

S&P Global Inc. (NYSE:SPGI)

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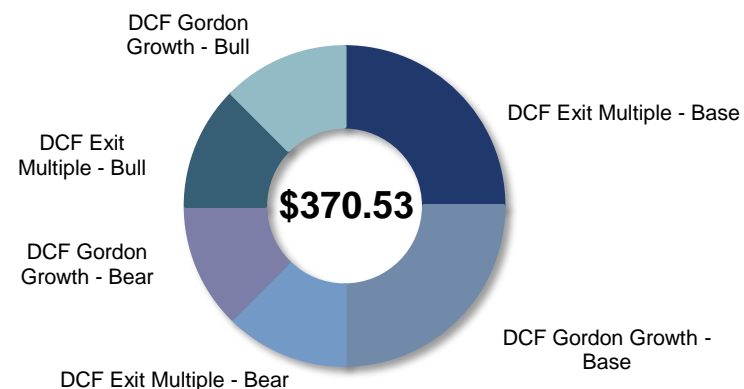
Investment Summary

S&P is a diversified data juggernaut with a dominant foothold in several attractive markets

Key Facts

- S&P Global (NYSE:SPGI): is one of the largest financial information and analytics providers, operating globally
- **Revenue by Segment** (FY2020): Ratings (48%), Market Intelligence (28%), Platts (12%), Indices (13%)
- **Revenue by Type** (FY2020): Subscription (41%), Non-Subscription/Transaction (27%), Non-Transaction (20%), Asset-Linked Fees (9%), Sales Usage-Based Royalties (3%)
- **Operating Margins** (FY2020): Ratings (62%), Market Intelligence (28%), Platts (52%), Indices (67%)

Valuation Methodology



Key Drivers

Global Corporate Debt Maturities

Private Investment in IT

AUM in Passive Investing Vehicles

Investment Rationale

- Established and Durable Ratings Business
 - S&P owns a dominant position in the US credit rating market and benefits from strong pricing power and revenue stickiness
- Unique Proprietary Data Assets
 - S&P boasts an unparalleled combination of proprietary data assets and an innovative data analytics platform, underscored by its acquisition of Kensho
- Premier Index Franchise
 - The rapid growth in passive investing will uniquely benefit S&P Dow Jones Indices, given its ubiquity in global financial markets

*We recommend a **NEUTRAL** rating for SPGI with a price target of **\$370.53** indicating a **2% upside***

Company Overview

Investment & Company Overview

S&P Global (NYSE:SPGI) is one of the largest financial information and analytics providers, operating globally

Share Price: \$362.65

Company Management



Douglas L. Peterson

President & CEO
Mr. Peterson has served as CEO of S&P Global since 2013. He joined the company in 2011 as the President of S&P's Rating Services.



Ewout Steenbergen

Executive VP & CFO
Mr. Steenbergen was appointed CFO in 2016 and previously served as the CFO of Voya Financial Inc.

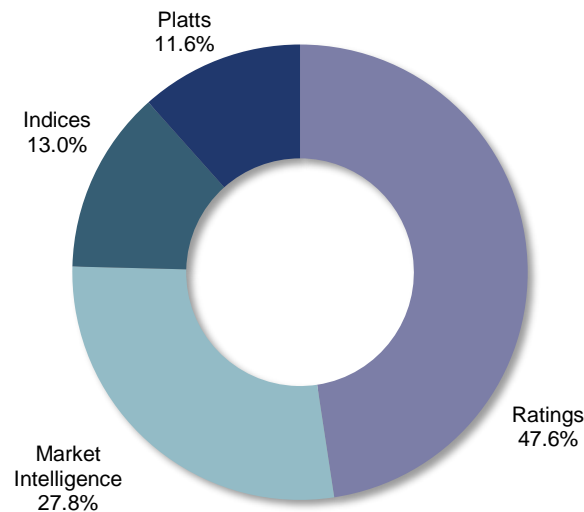
Financial Information

EV / LTM EBITDA	19.6x
EV / FY1 EBITDA	21.1x
Return on Equity	554.1%
Return on Invested Capital	39.6%
5-Yr Revenue CAGR	6.3%
Dividend Yield	0.8%

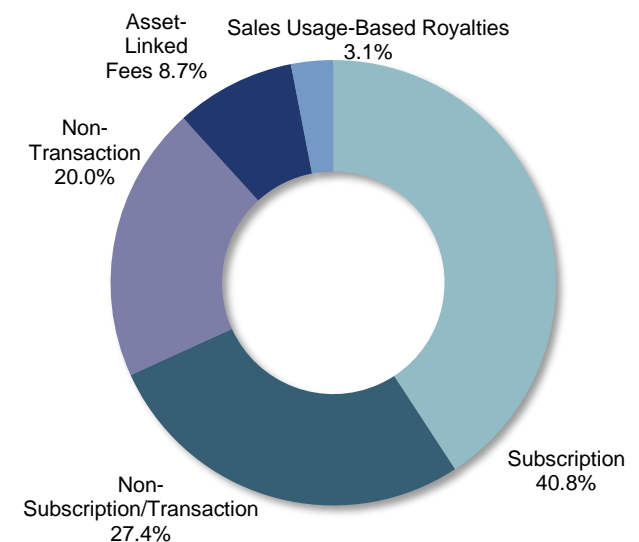
Business Model

- Standard & Poor's (S&P) Global Inc. is a leading provider of ratings, benchmarks, and analytics to the global capital and commodity markets. S&P serves asset managers, commercial and investment banks, insurance companies, and exchanges worldwide through third-party and proprietary distribution channels
- S&P's operations are organized in four segments:
 - **Ratings:** Accounts for nearly half of the company's total revenue by issuing credit ratings, research, and analytics to investors, issuers, and other market participants.
 - **Market Intelligence:** Provides data, analytics, and third-party research on global financial markets, including world news, market and asset-level data, and industry insights
 - **Platts:** Leading supplier of benchmark prices and insights for the commodity and energy markets
 - **Indices:** Provides investors with a wide variety of benchmarks that monitor world markets. Also collaborates with the financial community to create financial products such as ETFs and mutual funds based on Dow Jones Indices
- In 2020, S&P agreed to merge with IHS Markit Ltd in order to strengthen its position as a leading global data provider. The deal is subject to regulatory approval and is expected to close in late 2021

Revenue by Segment (Pre-merger)



Revenue by Type (Pre-merger)



S&P Global Segment Breakdown

S&P is well-diversified with multiple sources of recurring revenue

	Revenue Mix (% of Revenue)	Description
Ratings (48% of Revenue)	Transaction (55%)	Fees associated with ratings for new issuances of debt instruments, bank loans, and corporate credit estimates
	Non-Transaction (45%)	Ongoing fees related to the surveillance of credit ratings and annual fees for client relationship-based pricing programs
Market Intelligence (28% of Revenue)	Desktop (48%)	Product suite that provides data, analytics, and third-party research for finance professionals through Capital IQ and SNL Financial
	Credit Risk Solutions (30%)	Commercial arm that sells credit ratings and related data through RatingsDirect®, RatingsXpress®, and Credit Analytics
	Data Management Solutions (20%)	Integrated bulk data feeds and APIs, including Point in Time financials, Xpressfeed™, GICS®, CUSIP®, and Compustat
Platts (12% of Revenue)	Subscriptions (92%)	Subscriptions for proprietary market information such as oil, natural gas, and agriculture benchmarks and price assessments
	Sales Usage-Based Royalties (7%)	Licensing fees from commodity exchanges and clearinghouses for the utilization of proprietary market data
Indices (13% of Revenue)	Asset-Linked Fees (65%)	Licensing fees based on assets and underlying funds invested in ETFs, mutual funds, derivatives, and structured products that are linked to Dow Jones Indices' benchmarks
	Data & Custom Indices (18%)	Fees from the support of index fund management, portfolio analytics, and research
	Exchange-Traded Derivatives (17%)	Royalties based on trading volumes of derivatives contracts listed on global exchanges

70% of S&P's revenue is derived from subscription revenue, non-transaction revenue, and asset-linked fees that are ongoing in nature

Share Performance

Annotated Stock Price Graph

S&P Global's diversified revenue showed a 27.4% annualized total return from 2011

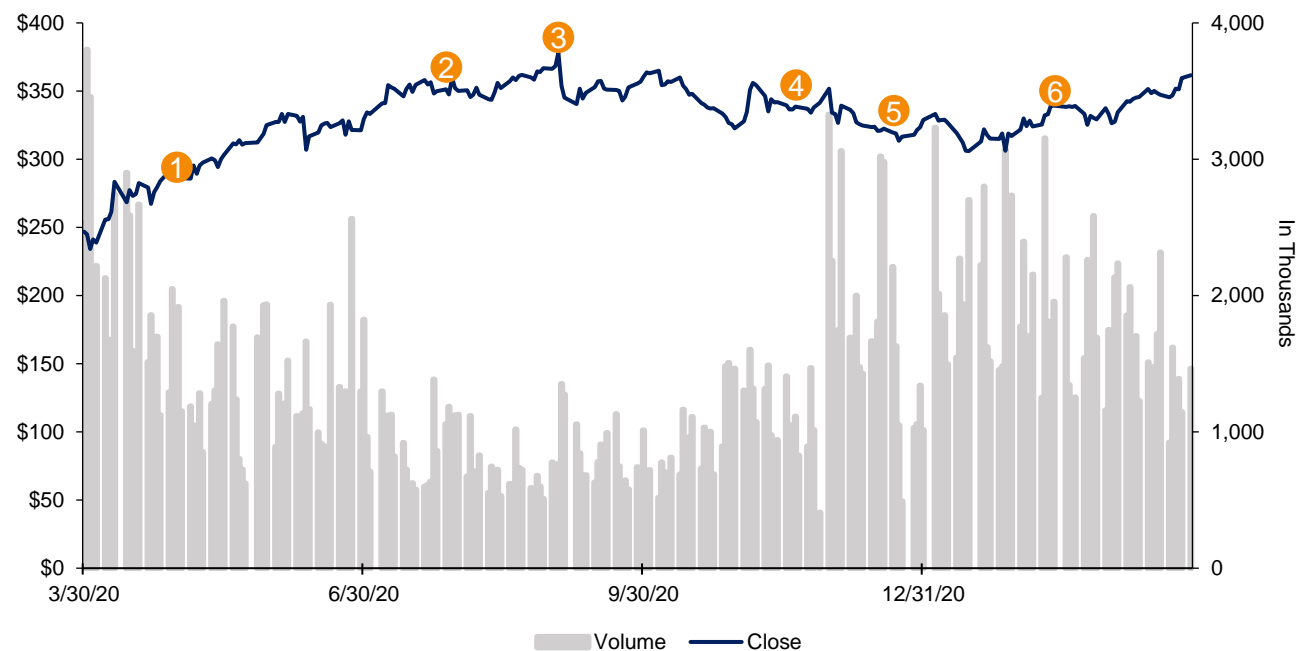
Commentary

- Announced all-stock merger with IHS Markit on November 30, 2020
- Became the first wholly foreign-owned Credit Rating Agency to receive authorization to produce ratings in China
- Launched the S&P Global ESG Scores, covering 8,500 companies on the Market Intelligence platform and Xpressfeed
- EPS has more than doubled over the last 4 years with a 22% CAGR

Trading Statistics

Time Period	Trading Summary	
	Low	High
Last 30 Days	\$337.53	\$362.65
Last 60 Days	\$305.95	\$362.65
LTM	\$192.05	\$378.41

1-Year Price Performance



1 April 2, 2020
 ■ Dan Draper appointed CEO of S&P Dow Jones Indices, serving on the company's operating committee

2 July 28, 2020
 ■ S&P Global revenue increased 14% in the second quarter and the profit margin is up 920 bps to 56.9%

3 August 10, 2020
 ■ S&P Global announced the public offering of senior notes
 ■ SPGI intended to use the net proceeds from the offering to pay the purchase price for the company's outstanding 4.400% senior notes

4 December 27, 2020
 ■ S&P Global Revenue increased 9% in the third quarter with growth across all four segments

5 January 27, 2021
 ■ SPGI increased quarterly dividend from \$0.67 to \$0.77 per share, up 15%
 ■ The new annualized dividend rate represents an average compound annual dividend growth rate of 10.2% since 1974

