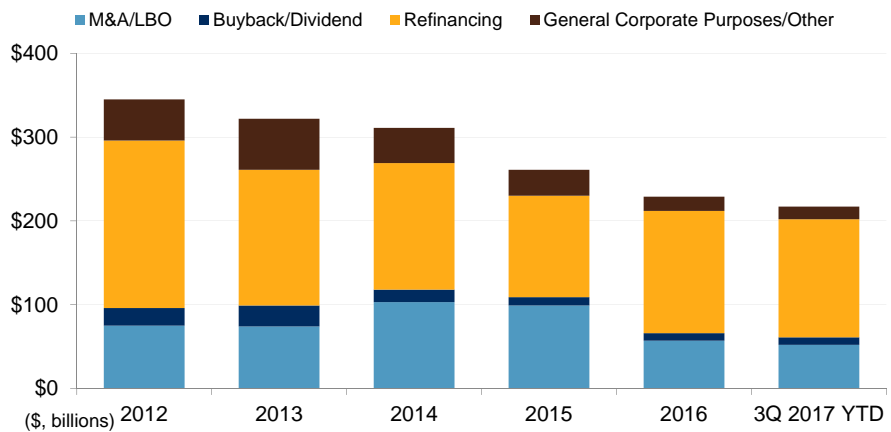


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\*Note: Issuance excludes sovereign, quasi-sovereign, supranational, preferred and hybrid-structure deals  
Source: LCD, an offering of S&P Global Market Intelligence

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## U.S. high-yield bond volume by proceeds



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\*Note: Issuance excludes sovereign, quasi-sovereign, supranational, preferred and hybrid-structure deals  
Source: LCD, an offering of S&P Global Market Intelligence

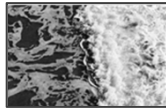
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## S&P Global Ratings Green Evaluations building momentum globally



- **Multi-sector:**

- Greater Orlando Aviation Authority
- City of Gothenburg
- Mexico City Airport Trust



- **Water:**

- District of Columbia Water & Sewer Authority
- Capital Region Water



- **Green Energy:**

- TenneT Holding B.V.
- Three Gorges Finance II (Cayman Islands) Ltd.
- Brookfield White Pine Hydro LLC

## Market Intelligence extends capabilities

### Launched RatingsDirect® Monitor:

- By syncing with a RatingsDirect® Watch List, Monitor brings timely and reliable market and financial data, news, credit ratings and research on a single, customizable screen using dynamic data visualization tools

### Data Feed Expansion:

- Inclusion of additional SNL industry-specific content, including bank regulatory data, bank branch data and real estate property data, plus corporate transcripts supplemented by superior metadata tagging to facilitate quantitative investment analysis

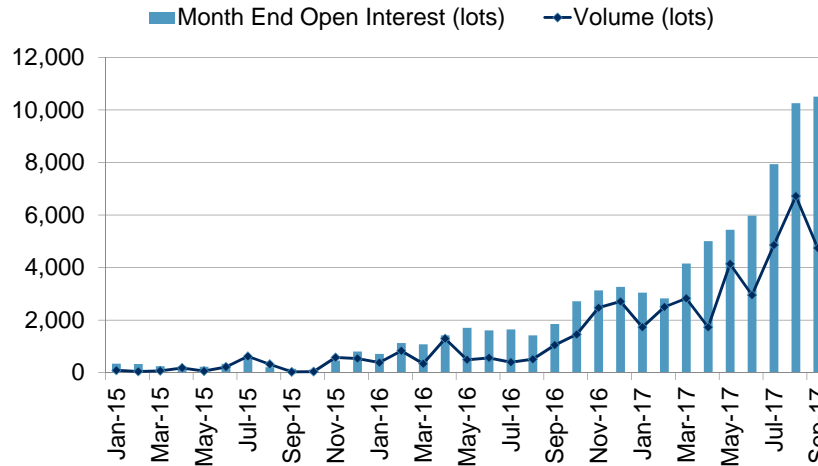
### Enhanced Credit Analytics:

- Facilitates counterparty analysis and integration of SNL data, and offers expanded model coverage