6 March 11, 2021:
 ■ SPGI Shareholders approved the proposed merger with IHS Markit

Industry Overview

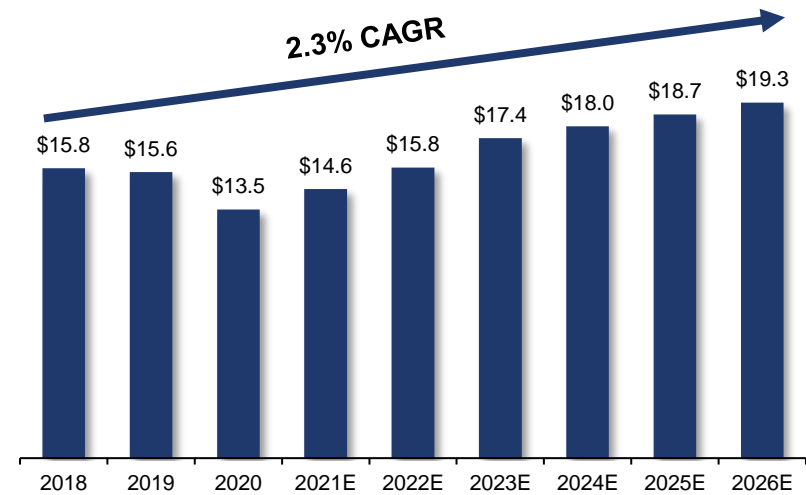
Industry Dynamics

Increasing costs of data may pose a threat to the highly-consolidated industry

Financial Data Industry Commentary

- As the speed and volume of trading activities rise worldwide, demand for data and analysis grows, making market data products an integral component of client workflows
- Key External Drivers:
 - Anticipated decrease in corporate profits poses a threat to the industry as less funds are allocated toward financial market data
 - Expected increase in private investment in IT boosts demand, presenting a potential opportunity for the industry
- While revenues have grown, the fundamental switch to automated and high-frequency trading has allowed stock exchanges to steadily increase the cost of access to their proprietary data
- The industry is highly-concentrated due to rapid consolidation over the last 5 years. The four largest operators currently account for an estimated 49.1% share of industry revenue

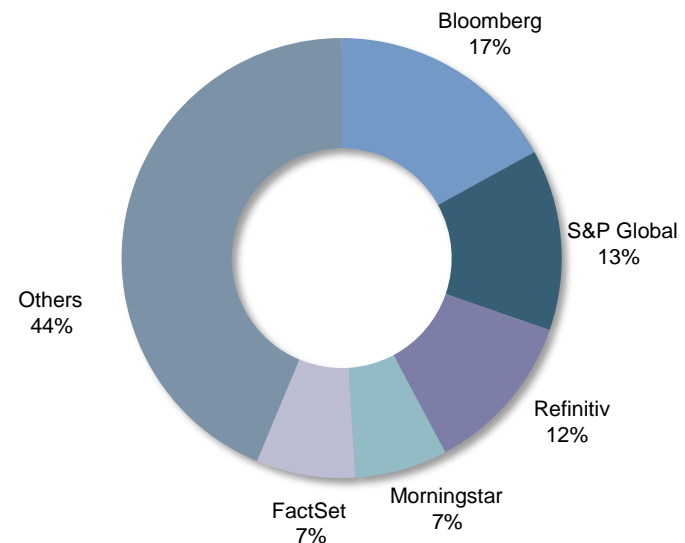
Industry Revenue Grows Steadily YoY (\$B)



Leading Commodity Price Benchmark Providers

	Petroleum, oil, natural gas, LNG, electric power, coal, petrochemicals, metals, agriculture, and energy transition	170+ countries
	Crude oil, LPG, natural gas, petrochemicals, power, coal, bioenergy, emissions, fertilizers, metals, and transportation	140 countries
	Gasoline, diesel, jet fuel, LPG, petrochemicals, refinery feedstocks, renewable fuels, RINs, crude oil, coal, and natural gas	38+ countries
	Petrochemicals, energy, fertilizers	180 countries
	Energy, metal, agriculture	190 countries

Concentration Remains High in the Industry

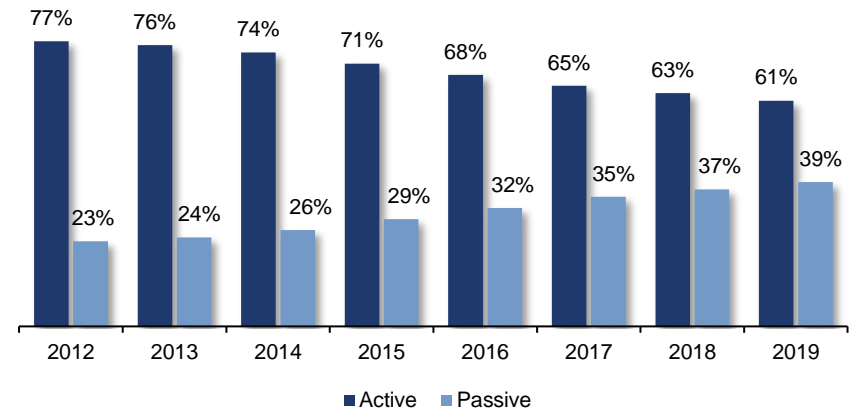


New ESG fund launches to accelerate along with the shift to passive investing

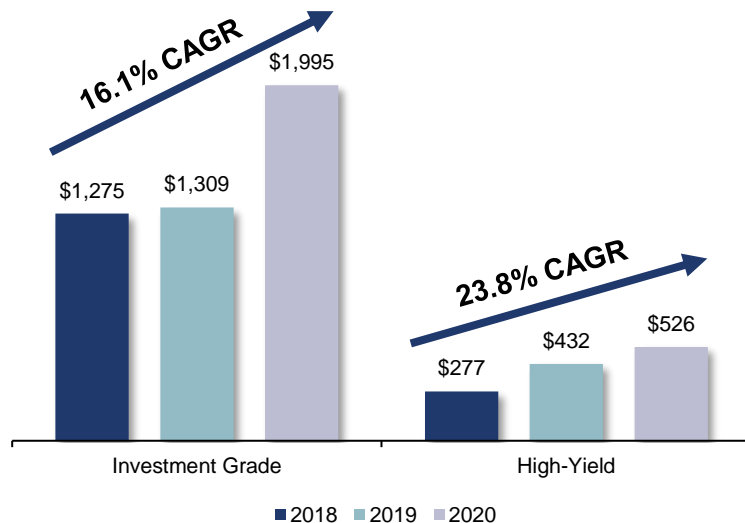
Ratings & Indices Industry Commentary

- Passive AUM continue gaining market share as the shift into passive investing occurs, presenting an opportunity for indexing businesses
- Global debt issuance is anticipated to decline 3% after record-highs in 2020 (IG grew 52.4% and HY grew 21.8%). The forecast assumes year-over-year declines in nonfinancial corporates (-9%) and public finance (-5%), partly offset by growth in financial institutions (+4%) and structured products (+3%)
- With AI enabling better-quality ESG, ESG-mandated assets are expected to grow at a 17% CAGR and are forecasted to comprise half of all professionally managed investments in the US by 2025

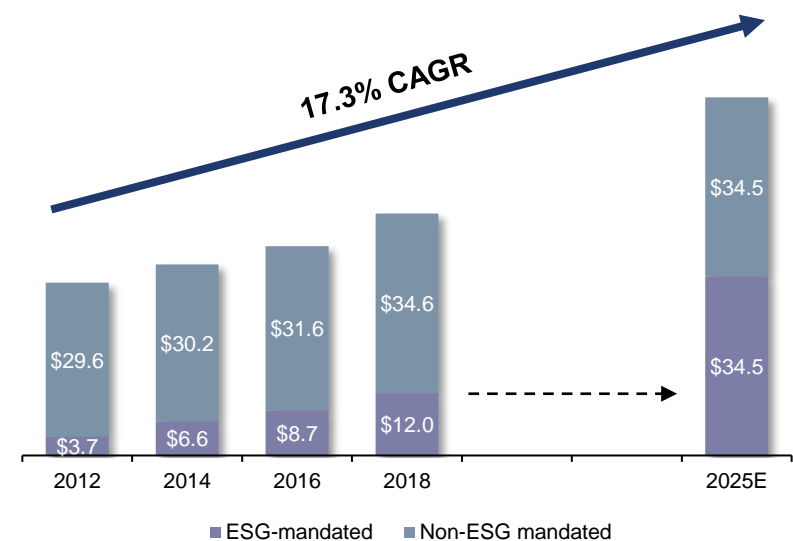
Passive AUM US Market Share is on the Rise



2020 US IG Issuance Grew 52% (\$B)



ESG Assets' Growth to Accelerate in US (\$T)



Investment Thesis

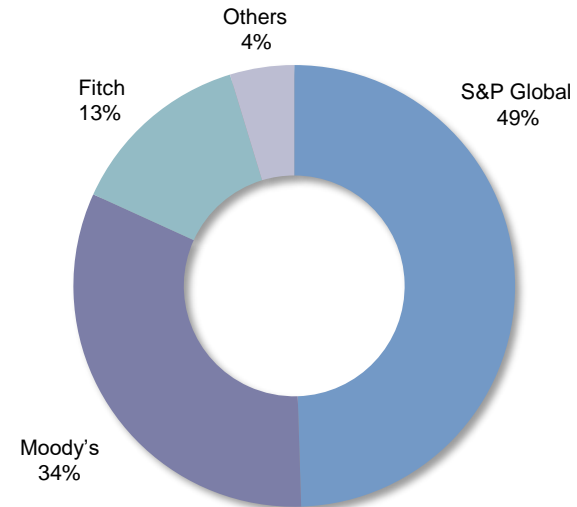
Thesis I: Established & Durable Ratings Business

Dominance in the US ratings market and revenue stickiness allows for strong pricing power

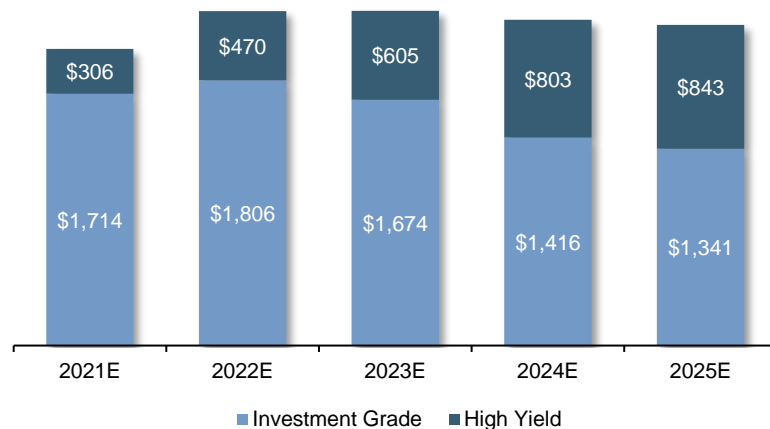
Commentary

- S&P's long presence in the ratings industry allows for unique expertise in evaluating firm risk and a well-known reputation in the financial markets
 - Along with Moody's, S&P maintains a duopoly, holding 83% of the US ratings market, strengthening the barriers to entry
- Both transaction (ratings for new issuances) and non-transaction (surveillance of a credit rating) revenues experience consistent growth
 - Non-transaction revenues are independent of issuance volume and more recurring in nature, contributing to revenue stickiness
- \$11.9T in corporate debt rated is scheduled to mature globally by 2025, boding well for future issuance and further growing the refinancing wall
- HY issuance, characterized by higher fees, was up 66% in the US in 2020 and 27% globally while IG increased 26% YoY
- S&P continues to advance its growth in China by introducing Mandarin versions of Ratings 360 and completing 22 public ratings in 2020

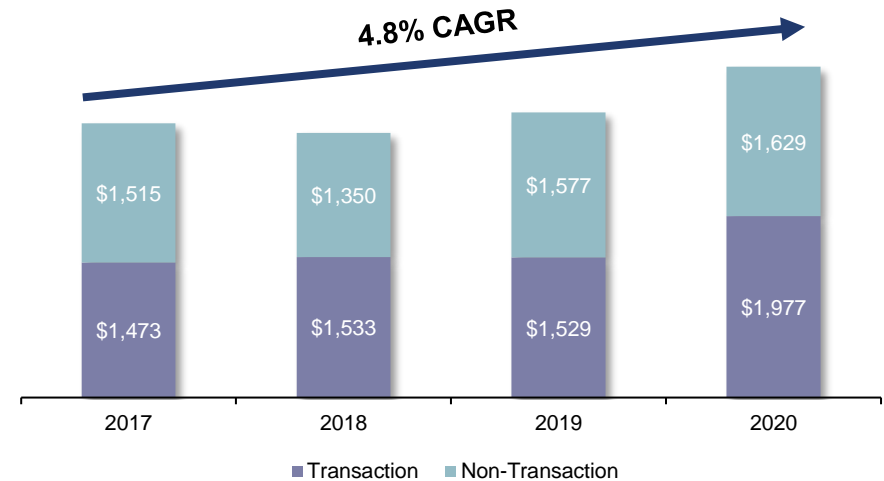
S&P Dominates the US Credit Rating Market



\$8.8T of S&P Rated IG Debt to Mature by 2025 (\$B)



Non-Transaction Revenue is Less Volatile (\$M)



S&P benefits from a superior data analytics platform coupled with exclusive technology