## Platts: LNG swap volume continues to surge

Monthly JKM™ Swaps Volume on ICE



## S&P Dow Jones Indices continues to innovate

- **S&P/BMV IPC VIX Index launched:**

- Measures 90-day implied volatility of the Mexican stock market



- **Trucost Launches Global Carbon Pricing Tool:**

- Helps companies assess exposure to regional carbon pricing mechanisms



- **DeltaShares by Transamerica launched:**

- Based upon S&P indices, these new ETFs designed to provide core equity strategies with an embedded risk management feature



- **Announced strategic investment in Algomi:**

- Algomi has created a bond information network that enables market participants to improve financial trading decisions



# Ewout Steenbergen

Executive Vice President, Chief Financial Officer

## Outstanding operating results

	3Q 2017	3Q 2016	Change
Revenue	\$1,513	\$1,439	+5%
Organic revenue	\$1,503	\$1,347	+12%
Adjusted unallocated expense	\$41	\$29	+44%
Adjusted total expense	\$812	\$801	+1%
Adjusted operating profit	\$701	\$638	+10%
Adjusted operating profit margin	46.3%	44.4%	+190 bps
Interest expense, net	\$37	\$39	(6%)
Adjusted effective tax rate	27.9%	31.3%	(340 bps)
Adjusted net income (less NCI)	\$442	\$381	+16%
Adjusted diluted EPS	\$1.71	\$1.43	+19%
Average diluted shares outstanding	257.9	265.3	(7.4) shares

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

## Stock-based compensation creates tax benefit

	1Q	2Q	3Q	4Q
2017 EPS impact	\$0.04	\$0.02	\$0.14	\$0.07 Est*

### **FASB Accounting Standards Update:**

A 2017 requirement to record the tax effect related to share-based payments at settlement (or expiration) through the income statement results in lower reported taxes.

### **Estimating the impact:**

It is difficult to estimate the impact because in any given quarter we don't know how many options will be exercised or what the stock price will be.

At the end of 2016 there were 3.7 million employee stock options outstanding; 1.6 million of these have been exercised through the end of 3Q

\* Represents the estimated impact of restricted stock awards at the 10/25/2017 closing market price and does not consider any Q4 2017 stock option exercises

## Changes in foreign exchange rates reduced 3Q 2017 adjusted operating profit

Favorable (Unfavorable)	Ratings	Market and Commodities Intelligence	S&P Dow Jones Indices
Revenue	+\$4	–	–
Adj. operating profit	(\$8)	(\$4)	–
Adj. EPS	(\$0.02)	(\$0.01)	–

(\$ 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 the strengthening of the Euro
- Ratings adjusted operating profit was primarily impacted by the Australian Dollar and British Pound

## 3Q 2017: Non-GAAP adjustments to operating profit

Pre-tax expense excluded from adjusted results	3Q 2017
Restructuring - Ratings	(\$15)
Restructuring - Corporate	(\$4)
<b>Total</b>	<b>(\$19)</b>

(\$ in millions)

	3Q 2017
Deal-related amortization	(\$24)

(\$ in millions)

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## Every segment delivered strong organic revenue gains

3Q 2017 vs. 3Q 2016

	Ratings	Market and Commodities Intelligence	S&P Dow Jones Indices
Reported revenue	+15%	(6%)	+14%
Organic revenue	+15%	+7%	+13%
Adjusted operating profit	+19%	+1%	+10%
3Q 2017 adjusted operating margin	53.0%	37.4%	64.3%
Adjusted operating margin change	+170 bps	+270 bps	(190 bps)

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## Ratings: Delivered outstanding results

	3Q 2017	3Q 2016	Change
Revenue	\$739	\$642	+15%
Adjusted segment operating profit	\$392	\$330	+19%
Adjusted segment operating margin	53.0%	51.3%	+170 bps
Trailing four quarters adjusted segment operating margin	51.8%	49.1%	+270 bps

(\$ in millions)

### 3Q 2017 HIGHLIGHTS:

- Excluding FX, revenue increased 14% and expenses increased 7% resulting in substantial growth in adjusted operating profit and margin