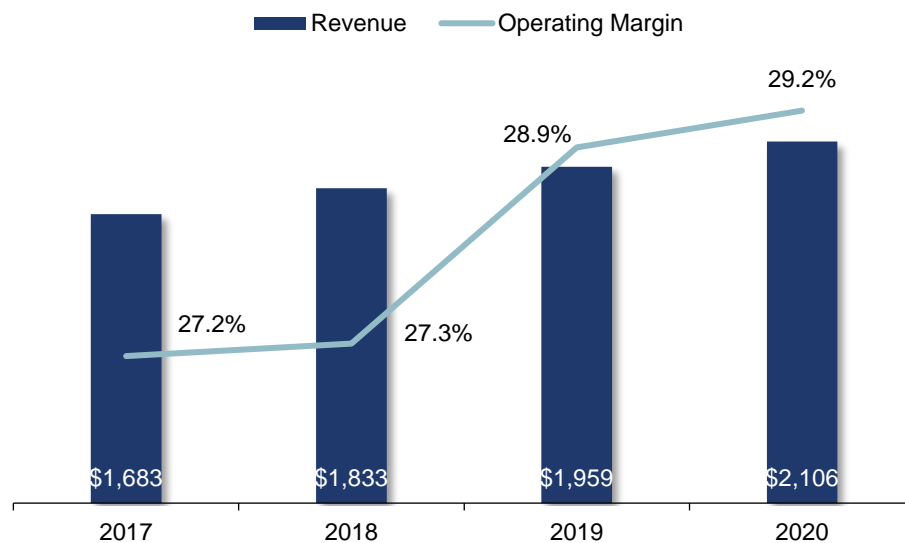
Commentary

- S&P is a leading provider of actionable intelligence on the global financial markets and the industries that make up those markets
- S&P is investing in its small and medium-sized businesses platform to create a unique private-company intelligence service that clients can leverage to serve SMEs
 - S&P is a leading provider of data on private companies with an existing database of over 85 million companies
- S&P technology processes transcripts for more than 36,000 calls a year and increased earnings transcript coverage by 1,500 companies in Q1 2020
- S&P has acquired many fintech VC funds around the world in order to gain exposure to emerging tech and talent, including Green Visor Capital (San Francisco), Arbor Ventures (Hong Kong and Israel), and LingFeng Capital (China)

Kensho Allows S&P to Build on its Tech Offerings

- After an initial stake in 2016, S&P acquired Kensho in 2018 for \$550M in a mix of cash and stock, making it the largest artificial intelligence deal in history at the time
- Kensho is a leading provider of next-generation analytics, AI, machine learning, and data visualization systems to some of the largest global banks in the United States
 - Users can organize datasets in a fraction of the average time, de-duplicate databases, transcribe financial audio into text, and provide insight on inputted data, which helps with decision making
- Combining its tech capabilities and start-up mindset will create new income streams, reduce costs, and improve time-to-market across S&P various divisions
 - S&P previously did not have access to Kensho's proprietary technology, which now adds to the Market Intelligence suite of products

Market Intelligence Margins Constantly Expand



IHS Merger Enhances S&P's Market Intelligence

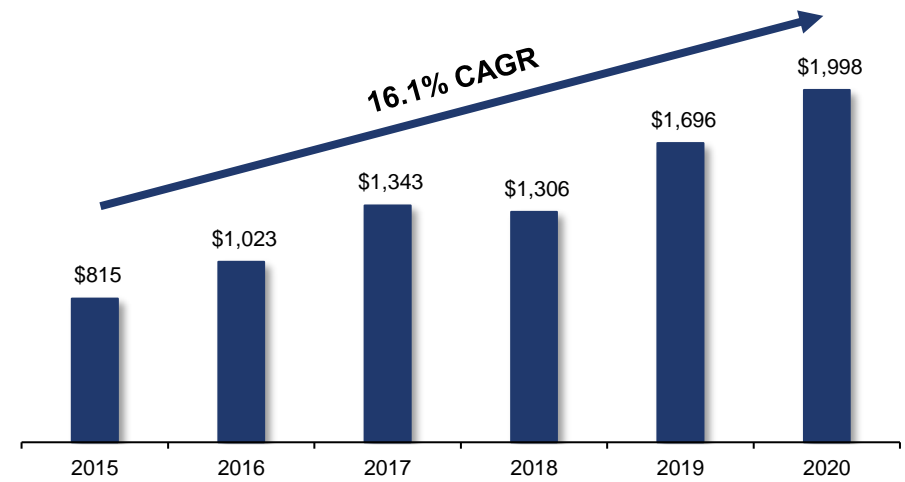
- The merger is expected to generate \$480 million in cost synergies (\$120 million from technology) and \$350 million in revenue through new products and cross selling
- IHS has a sticky revenue base, with over 80% being recurring revenue
 - Since subscriptions are not consuming a large portion of its client's expenses, IHS can raise prices higher than inflation each year with little adverse reactions
- Financial data segment accounts for 40% of IHS' revenue, which include products such as pricing data and valuation services
- IHS' energy segment could be integrated with S&P Platt's division, providing S&P greater scale and diversification

S&P Dow Jones Indices stand to uniquely benefit from the growth in passive investing

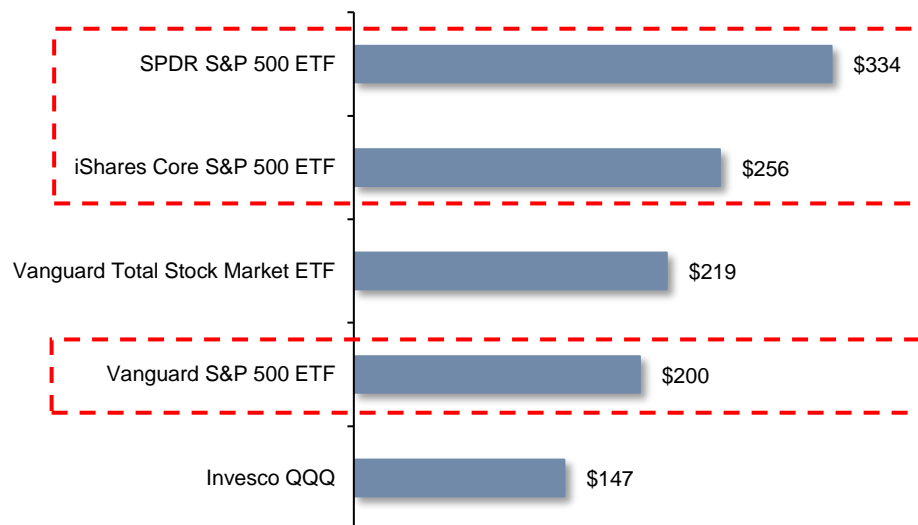
Commentary

- The S&P 500 is the world's most tracked index by AUM, with \$11.2T in assets benchmarked or indexed to it
 - About one-third of index mutual funds are linked to the S&P 500 and more than a quarter of all ETFs are linked to an S&P Dow Jones Index
- Over half of the \$1.7T in ETF assets benchmarked or indexed to Dow Jones indices are tied to indices other than the S&P 500
- S&P's Indices segment has seen an average organic revenue growth rate of 12.3% over the last 4 years due to the rise of passive investing
 - The rising popularity of ESG and fixed-income ETPs remain opportunities for further growth
- S&P has long-term relationships with 17 prominent global exchanges across 5 continents to create index solutions for investors, including partnerships with CME Group, Cboe Global Markets, and TMX Group

S&P Linked ETF AUM has Increased 150% (\$B)



3/5 Largest ETFs by AUM Track S&P Indices (\$B)



IHS Merger Fuses Complementary Index Franchises

- IHS' franchise of debt and derivatives indices would help S&P diversify its Dow Jones Indices business into fixed-income indices
 - These indices will benefit from baby boomers retiring and switching out of equity investments and into bonds
 - Fixed-income ETFs remain a major growth area, recently surpassing \$1T in AUM yet only accounting for ~1% of the \$100T market
- Gives S&P ownership over major proprietary index families, including the PMI series, iBoxx, iTraxx, and CDX
- S&P and IHS can leverage their complementary index franchises to build new multi-class, derivative, and synthetic indices that can be sold to buy side and sell side clients
 - Synergistic opportunities exist for ESG-fixed income, S&P 500-CDS, and agriculture-related indices

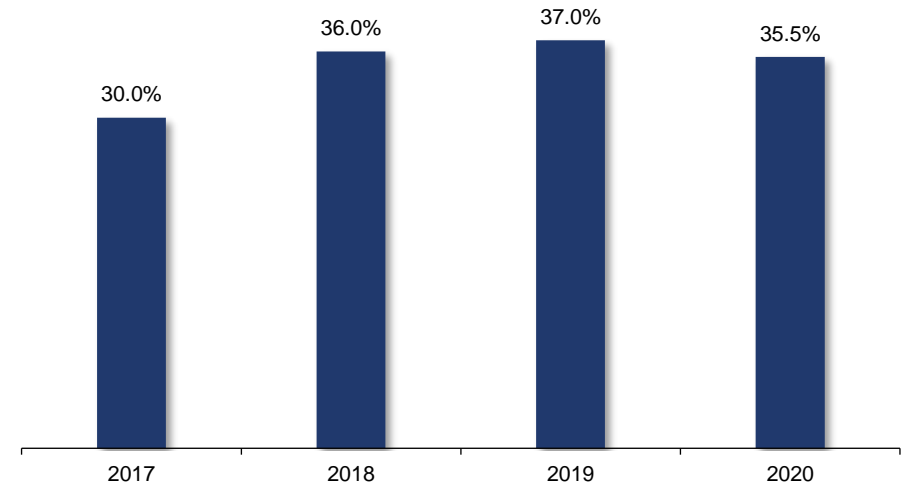
Capital Allocation

Prudent capital allocation by management leads to great returns

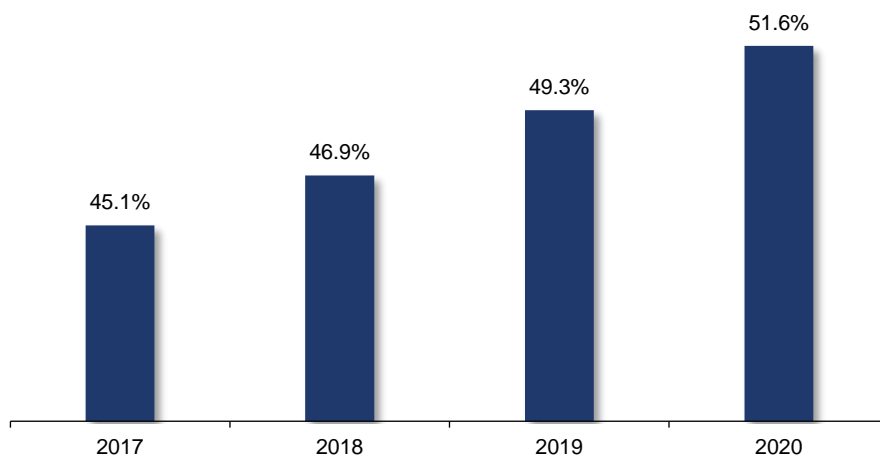
Commentary

- Through accretive M&A activity and investments into its four divisions, S&P provides its clients with exceptional products and services
 - Recurring revenue and pricing power creates a sustainable competitive advantage, especially in the ratings industry
- S&P's return on invested capital increased y/y except for 2020, when the global pandemic slightly impacted profitability
- S&P's EBIT margin increased y/y from 45.1% in 2017 to 51.6% in 2020, and expects further margin expansion
 - This is a result of strong pricing power and reduced costs
- S&P has consistently bought back shares y/y, including 2020 when faced with the adversity of the pandemic

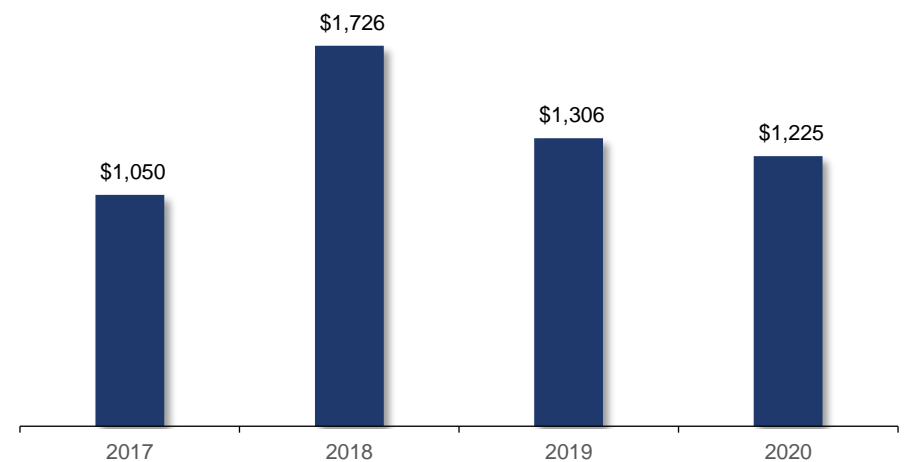
Return on Invested Capital (ROIC)



EBIT Margin



Share Repurchases (\$M)



Valuations

Relative

Comparable Companies

Relative Valuation Methodology

Company	Share Price	Market Capitalization (B)	EV/EBITDA			EV/EBIT		
			LTM	FY1	FY2	LTM	FY1	FY2
Moody's Corp	\$306.31	\$57	20.8x	21.5x	19.9x	23.2x	24.7x	23.2x
MSCI Inc	\$428.55	\$35	38.9x	33.1x	29.8x	38.9x	31.5x	43.9x
Factset Research Systems Inc	\$317.01	\$12	20.6x	22.1x	20.9x	23.7x	24.8x	27.5x
Morningstar Inc	\$233.02	\$10	23.0x	-	-	38.0x	-	38.0x
Maximum	\$428.55	\$57	38.9x	33.1x	29.8x	38.9x	31.5x	43.9x
75% Quartile	\$344.90	\$41	27.0x	27.6x	25.3x	38.3x	28.2x	39.5x
Median	\$306.31	\$19	22.5x	22.1x	20.8x	35.5x	26.0x	35.5x
25% Quartile	\$287.99	\$12	20.7x	21.8x	20.4x	23.6x	24.7x	26.4x
Minimum	\$233.02	\$10	20.6x	21.5x	19.9x	23.2x	24.7x	23.2x
S&P Global	\$362.65	\$87	19.6x	21.1x	19.7x	21.2x	22.1x	21.4x