## Ratings: Both transaction and non-transaction revenue recorded strong growth

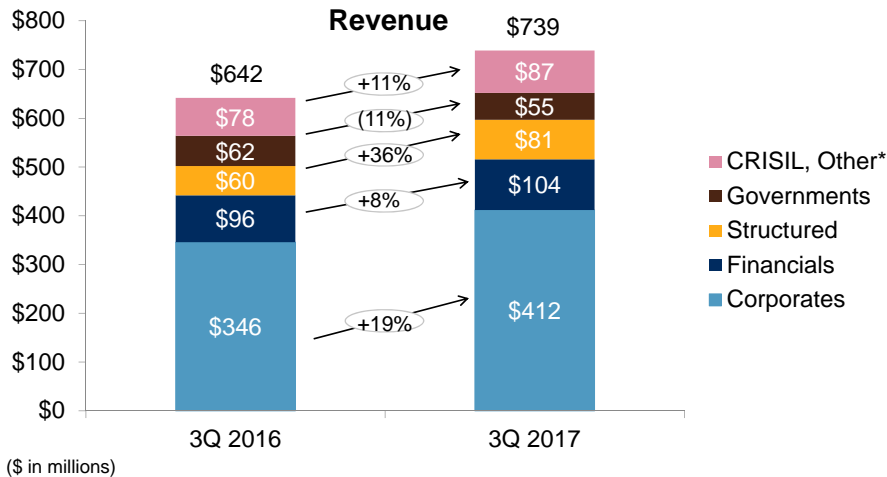
	3Q 2017	3Q 2016	Change
Non-transaction	\$367	\$343	+7%
Transaction	\$372	\$299	+24%

(\$ in millions)

### 3Q 2017 HIGHLIGHTS:

- Non-transaction revenue increased due to growth in fees associated with surveillance, entity ratings, and short-term debt including commercial paper
- Transaction revenue increased primarily from gains in corporate bonds, structured products, and bank loans

## Ratings: Corporate and structured revenue led 3Q growth



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

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

	3Q 2017	3Q 2016	Change
Revenue	\$615	\$658	(6%)
Organic revenue	\$606	\$566	+7%
Adjusted segment operating profit	\$230	\$229	+1%
Adjusted segment operating margin	37.4%	34.7%	+270 bps
Trailing four quarters adjusted segment operating margin	36.8%	32.6%	+420 bps

(\$ in millions)

### 3Q 2017 HIGHLIGHTS:

- Organic revenue increased 7% excluding divestitures of J.D. Power, SPSE/CMA, Equity and Fund Research, and QuantHouse, as well as the acquisition of PIRA
- Adjusted operating profit increased despite divestiture of profitable businesses
- Adjusted operating margin improved primarily due to strong organic revenue growth, the sale of lower margin businesses, and SNL integration synergies

## Market Intelligence: Continuing to deliver strong organic revenue growth

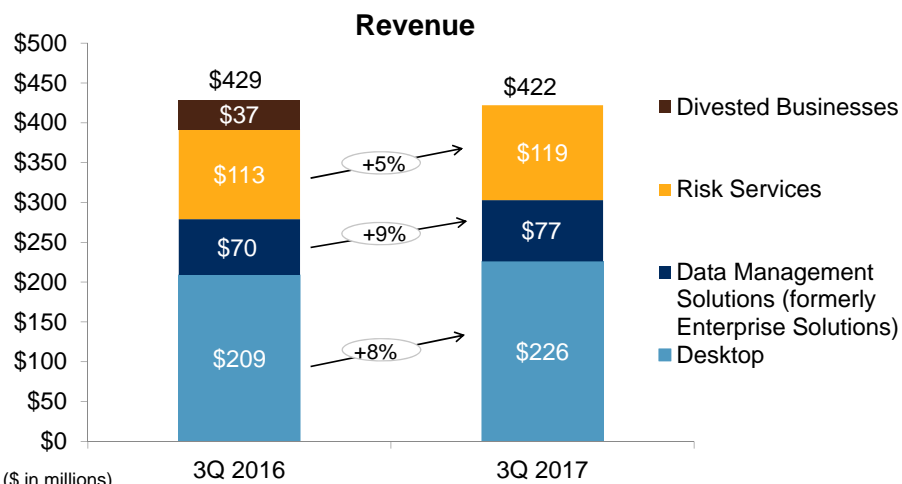
	3Q 2017	3Q 2016	Change
Revenue	\$422	\$429	(2%)
Organic revenue	\$422	\$392	+8%

(\$ in millions)

### 3Q 2017 HIGHLIGHTS:

- Organic revenue increased 8% with growth across all major businesses
- Realized a 13% increase in Market Intelligence desktop users
- Emphasis continues to be on instituting enterprise-wide commercial agreements and combining desktop platforms
- Launching new Market Intelligence desktop for all SNL customers and a beta release of the new combined platform for Investment Banking customers in early November