Company	ROE	ROIC	Debt/Equity	Net Debt/ EBITDA	5-Yr Revenue CAGR	Dividend Yield	Dividend Payout Ratio (TTM)
MSCI Inc	-	25.1%	3.5x	2.2x	10.2%	0.7%	38.9%
Factset Research Systems Inc	49.4%	24.7%	1.5x	0.5x	6.8%	1.0%	27.9%
Morningstar Inc	16.0%	7.0%	1.4x	0.4x	13.5%	0.5%	27.3%
Maximum	554.1%	39.6%	3.5x	2.2x	13.5%	1.0%	38.9%
75% Quartile	108.3%	26.2%	2.4x	1.3x	11.0%	0.8%	30.6%
Median	31.6%	21.6%	2.1x	1.4x	9.8%	0.7%	25.7%
25% Quartile	32.7%	20.2%	1.5x	0.4x	7.9%	0.7%	26.2%
Minimum	16.0%	7.0%	1.1x	0.2x	6.3%	0.5%	23.2%
S&P Global	554.1%	39.6%	1.1x	0.2x	6.3%	0.8%	24.5%

SPGI trades at a discount based on its EV/EBITDA and EV/EBIT, with an ROIC that is above peer median

Discounted Cash Flow

Base Case

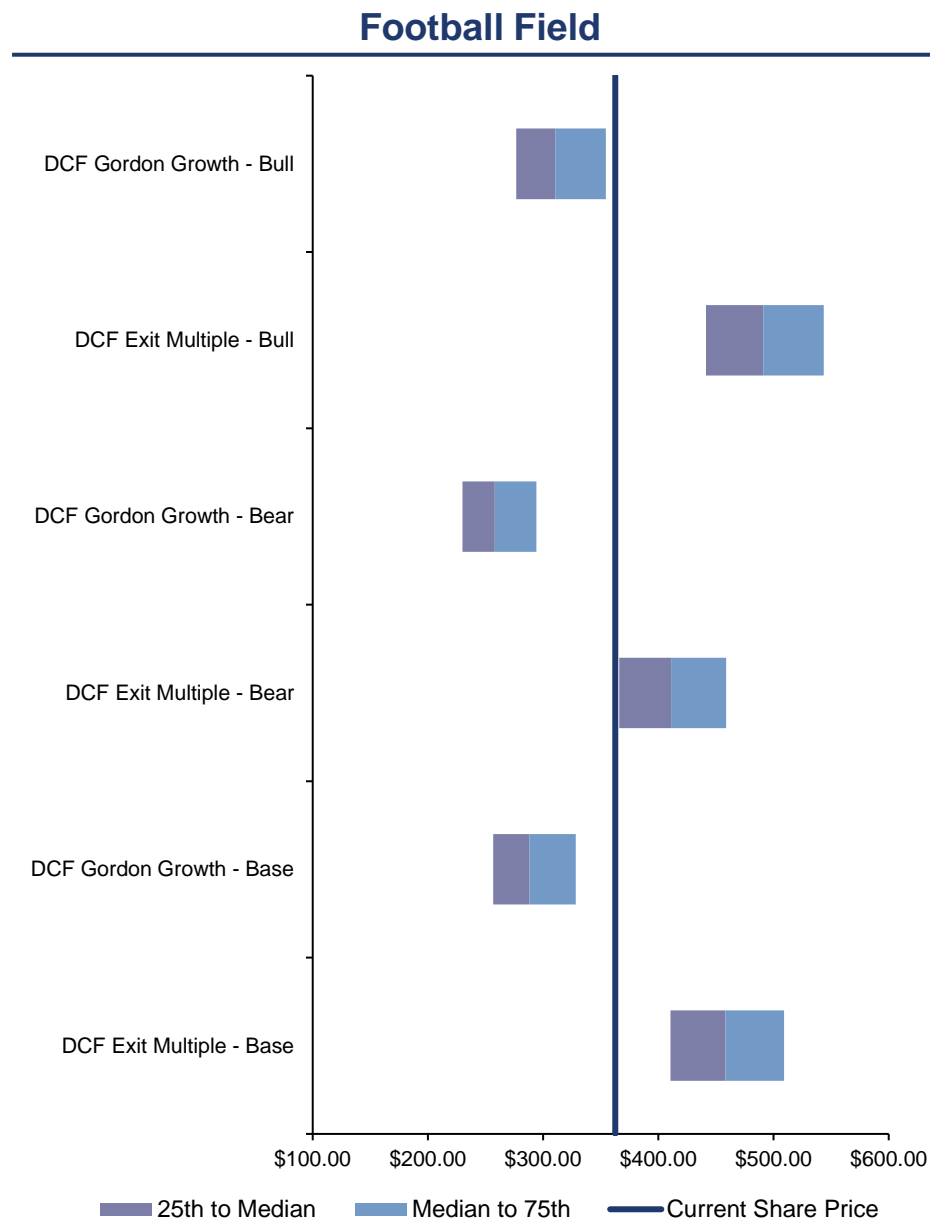
Discounted Cash Flow	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
USD Millions, FY End Dec 31								
Revenue	6,258	6,699	7,442	12,494	13,237	13,670	14,287	14,906
EBITDA	3,142	3,506	4,048	7,946	8,473	8,612	9,072	9,465
Less: D&A	(206)	(204)	(206)	(875)	(927)	(957)	(1,000)	(1,043)
EBIT	2,936	3,302	3,842	7,072	7,546	7,655	8,072	8,422
Effective Tax Rate	21%	21%	21%	21%	28%	28%	28%	28%
NOPAT	2,323	2,595	3,016	5,587	5,433	5,512	5,812	6,064
Plus: D&A	206	204	206	875	927	957	1,000	1,043
Plus/Less: Changes in NWC	(222)	7	99	0	(51)	(30)	(42)	(42)
Less: Capital Expenditures	(330)	(145)	144	(137)	(146)	(150)	(157)	(164)
Unlevered FCF	1,977	2,662	3,465	6,324	6,164	6,289	6,613	6,901
Periods				1	2	3	4	5
PV Of Unlevered FCF				5,856	5,284	4,992	4,861	4,696

Gordon Growth Method		Exit Multiple Method	
PV of Forecast Period	25,689	Terminal Year EBITDA	9,465
% of Enterprise Value	24%	Multiple (FY1 Industry Median)	21.86x
Terminal Value		Terminal Value	206,906
Terminal Year FCF	6,901	PV of Terminal Value	140,817
Growth Rate	2.00%	PV of FCF	25,689
Terminal Year Value	117,311	Implied Enterprise Value	166,506
PV of Terminal Value	79,840	Less: Total Debt	(11,900)
Implied Enterprise Value	105,529	Plus: Cash	4,300
Less: Net Debt	(4,700)	Implied Equity Value	158,906
Equity Value	100,829	Shares Outstanding	350
Shares Outstanding	350	Target Price	454.02
Target Price	288.08	Current Share price	362.65
Current Share price	362.65	Implied Margin of Safety	25.2%
Implied Margin of Safety	(20.6%)		

		Growth Rate				
		1.5%	1.8%	2.0%	2.3%	2.5%
Cost of Capital	7.0%	\$321.40	\$334.42	\$348.75	\$364.58	\$382.17
	7.5%	\$293.29	\$303.99	\$315.66	\$328.44	\$342.50
	8.0%	\$269.50	\$278.42	\$288.08	\$298.58	\$310.04
	8.5%	\$249.12	\$256.65	\$264.76	\$273.51	\$283.00
	9.0%	\$231.46	\$237.88	\$244.76	\$252.15	\$260.11
		EV/EBITDA				
		18.9x	20.4x	21.9x	23.4x	24.9x
EBITDA	8,500	\$365.75	\$390.72	\$415.69	\$440.66	\$465.63
	9,000	\$384.21	\$410.65	\$437.09	\$463.52	\$489.96
	9,500	\$402.67	\$430.57	\$458.48	\$486.39	\$514.29
	10,000	\$421.12	\$450.50	\$479.87	\$509.25	\$538.62
	10,500	\$439.58	\$470.43	\$501.27	\$532.11	\$562.96

Conclusion

We recommend a neutral rating for S&P Global, with an implied upside of 2%



- ### Risks
- The pending merger with IHS Markit is subject to regulatory approval and thus, faces regulatory risk given ongoing scrutiny by regulators across several jurisdictions
 - Integration risk post-merger is especially pronounced for the overlap between S&P's Platts segment and IHS' OPIS business
 - S&P's advances into the Chinese credit rating market faces execution risk given the multitude of industry and regulatory challenges that exist
 - Antitrust issues may present themselves in the future given S&P's dominant foothold in the ratings, indexing, and commodity markets
 - US lawmakers may introduce legislation cracking down on index providers adding foreign companies to US equity indices, potentially having operational and financial ramifications for S&P Dow Jones Indices

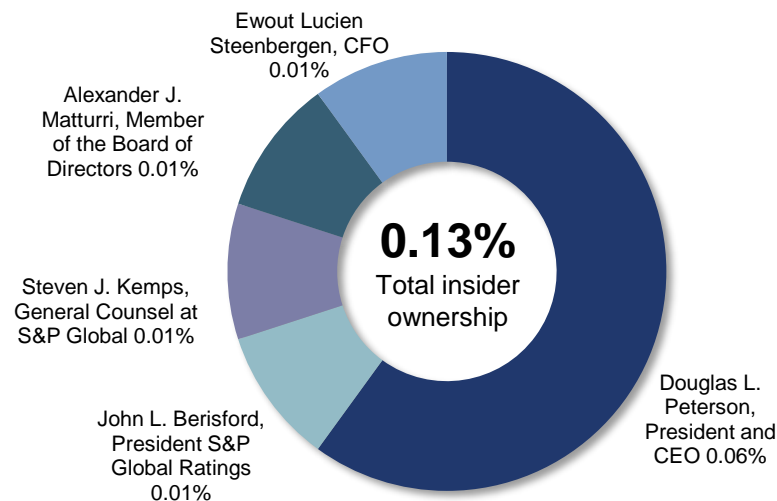
- ### Catalysts
- As the shift to passive investing continues, the ETF market is projected to grow to \$50T by 2030 from the current \$5T, presenting significant tailwinds for S&P's Indices business
 - The adoption of ESG investing and strategies at the institutional and corporate level continues to grow, presenting the potential for heightened demand for S&P's ESG offerings across its segments
 - The opening of China's onshore bond market to international investors will present numerous opportunities for S&P to grow its presence in the nation's credit rating market over the coming years
 - The rise in popularity of retail trading and zero-commission online brokerages should result in higher inflows into S&P linked index funds

Appendices

Top 25 Shareholders - Class A Shares

Shareholder Name	% Ownership	Cumulative Ownership
Vanguard Group Inc/The	8.43%	8.43%
BlackRock Inc	7.42%	15.85%
Capital Group Cos Inc/The	4.75%	20.60%
State Street Corp	4.44%	25.04%
T Rowe Price Group Inc	2.99%	28.03%
FMR LLC	2.40%	30.43%
Edgewood Management LLC	2.35%	32.78%
Invesco Ltd	1.48%	34.26%
Geode Capital Management LLC	1.42%	35.68%
JPMorgan Chase & Co	1.42%	37.10%
Jennison Associates LLC	1.30%	38.40%
Northern Trust Corp	1.17%	39.57%
Cantillon Capital Management Ltd	1.08%	40.65%
TCI Fund Management Ltd	0.98%	41.63%
Teachers Insurance & Annuity Association of America	0.95%	42.58%
Government Pension Investment Fund Japan	0.94%	43.52%
BANK OF NEW YORK MELLON CORP/THE	0.94%	44.46%
Norges Bank	0.94%	45.40%
Allianz SE	0.93%	46.33%
Lazard Ltd	0.78%	47.11%
UBS AG	0.75%	47.86%
Wells Fargo & Co	0.72%	48.58%
Goldman Sachs Group Inc/The	0.71%	49.29%
Morgan Stanley	0.70%	49.99%
Ninety One UK Ltd	0.68%	50.67%
Top 25 Shareholders	50.67%	-
Other	49.33%	100.00%

Insider Ownership – Class B Shares



Commentary

- Class A Shares: Originally known as McGraw–Hill, Inc. from 1964–1995, McGraw–Hill Companies from 1995–2013, McGraw Hill Financial, Inc. from 2013–2016, and from 2016 and on S&P Global Inc.
 - Ownership of Class A shares are dominated by large institutional investors
- Class B Shares: Ownership of Class B shares belong to various individuals comprising of 0.13% possession of S&P Global Inc.
- Voting Power: each stockholder is entitled to vote in accordance with the terms of the Certificate of Incorporation

Leadership at S&P Global

President & Chief Executive Officer, S&P Global

- Since 2013, Douglas Peterson has served as President and Chief Executive Officer of S&P Global as well as a member of the Board of Directors
 - He joined the company in 2011 as President of Standard & Poor's Rating Services and received an MBA from the Wharton School at the University of Pennsylvania



Executive Vice President & Chief Financial Officer, S&P Global

- Since 2016, Ewout Steenbergen has served as Executive Vice President and Chief Financial Officer of S&P Global
 - Mr. Steenbergen previously served as Executive Vice President and CFO of Voya Financial Inc. and received a master's degree in actuarial science from the University of Amsterdam as well as a master's degree in business administration from the University of Rochester and from Nyenrode University



President, S&P Global Ratings

- John Berisford currently serves as Executive Vice President and Chief Financial Officer of S&P Global
 - Mr. Berisford previously served as Executive Vice President of Human Resources for S&P and received a master's degree in labour and industrial relations from West Virginia University
 - Prior to joining the company in 2011, Mr. Berisford spent 22 successful years at PepsiCo



President, S&P Global Market Intelligence, Head of ESG for S&P Global

- Martina L. Cheung currently serves as President of S&P Global Market Intelligence, one of the four divisions within S&P Global as well as serves at S&P Global's Head of ESG
 - Ms. Cheung joined S&P Global in 2010, where she served in various roles such as Vice President of Operations and S&P Global's Chief Strategy Officer as well as holds master's degree in Business Studies from University College Galway



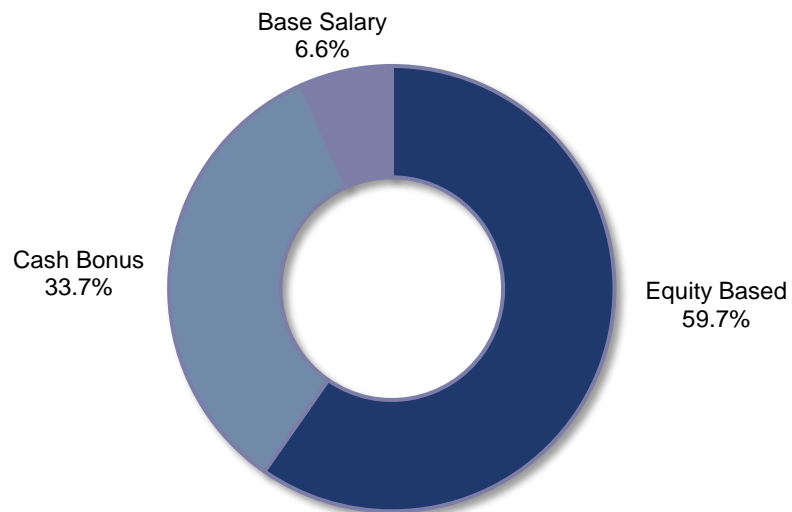
Chief Executive Officer, S&P Dow Jones Indices

- Dan Draper currently serves as Chief Executive Officer at S&P Dow Jones Indices (S&P DJI)
 - Before joining S&P Global, Mr. Draper held various leadership roles in asset management, wealth management, and investment banking in New York, London, Hong Kong, and Jakarta
 - Mr. Draper holds an MBA from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill



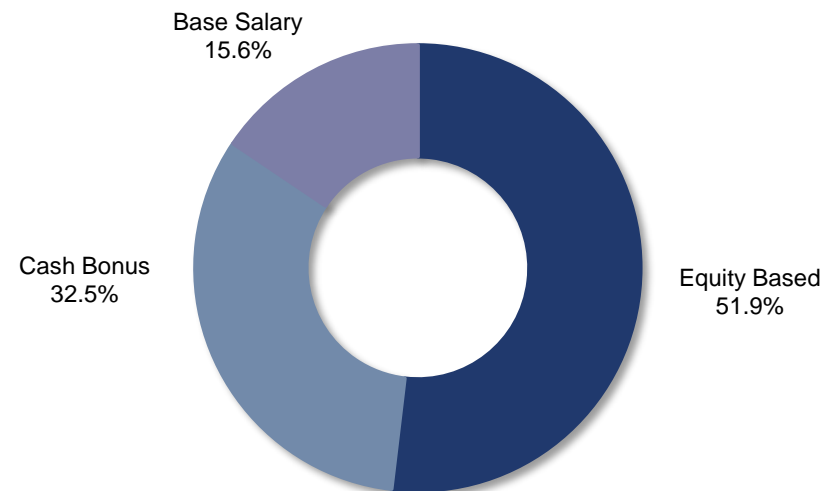
Douglas L. Peterson

*President & Chief
Executive Officer*



Ewout L. Steenbergen

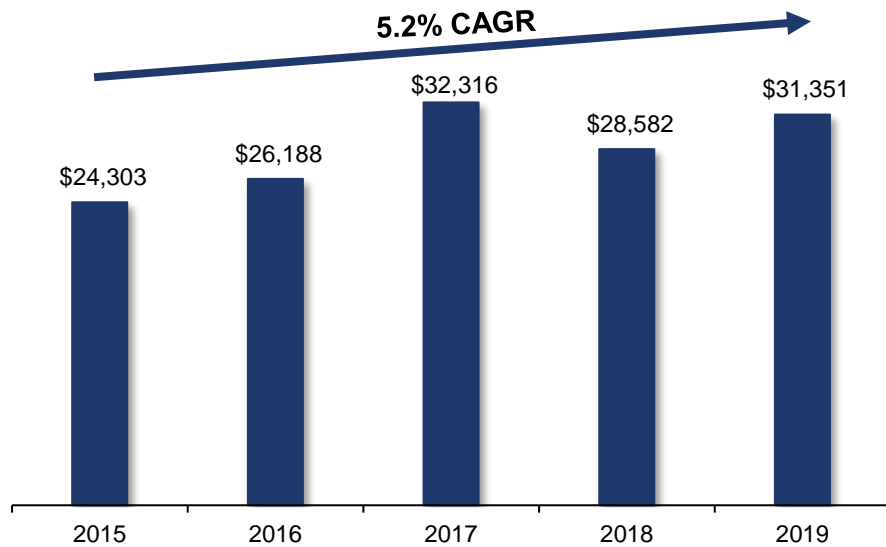
*Executive Vice President,
Chief Financial Officer*



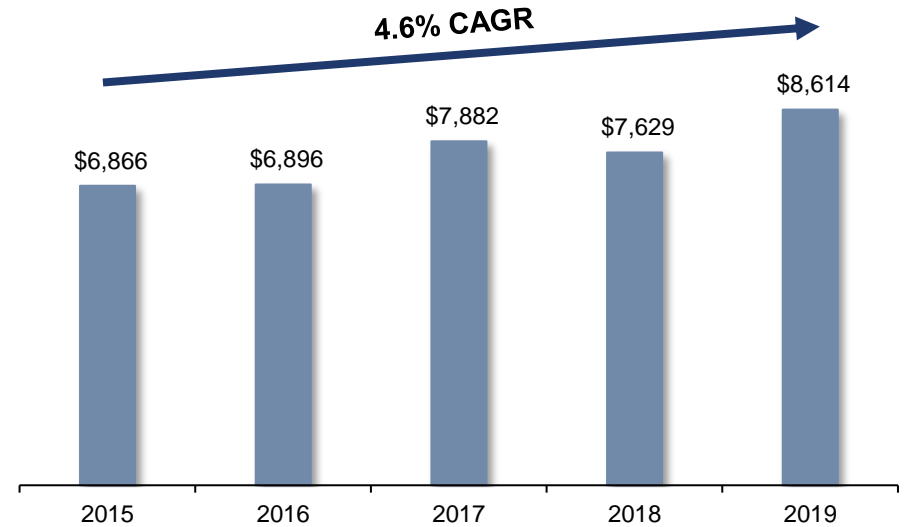
Ratings Pricing Power

S&P's strong pricing power allows it to steadily hike fees annually for most ratings

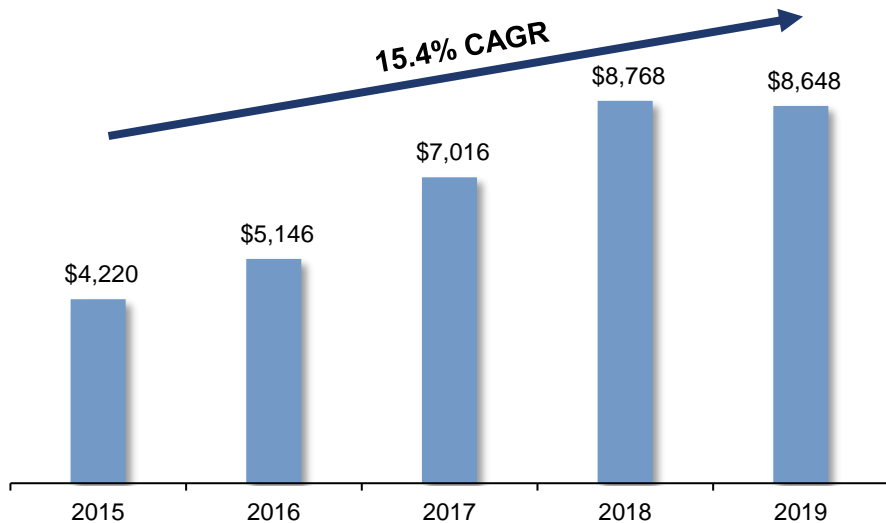
Average Revenue Per Rating - Corporates



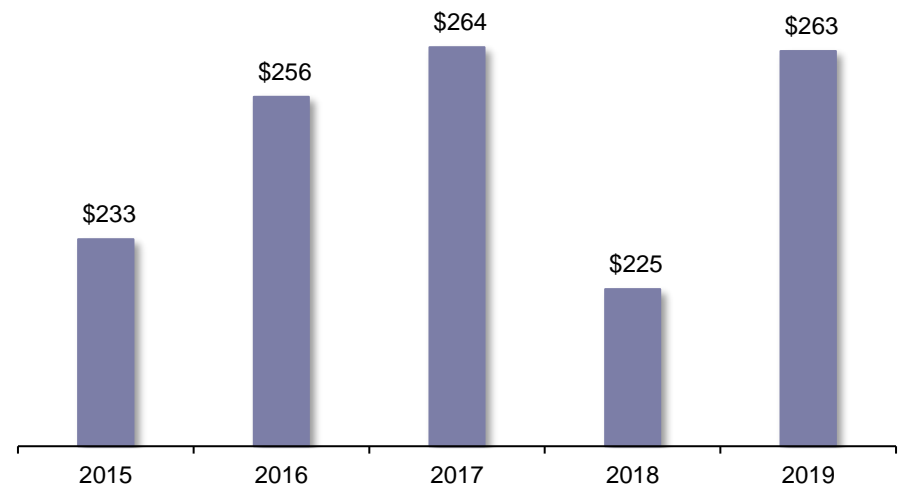
Average Revenue Per Rating – Financial Institutions



Average Revenue Per Rating – Structured Finance



Average Revenue Per Rating - Governments

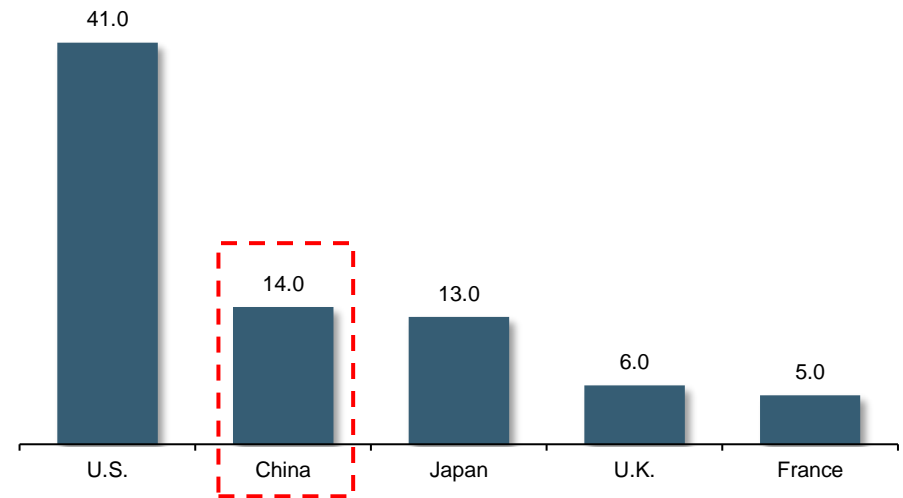


S&P takes advantage of high demand for granularity in the developing Chinese bond market