## Market Intelligence: Every business continues to deliver solid organic revenue growth



## Platts: Organic revenue growth ticks higher

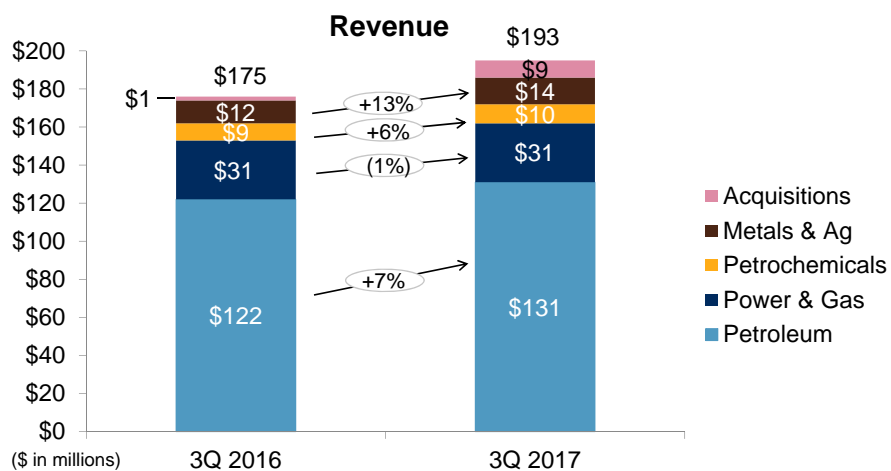
	3Q 2017	3Q 2016	Change
Revenue	\$193	\$175	+10%
Organic revenue	\$184	\$174	+6%

(\$ in millions)

### 3Q 2017 HIGHLIGHTS:

- Organic revenue increased 6% due to increased subscriptions and strong growth in Global Trading Services
  - The core subscription business delivered mid single-digit revenue growth with gains in Petroleum
  - Global Trading Services' revenue increased more than 20% primarily due to strong trading volumes at ICE and the Singapore exchange

## Platts: Organic revenue growth led by gains in Petroleum



(\$ in millions)

Details may not sum to total due to rounding



## S&P Dow Jones Indices: Revenue and adjusted operating profit growth continue

	3Q 2017	3Q 2016	Change
Revenue	\$187	\$164	+14%
Adjusted segment operating profit	\$120	\$108	+10%
SPGI share of Adj. Seg. Op. Profit*	\$87	\$80	+8%
Adjusted segment operating margin	64.3%	66.2%	(190 bps)
Trailing four quarters adjusted segment operating margin	64.7%	65.9%	(120 bps)

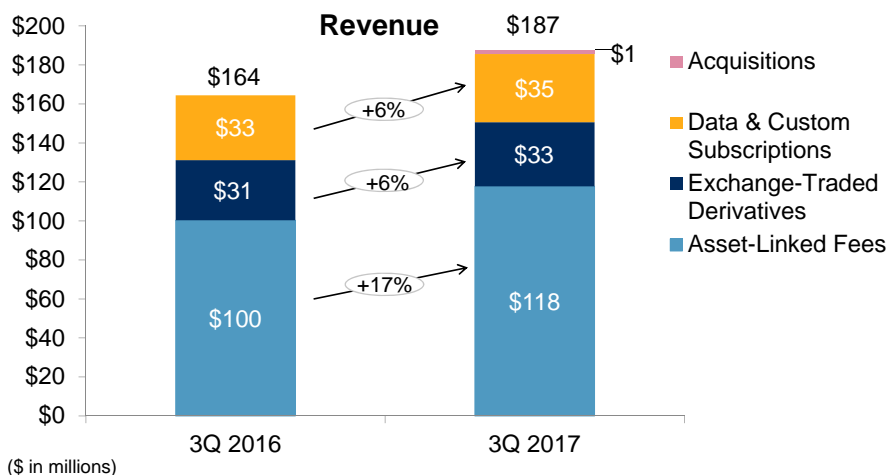
(\$ in millions)

### 3Q 2017 HIGHLIGHTS:

- Organic revenue increased 13% led by continued ETF AUM growth
- Adjusted operating profit increased 10% as revenue gains were partially offset by increased expenses related to performance driven costs, and investments, including Trucost expenses