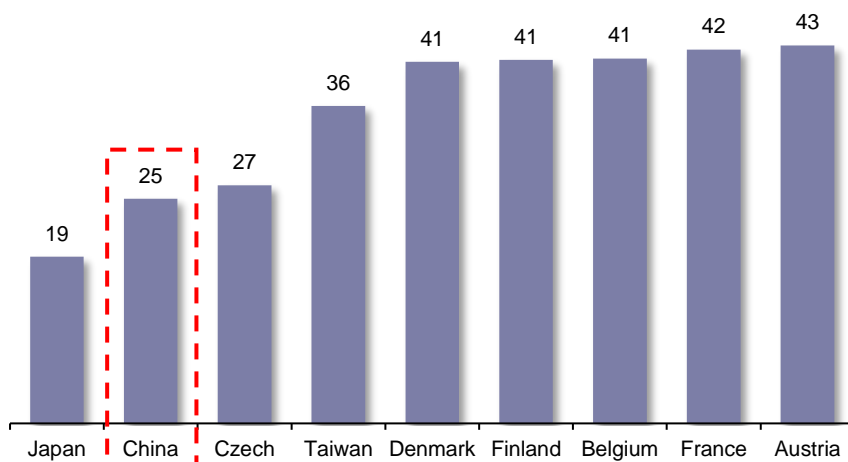
Commentary

- S&P became the first wholly foreign-owned credit rating agency licensed to operate domestically in China, representing a significant opportunity in one of the largest bond markets in the world
- S&P Global China Ratings focuses on rating offshore bonds for companies in China having also completed registration enabling ratings in the exchange bond markets
- Launching a beta version of the China Credit Analytic Platform and introducing Mandarin versions of Ratings 360 and Market Intelligence platform provide an opportunity for a stronger position in China
- China's bond market continues to develop, demonstrating the lowest volatility along with Japan
 - Chinese bond markets may prove resilient as an economic recovery puts upward pressure on yields worldwide, with its government bonds outperforming the world's biggest markets in Q1 2021
- S&P Global views entry into China as a long-term initiative posing a great opportunity given high demand for more transparency and granularity around credit risk in China

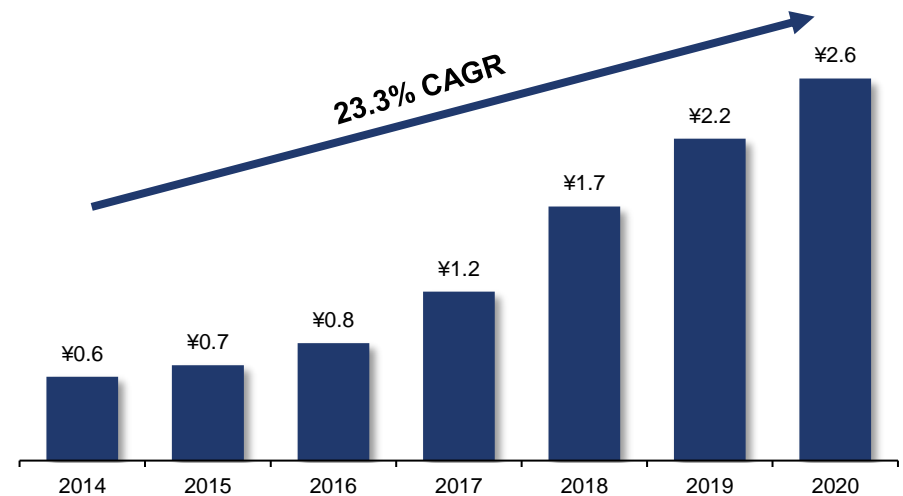
China's Bond Market Is Among the Largest (\$T)



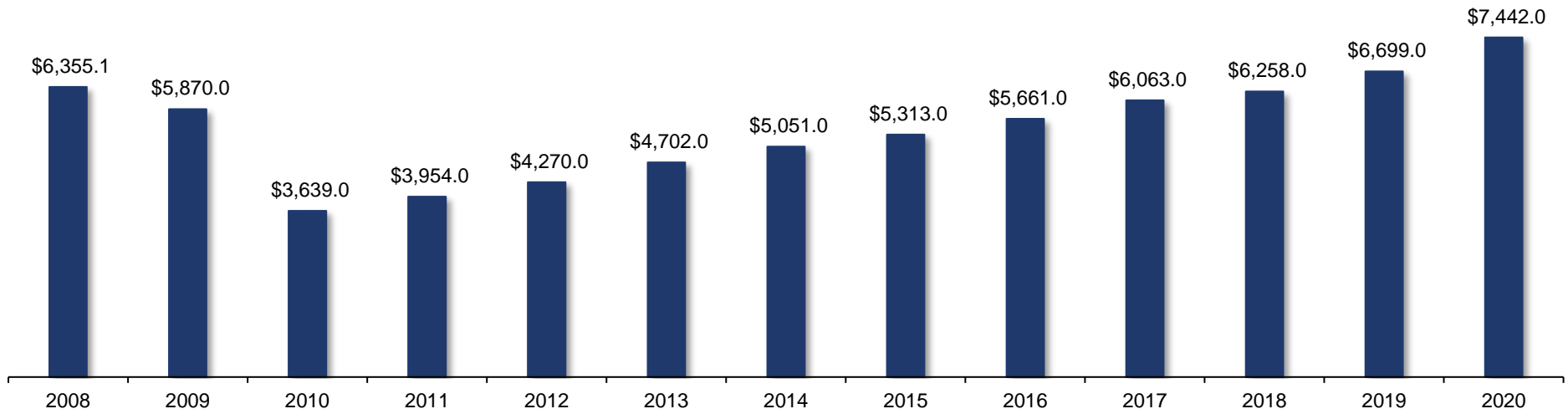
China Exhibits Low Bond Market Volatility (bps)



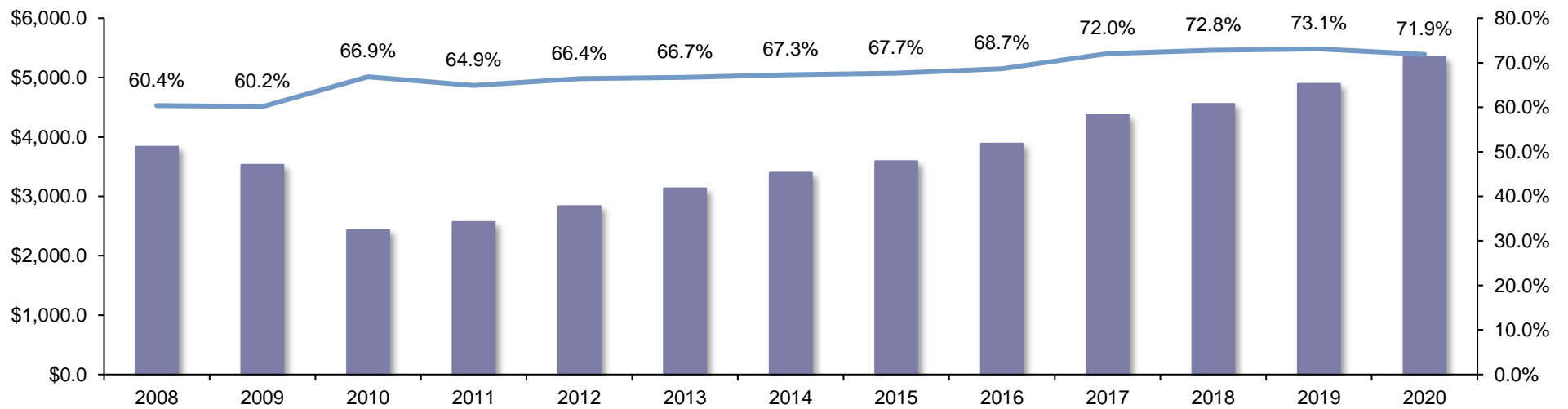
Foreign Investors Ramp Up Bond Holdings (¥T)



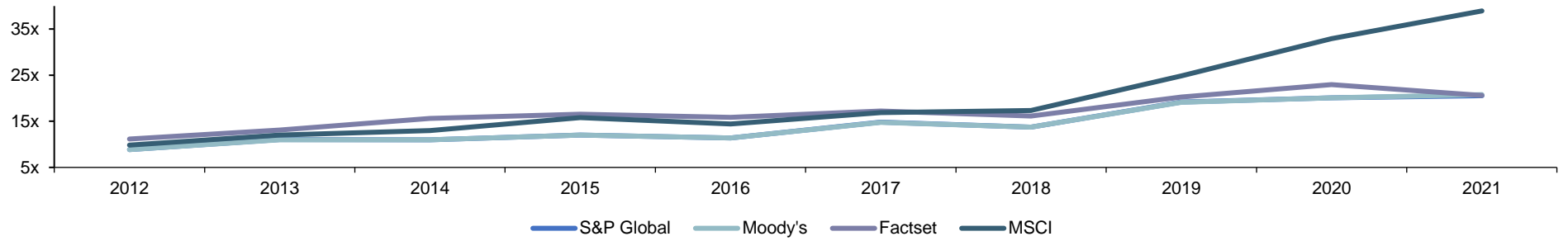
Revenue (\$M)



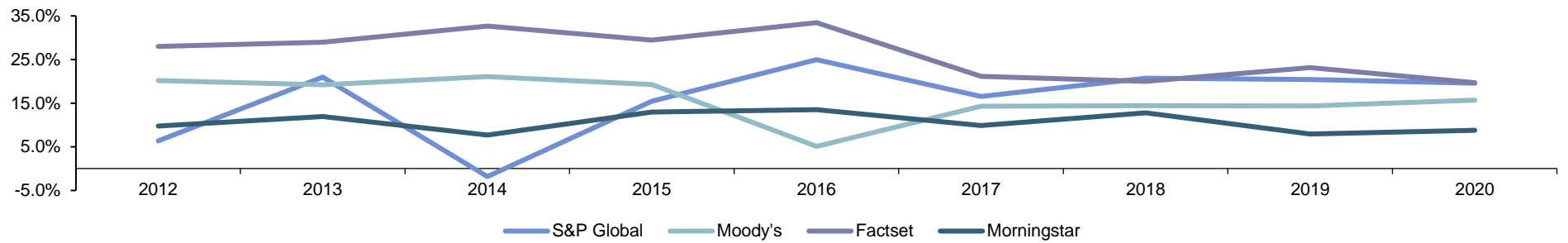
Gross Profit (\$M) and Margin (%)



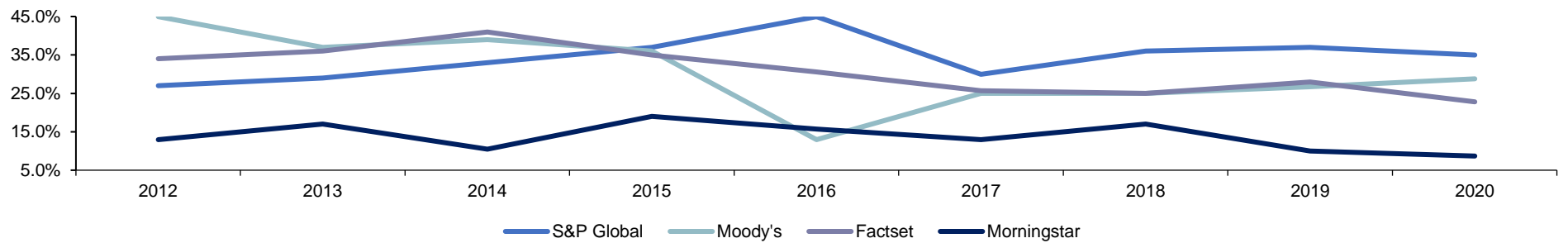
EV/EBITDA



Return on Assets



Return on Invested Capital



Valuation

Operating Model

Income Statement – Base Case

Income Statement	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Ratings										
Non-Transaction	1,357	1,448	1,553	1,529	1,977	2,076	2,180	2,289	2,403	2,523
Transaction	1,178	1,540	1,330	1,577	1,629	1,678	1,728	1,780	1,833	1,888
Total Ratings Revenue	2,535	2,988	2,883	3,106	3,606	3,754	3,908	4,069	4,237	4,412
<i>Growth</i>		17.9%	(3.5%)	7.7%	16.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Financial Info & Services										
Market Intelligence										
Subscription Revenue	1,541	1,613	1,773	1,904	2,050	2,183	2,325	2,465	2,600	2,730
Non-subscription Revenue	120	70	60	55	56	57	57	58	58	59
Financial Services	449	1,233	1,420	1,702	1,784	1,909	2,043	2,165	2,273	2,387
Total FI&S Revenue	2,110	2,916	3,253	3,661	3,890	4,149	4,425	4,687	4,932	5,176
<i>Growth</i>		38.2%	11.6%	12.5%	6.3%	6.7%	6.7%	5.9%	5.2%	5.0%
Commodities & Energy										
Platts										
Subscription Revenue	654	704	750	774	809	833	858	884	911	938
Non-subscription Revenue	204	13	11	10	62	30	30	30	30	30
Royalties	67	57	54	60	60	60	60	60	60	60
Resources	861	839	877	934	863	893	916	934	953	967
Total Commodities & Energy	1,786	1,613	1,692	1,778	1,794	1,817	1,864	1,908	1,953	1,995
<i>Growth</i>		(9.7%)	4.8%	5.1%	0.9%	1.3%	2.6%	2.4%	2.4%	2.1%
Transportation & Engineering										
Transportation										
Subscription Revenue	893	992	1,160	1,246	1,152	1,232	1,306	1,378	1,447	1,519
CMS	532	536	553	533	489	499	506	514	522	529
Total T&E Revenue	1,425	1,528	1,713	1,779	1,641	1,731	1,813	1,892	1,969	2,049
<i>Growth</i>		7.2%	12.1%	3.9%	-7.8%	5.5%	4.7%	4.4%	4.0%	4.1%
Indices										
Asset-Linked Revenue	381	461	522	613	647	699	755	815	872	924
Subscription Revenue	133	141	171	140	177	195	214	231	247	262
Transaction Revenue	124	126	144	165	165	173	182	191	201	211
Total Indices Revenue	638	728	837	918	989	1,067	1,151	1,237	1,320	1,397
<i>Growth</i>		14.1%	15.0%	9.7%	7.7%	7.9%	7.9%	7.5%	6.7%	5.8%
Other Revenue										
Realized Synergies	-	-	-	-	-	100	200	-	-	-
Reconciliation	(98)	(110)	(110)	(128)	(137)	(123)	(123)	(123)	(123)	(123)
Total Revenue	8,396	9,663	10,267	11,114	11,783	12,494	13,237	13,670	14,287	14,906
<i>Growth</i>		15.1%	6.3%	8.2%	6.0%	6.0%	5.9%	3.3%	4.5%	4.3%
Cost of Revenue	(1,773)	(1,695)	(1,701)	(1,801)	(2,092)	(2,186)	(2,250)	(2,256)	(2,286)	(2,310)
Gross Margin	6,623	7,968	8,566	9,313	9,691	10,307	10,987	11,415	12,001	12,595
<i>% of Revenue</i>		79%	82%	83%	84%	82%	83%	83%	84%	84%
Operating Expenses	(2,826)	(3,235)	(3,359)	(3,376)	(3,195)	(3,236)	(3,440)	(3,759)	(3,929)	(4,174)
Cost Synergies						200	200			
Operating Income (EBIT)	3,797	4,733	5,208	5,937	6,496	7,072	7,546	7,655	8,072	8,422
<i>% of Revenue</i>		45%	49%	51%	53%	55%	57%	57%	56%	57%
EBITDA	4,313	5,405	5,955	6,714	7,293	7,946	8,473	8,612	9,072	9,465