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

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



Details may not sum to total due to rounding

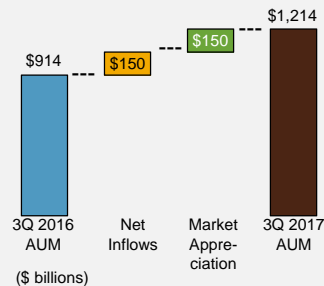
## S&P Dow Jones Indices: Continued strong growth in ETF AUM associated with our indices

### Asset-Linked Fees:

- Exchange-traded products industry net inflows were \$124 billion in the 3Q
- 3Q average ETF AUM associated with our indices increased 31% YOY

- Quarter ending ETF AUM associated with our indices reached a new record of \$1,214 billion, surpassing the previous quarterly record of \$1,156 billion set 6/30/17
- Sequentially, since 6/30/17, ETF net inflows totaled \$13 billion and market appreciation was \$45 billion

### Quarter Ending ETF AUM

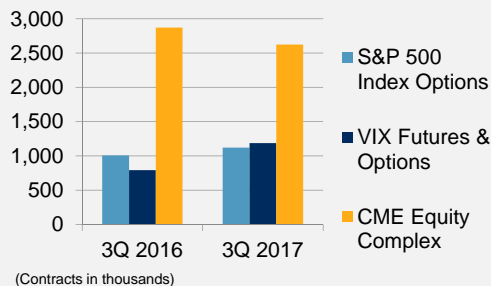


## S&P Dow Jones Indices: Exchange-traded derivatives volume was mixed

### Transaction (exchange-traded derivatives):

- S&P 500 index options and VIX futures & options activity increased 11% and 50%, respectively, while the CME equity complex experienced a 9% decline in activity

### Key Contracts (Average Daily Volume)



## Capital position

	3Q 2017	4Q 2016
Cash and cash equivalents	\$2,312	\$2,392
Long-term debt	\$3,568	\$3,564
Adjusted gross leverage*	\$5,717	\$5,632
Adjusted gross leverage to adjusted EBITDA	2.0x	2.1x

(\$ in millions)

Approximately \$2.1 billion of cash was held outside the U.S. at the end of 3Q 2017

## YTD free cash flow trails prior period

	3Q 2017 YTD	3Q 2016 YTD
Cash provided by operating activities	\$1,203	\$1,257
Capital expenditures	(77)	(67)
Distributions to noncontrolling interest holders	(69)	(59)
<b>Free cash flow</b>	<b>\$1,057</b>	<b>\$1,131</b>
Tax on gain from sale of SPSE and CMA	67	-
After-tax legal settlements and insurance recoveries	4	36
<b>Free cash flow excluding certain items</b>	<b>\$1,128</b>	<b>\$1,167</b>

(\$ in millions)

3Q 2017 return of capital totaled \$604 million:

- \$500 million for ASR with 2.8 million shares received in 3Q and a true-up of shares upon completion
- \$104 million in dividends

## 2017 GAAP guidance: Changes highlighted below

	Previous Guidance	New Guidance
Reported revenue	Mid single-digit increase	Mid single-digit increase
Organic revenue	N.A.	N.A.
Unallocated expense	\$130 – \$135 million	\$135 – \$140 million
Deal-related amortization	N.A.	N.A.
Operating profit margin	43.0% - 44.0%	43.5% - 44.5%
Interest expense	~\$150 million	~\$145 million
Tax rate	30% - 31%	<30%
Diluted EPS	\$5.83 - \$5.98	\$6.19 - \$6.34
Capital expenditures	\$125 - \$140 million	~\$125 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	High single-digit increase	Low double-digit increase
Unallocated expense	\$130 - \$135 million	\$135 - \$140 million
Deal-related amortization	~\$100 million	~\$100 million
Operating profit margin	45.0% - 46.0%	46.0% - 47.0%
Interest expense	~\$150 million	~\$145 million
Tax rate	30% - 31%	<30%
Diluted EPS	\$6.15 - \$6.30	\$6.55 - \$6.70
Capital expenditures	\$125 - \$140 million	~\$125 million
Free cash flow excluding certain items	> \$1.6 billion	> \$1.6 billion
Regular dividend per share (annual basis)	\$1.64	\$1.64

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Chip Merritt  
Vice President, Investor Relations

October 26, 2017

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## REPLAY OPTIONS

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

**Telephone:** Replay available through November 26, 2017

Domestic: 866-429-0569

International: 203-369-0911

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