Operating Model

Income Statement Assumptions – Base Case

Assumptions	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
% Growth										
Ratings										
Non-Transaction		6.7%	7.3%	(1.5%)	29.3%	5.0%	5.0%	5.0%	5.0%	5.0%
Transaction		30.7%	(13.6%)	18.6%	3.3%	3.0%	3.0%	3.0%	3.0%	3.0%
Financial Info & Services										
Market Intelligence										
<i>Subscription Revenue</i>		4.7%	9.9%	7.4%	7.7%	6.5%	6.5%	6.0%	5.5%	5.0%
<i>Non-subscription Revenue</i>		(41.7%)	(14.3%)	(8.3%)	1.8%	1.0%	1.0%	1.0%	1.0%	1.0%
Financial Services		174.6%	15.2%	19.8%	4.8%	7.0%	7.0%	6.0%	5.0%	5.0%
Commodities & Energy										
Platts										
<i>Subscription Revenue</i>		7.6%	6.5%	3.2%	4.5%	3.0%	3.0%	3.0%	3.0%	3.0%
<i>Non-subscription Revenue</i>		(93.6%)	(15.4%)	(9.1%)	520.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Royalties</i>		(14.9%)	(5.3%)	11.1%	(88.3%)	0.0%	0.0%	0.0%	0.0%	0.0%
Resources		(2.5%)	4.4%	6.5%	(7.6%)	3.5%	2.5%	2.0%	2.0%	1.5%
Transportation & Engineering										
Transportation		11.1%	17.0%	7.4%	(7.6%)	7.0%	6.0%	5.5%	5.0%	5.0%
CMS		0.7%	3.2%	(3.5%)	(8.3%)	2.0%	1.5%	1.5%	1.5%	1.5%
Indices										
<i>Asset-Linked Revenue</i>		21.0%	13.2%	17.4%	5.5%	8.0%	8.0%	8.0%	7.0%	6.0%
<i>Subscription Revenue</i>		6.0%	21.3%	(18.1%)	26.4%	10.0%	10.0%	8.0%	7.0%	6.0%
<i>Transaction Revenue</i>		1.6%	14.3%	14.6%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
% Sales										
Gross Margin	78.9%	82.5%	83.4%	83.8%	82.2%	82.5%	83.0%	83.5%	84.0%	84.5%
Operating Margin	45.2%	49.0%	50.7%	53.4%	55.1%	55.0%	55.5%	56.0%	56.5%	56.5%
Depreciation % Revenue	6.2%	7.0%	7.3%	7.0%	6.8%	7.0%	7.0%	7.0%	7.0%	7.0%
Capex % Revenue	14.7%	(3.9%)	(3.2%)	(1.3%)	1.2%	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)

Operating Model

Free Cash Flow and Working Capital Schedule – Base Case

FCF Schedule	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Depreciation & Amortization	517	673	747	777	798	875	927	957	1,000	1,043
% of Revenue	6.2%	7.0%	7.3%	7.0%	6.8%	7.0%	7.0%	7.0%	7.0%	7.0%
Capital Expenditures	1,235	(381)	(330)	(145)	144	(137)	(146)	(150)	(157)	(164)
% of Revenue	14.7%	(3.9%)	(3.2%)	(1.3%)	1.2%	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)

Working Capital Schedule	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
SPGI Current Assets										
Accounts Receivable	1,122	1,319	1,449	1,577	1,593					
Days Receivable	72	79	85	86	78					
INFO Current Assets										
Accounts Receivable	636	694	793	891	892					
Days Receivable	85	70	72	74	76					
Consolidated AR						2,670	2,829	2,921	3,053	3,185
Days Receivable						78	78	78	78	78
Total Current Assets						2,670	2,829	2,921	3,053	3,185
SPGI Current Liabilities										
Payables	687	744	638	704	868					
Days Payable	44	45	37	38	43					
INFO Current Liabilities										
Payables	519	529	642	809	761					
Days Payable	69	54	58	67	65					
Consolidated Payable						1,814	1,922	1,985	2,075	2,164
Days Payable						53	53	53	53	53
Total Current Liabilities						1,814	1,922	1,985	2,075	2,164
Working Capital	552	740	962	955	856	856	907	936	979	1,021
Change in WC		188	222	(7)	(99)	(0)	51	30	42	42

Discounted Cash Flow

Bear Case

Discounted Cash Flow	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
USD Millions, FY End Dec 31								
Revenue	6,258	6,699	7,442	12,210	12,654	12,750	13,041	13,316
EBITDA	3,142	3,506	4,048	7,770	8,109	8,033	8,216	8,389
Less: D&A	(206)	(204)	(206)	(855)	(886)	(893)	(913)	(932)
EBIT	2,936	3,302	3,842	6,915	7,223	7,140	7,303	7,457
Effective Tax Rate	21%	21%	21%	21%	28%	28%	28%	28%
NOPAT	2,323	2,595	3,016	5,463	5,201	5,141	5,258	5,369
Plus: D&A	206	204	206	855	886	893	913	932
Plus/Less: Changes in NWC	(222)	7	99	20	(30)	(7)	(20)	(19)
Less: Capital Expenditures	(330)	(145)	144	(134)	(139)	(140)	(143)	(146)
Unlevered FCF	1,977	2,662	3,465	6,203	5,917	5,887	6,008	6,136

Periods	1	2	3	4	5
PV Of Unlevered FCF	5,752	5,087	4,693	4,441	4,205

Gordon Growth Method		Exit Multiple Method	
PV of Forecast Period	24,178	Terminal Year EBITDA	8,389
% of Enterprise Value	25%	Multiple (FY1 Industry Median)	21.86x
Terminal Value		Terminal Value	183,384
Terminal Year FCF	6,136	PV of Terminal Value	125,693
Growth Rate	2.00%	PV of FCF	24,178
Terminal Year Value	107,028	Implied Enterprise Value	149,871
PV of Terminal Value	73,358	Less: Total Debt	(11,900)
Implied Enterprise Value	97,536	Plus: Cash	4,300
Less: Net Debt	(4,700)	Implied Equity Value	142,271
Equity Value	92,836	Shares Outstanding	350
Shares Outstanding	350	Target Price	406.49
Target Price	265.25	Current Share price	362.65
Current Share price	362.65	Implied Margin of Safety	12.1%
Implied Margin of Safety	(26.9%)		

Cost of Capital

Growth Rate					
	1.5%	1.8%	2.0%	2.3%	2.5%
7.0%	\$287.89	\$299.47	\$312.21	\$326.29	\$341.93
7.5%	\$262.86	\$272.37	\$282.75	\$294.12	\$306.62
8.0%	\$241.68	\$249.61	\$258.20	\$267.54	\$277.73
8.5%	\$223.53	\$230.22	\$237.43	\$245.22	\$253.65
9.0%	\$207.80	\$213.51	\$219.62	\$226.20	\$233.27

EBITDA

EV/EBITDA					
	18.9x	20.4x	21.9x	23.4x	24.9x
7,500	\$324.22	\$346.25	\$368.28	\$390.31	\$412.35
8,000	\$342.68	\$366.18	\$389.68	\$413.18	\$436.68
8,500	\$361.14	\$386.10	\$411.07	\$436.04	\$461.01
9,000	\$379.59	\$406.03	\$432.47	\$458.90	\$485.34
9,500	\$398.05	\$425.96	\$453.86	\$481.77	\$509.67

Operating Model

Income Statement – Bear Case

Income Statement	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Ratings										
Non-Transaction	1,357	1,448	1,553	1,529	1,977	2,026	2,077	2,129	2,182	2,237
Transaction	1,178	1,540	1,330	1,577	1,629	1,653	1,678	1,703	1,729	1,755
Total Ratings Revenue	2,535	2,988	2,883	3,106	3,606	3,680	3,755	3,832	3,911	3,992
<i>Growth</i>		17.9%	(3.5%)	7.7%	16.1%	2.0%	2.1%	2.1%	2.1%	2.1%
Financial Info & Services										
Market Intelligence										
Subscription Revenue	1,541	1,613	1,773	1,904	2,050	2,132	2,217	2,295	2,364	2,423
Non-subscription Revenue	120	70	60	55	56	56	56	56	57	57
Financial Services	449	1,233	1,420	1,702	1,784	1,855	1,930	1,968	2,008	2,048
Total FI&S Revenue	2,110	2,916	3,253	3,661	3,890	4,044	4,203	4,319	4,428	4,527
<i>Growth</i>		38.2%	11.6%	12.5%	6.3%	3.9%	3.9%	2.8%	2.5%	2.2%
Commodities & Energy										
Platts										
Subscription Revenue	654	704	750	774	809	821	833	846	859	872
Non-subscription Revenue	204	13	11	10	62	30	30	30	30	30
Royalties	67	57	54	60	60	60	60	60	60	60
Resources	861	839	877	934	863	876	889	898	907	912
Total Commodities & Energy	1,786	1,613	1,692	1,778	1,794	1,787	1,813	1,834	1,856	1,873
<i>Growth</i>		(9.7%)	4.8%	5.1%	0.9%	-0.4%	1.4%	1.2%	1.2%	0.9%
Transportation & Engineering										
Transportation										
	893	992	1,160	1,246	1,152	1,198	1,234	1,264	1,296	1,322
CMS										
	532	536	553	533	489	494	499	504	509	514
Total T&E Revenue	1,425	1,528	1,713	1,779	1,641	1,692	1,733	1,768	1,805	1,836
<i>Growth</i>		7.2%	12.1%	3.9%	-7.8%	3.1%	2.4%	2.1%	2.1%	1.7%
Indices										
Asset-Linked Revenue										
	381	461	522	613	647	673	700	728	757	787
Subscription Revenue										
	133	141	171	140	177	188	199	211	221	232
Transaction Revenue										
	124	126	144	165	165	170	175	180	186	191
Total Indices Revenue	638	728	837	918	989	1,030	1,074	1,119	1,164	1,211
<i>Growth</i>		14.1%	15.0%	9.7%	7.7%	4.2%	4.2%	4.2%	4.0%	4.0%
Other Revenue										
Realized Synergies										
	-	-	-	-	-	100	200	-	-	-
Reconciliation										
	(98)	(110)	(110)	(128)	(137)	(123)	(123)	(123)	(123)	(123)
Total Revenue	8,396	9,663	10,267	11,114	11,783	12,210	12,654	12,750	13,041	13,316
<i>Growth</i>		15.1%	6.3%	8.2%	6.0%	3.6%	3.6%	0.8%	2.3%	2.1%
Cost of Revenue	(1,773)	(1,695)	(1,701)	(1,801)	(2,092)	(2,137)	(2,151)	(2,168)	(2,152)	(2,131)
Gross Margin	6,623	7,968	8,566	9,313	9,691	10,073	10,503	10,583	10,889	11,185
<i>% of Revenue</i>	79%	82%	83%	84%	82%	83%	83%	83%	84%	84%
Operating Expenses										
Cost Synergies										
	(2,826)	(3,235)	(3,359)	(3,376)	(3,195)	(3,158)	(3,280)	(3,443)	(3,586)	(3,728)
Operating Income (EBIT)	3,797	4,733	5,208	5,937	6,496	6,915	7,223	7,140	7,303	7,457
<i>% of Revenue</i>	45%	49%	51%	53%	55%	57%	57%	56%	56%	56%
EBITDA	4,313	5,405	5,955	6,714	7,293	7,770	8,109	8,033	8,216	8,389

Operating Model

Income Statement Assumptions – Bear Case

Assumptions	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
% Growth										
Ratings										
Non-Transaction		6.7%	7.3%	(1.5%)	29.3%	2.5%	2.5%	2.5%	2.5%	2.5%
Transaction		30.7%	(13.6%)	18.6%	3.3%	1.5%	1.5%	1.5%	1.5%	1.5%
Financial Info & Services										
Market Intelligence										
<i>Subscription Revenue</i>		4.7%	9.9%	7.4%	7.7%	4.0%	4.0%	3.5%	3.0%	2.5%
<i>Non-subscription Revenue</i>		(41.7%)	(14.3%)	(8.3%)	1.8%	0.3%	0.3%	0.3%	0.3%	0.3%
Financial Services		174.6%	15.2%	19.8%	4.8%	4.0%	4.0%	2.0%	2.0%	2.0%
Commodities & Energy										
Platts										
<i>Subscription Revenue</i>		7.6%	6.5%	3.2%	4.5%	1.5%	1.5%	1.5%	1.5%	1.5%
<i>Non-subscription Revenue</i>		(93.6%)	(15.4%)	(9.1%)	520.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Royalties</i>		(14.9%)	(5.3%)	11.1%	(88.3%)	0.0%	0.0%	0.0%	0.0%	0.0%
Resources		(2.5%)	4.4%	6.5%	(7.6%)	1.5%	1.5%	1.0%	1.0%	0.5%
Transportation & Engineering										
Transportation										
CMS		11.1%	17.0%	7.4%	(7.6%)	4.0%	3.0%	2.5%	2.5%	2.0%
CMS		0.7%	3.2%	(3.5%)	(8.3%)	1.0%	1.0%	1.0%	1.0%	1.0%
Indices										
<i>Asset-Linked Revenue</i>		21.0%	13.2%	17.4%	5.5%	4.0%	4.0%	4.0%	4.0%	4.0%
<i>Subscription Revenue</i>		6.0%	21.3%	(18.1%)	26.4%	6.0%	6.0%	6.0%	5.0%	5.0%
<i>Transaction Revenue</i>		1.6%	14.3%	14.6%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
% Sales										
Gross Margin	78.9%	82.5%	83.4%	83.8%	82.2%	82.5%	83.0%	83.0%	83.5%	84.0%
Operating Margin	45.2%	49.0%	50.7%	53.4%	55.1%	55.0%	55.5%	56.0%	56.0%	56.0%
Depreciation % Revenue	6.2%	7.0%	7.3%	7.0%	6.8%	7.0%	7.0%	7.0%	7.0%	7.0%
Capex % Revenue	14.7%	(3.9%)	(3.2%)	(1.3%)	1.2%	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)

Operating Model

Free Cash Flow and Working Capital Schedule – Bear Case

FCF Schedule	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Depreciation & Amortization	517	673	747	777	798	855	886	893	913	932
% of Revenue	6.2%	7.0%	7.3%	7.0%	6.8%	7.0%	7.0%	7.0%	7.0%	7.0%
Capital Expenditures	1,235	(381)	(330)	(145)	144	(134)	(139)	(140)	(143)	(146)
% of Revenue	14.7%	(3.9%)	(3.2%)	(1.3%)	1.2%	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)

Working Capital Schedule	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
SPGI Current Assets										
Accounts Receivable	1,122	1,319	1,449	1,577	1,593					
Days Receivable	72	79	85	86	78					
INFO Current Assets										
Accounts Receivable	636	694	793	891	892					
Days Receivable	85	70	72	74	76					
Consolidated AR						2,609	2,704	2,725	2,787	2,846
Days Receivable						78	78	78	78	78
Total Current Assets						2,609	2,704	2,725	2,787	2,846
SPGI Current Liabilities										
Payables	687	744	638	704	868					
Days Payable	44	45	37	38	43					
INFO Current Liabilities										
Payables	519	529	642	809	761					
Days Payable	69	54	58	67	65					
Consolidated Payable						1,773	1,837	1,851	1,894	1,934
Days Payable						53	53	53	53	53
Total Current Liabilities						1,773	1,837	1,851	1,894	1,934
Working Capital	552	740	962	955	856	836	867	873	893	912
Change in WC		188	222	(7)	(99)	(20)	30	7	20	19

Discounted Cash Flow

Bull Case

Discounted Cash Flow	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
USD Millions, FY End Dec 31								
Revenue	6,258	6,699	7,442	12,703	13,683	14,318	15,123	15,924
EBITDA	3,142	3,506	4,048	8,076	8,820	9,092	9,679	10,271
Less: D&A	(206)	(204)	(206)	(889)	(958)	(1,002)	(1,059)	(1,115)
EBIT	2,936	3,302	3,842	7,186	7,862	8,090	8,620	9,156
Effective Tax Rate	21%	21%	21%	21%	28%	28%	28%	28%
NOPAT	2,323	2,595	3,016	5,677	5,661	5,825	6,207	6,592
Plus: D&A	206	204	206	889	958	1,002	1,059	1,115
Plus/Less: Changes in NWC	(222)	7	99	(14)	(67)	(44)	(55)	(55)
Less: Capital Expenditures	(330)	(145)	144	(140)	(151)	(158)	(166)	(175)
Unlevered FCF	1,977	2,662	3,465	6,413	6,401	6,626	7,044	7,477

Periods	1	2	3	4	5
PV Of Unlevered FCF	5,938	5,489	5,262	5,180	5,092

Gordon Growth Method		Exit Multiple Method	
PV of Forecast Period	26,961	Terminal Year EBITDA	10,271
% of Enterprise Value	24%	Multiple (FY1 Industry Median)	21.86x
Terminal Value		Terminal Value	224,517
Terminal Year FCF	7,477	PV of Terminal Value	152,890
Growth Rate	2.00%	PV of FCF	26,961
Terminal Year Value	127,373	Implied Enterprise Value	179,851
PV of Terminal Value	86,738	Less: Total Debt	(11,900)
Implied Enterprise Value	113,699	Plus: Cash	4,300
Less: Net Debt	(4,700)	Implied Equity Value	172,251
Equity Value	108,999	Shares Outstanding	350
Shares Outstanding	350	Target Price	492.15
Target Price	311.43	Current Share price	362.65
Current Share price	362.65	Implied Margin of Safety	35.7%
Implied Margin of Safety	(14.1%)		

	Growth Rate				
	1.5%	1.8%	2.0%	2.3%	2.5%
7.0%	\$346.80	\$360.91	\$376.43	\$393.58	\$412.65
7.5%	\$316.36	\$327.95	\$340.60	\$354.45	\$369.68
8.0%	\$290.61	\$300.27	\$310.74	\$322.12	\$334.53
8.5%	\$268.55	\$276.71	\$285.49	\$294.98	\$305.25
9.0%	\$249.44	\$256.39	\$263.85	\$271.86	\$280.48

	EV/EBITDA				
	18.9x	20.4x	21.9x	23.4x	24.9x
9,250	\$394.56	\$421.56	\$448.56	\$475.55	\$502.55
9,750	\$412.90	\$441.36	\$469.81	\$498.27	\$526.72
10,250	\$431.24	\$461.15	\$491.07	\$520.98	\$550.90
10,750	\$449.58	\$480.95	\$512.32	\$543.70	\$575.07
11,250	\$467.91	\$500.75	\$533.58	\$566.41	\$599.25

Operating Model

Income Statement – Bull Case

Income Statement	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Ratings										
Non-Transaction	1,357	1,448	1,553	1,529	1,977	2,115	2,263	2,422	2,591	2,773
Transaction	1,178	1,540	1,330	1,577	1,629	1,710	1,796	1,850	1,905	1,963
Total Ratings Revenue	2,535	2,988	2,883	3,106	3,606	3,826	4,059	4,272	4,497	4,735
Growth		17.9%	(3.5%)	7.7%	16.1%	6.1%	6.1%	5.2%	5.3%	5.3%
Financial Info & Services										
Market Intelligence										
Subscription Revenue	1,541	1,613	1,773	1,904	2,050	2,220	2,404	2,597	2,779	2,959
Non-subscription Revenue	120	70	60	55	56	57	58	59	60	61
Financial Services	449	1,233	1,420	1,702	1,784	1,962	2,159	2,331	2,495	2,644
Total FI&S Revenue	2,110	2,916	3,253	3,661	3,890	4,240	4,621	4,987	5,333	5,665
Growth		38.2%	11.6%	12.5%	6.3%	9.0%	9.0%	7.9%	6.9%	6.2%
Commodities & Energy										
Platts										
Subscription Revenue	654	704	750	774	809	845	883	923	960	999
Non-subscription Revenue	204	13	11	10	62	30	30	30	30	30
Royalties	67	57	54	60	60	60	60	60	60	60
Resources	861	839	877	934	863	893	916	934	953	967
Total Commodities & Energy	1,786	1,613	1,692	1,778	1,794	1,829	1,889	1,947	2,003	2,055
Growth		(9.7%)	4.8%	5.1%	0.9%	1.9%	3.3%	3.1%	2.9%	2.6%
Transportation & Engineering										
Transportation										
Subscription Revenue	893	992	1,160	1,246	1,152	1,244	1,331	1,411	1,481	1,555
CMS	532	536	553	533	489	501	511	522	529	537
Total T&E Revenue	1,425	1,528	1,713	1,779	1,641	1,745	1,842	1,932	2,011	2,093
Growth		7.2%	12.1%	3.9%	-7.8%	6.4%	5.6%	4.9%	4.1%	4.1%
Indices										
Asset-Linked Revenue	381	461	522	613	647	712	783	861	930	995
Subscription Revenue	133	141	171	140	177	198	222	240	257	272
Transaction Revenue	124	126	144	165	165	177	189	202	216	231
Total Indices Revenue	638	728	837	918	989	1,086	1,194	1,303	1,403	1,499
Growth		14.1%	15.0%	9.7%	7.7%	9.9%	9.9%	9.2%	7.7%	6.8%
Other Revenue										
Realized Synergies	-	-	-	-	-	100	200	-	-	-
Reconciliation	(98)	(110)	(110)	(128)	(137)	(123)	(123)	(123)	(123)	(123)
Total Revenue	8,396	9,663	10,267	11,114	11,783	12,703	13,683	14,318	15,123	15,924
Growth		15.1%	6.3%	8.2%	6.0%	7.8%	7.7%	4.6%	5.6%	5.3%
Cost of Revenue	(1,773)	(1,695)	(1,701)	(1,801)	(2,092)	(2,223)	(2,258)	(2,219)	(2,344)	(2,389)
Gross Margin	6,623	7,968	8,566	9,313	9,691	10,480	11,425	12,099	12,779	13,535
% of Revenue	79%	82%	83%	84%	82%	83%	84%	85%	85%	85%
Operating Expenses	(2,826)	(3,235)	(3,359)	(3,376)	(3,195)	(3,293)	(3,563)	(4,009)	(4,159)	(4,379)
Cost Synergies						200	200			
Operating Income (EBIT)	3,797	4,733	5,208	5,937	6,496	7,186	7,862	8,090	8,620	9,156
% of Revenue	45%	49%	51%	53%	55%	57%	57%	57%	57%	58%
EBITDA	4,313	5,405	5,955	6,714	7,293	8,076	8,820	9,092	9,679	10,271

Operating Model

Income Statement Assumptions – Bull Case

Assumptions	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
% Growth										
Ratings										
Non-Transaction		6.7%	7.3%	(1.5%)	29.3%	7.0%	7.0%	7.0%	7.0%	7.0%
Transaction		30.7%	(13.6%)	18.6%	3.3%	5.0%	5.0%	3.0%	3.0%	3.0%
Financial Info & Services										
Market Intelligence										
<i>Subscription Revenue</i>		4.7%	9.9%	7.4%	7.7%	8.3%	8.3%	8.0%	7.0%	6.5%
<i>Non-subscription Revenue</i>		(41.7%)	(14.3%)	(8.3%)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Financial Services		174.6%	15.2%	19.8%	4.8%	10.0%	10.0%	8.0%	7.0%	6.0%
Commodities & Energy										
Platts										
<i>Subscription Revenue</i>		7.6%	6.5%	3.2%	4.5%	4.5%	4.5%	4.5%	4.0%	4.0%
<i>Non-subscription Revenue</i>		(93.6%)	(15.4%)	(9.1%)	520.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Royalties</i>		(14.9%)	(5.3%)	11.1%	(88.3%)	0.0%	0.0%	0.0%	0.0%	0.0%
Resources		(2.5%)	4.4%	6.5%	(7.6%)	3.5%	2.5%	2.0%	2.0%	1.5%
Transportation & Engineering										
Transportation										
CMS		11.1%	17.0%	7.4%	(7.6%)	8.0%	7.0%	6.0%	5.0%	5.0%
		0.7%	3.2%	(3.5%)	(8.3%)	2.5%	2.0%	2.0%	1.5%	1.5%
Indices										
<i>Asset-Linked Revenue</i>		21.0%	13.2%	17.4%	5.5%	10.0%	10.0%	10.0%	8.0%	7.0%
<i>Subscription Revenue</i>		6.0%	21.3%	(18.1%)	26.4%	12.0%	12.0%	8.0%	7.0%	6.0%
<i>Transaction Revenue</i>		1.6%	14.3%	14.6%	0.0%	7.0%	7.0%	7.0%	7.0%	7.0%
% Sales										
Gross Margin	78.9%	82.5%	83.4%	83.8%	82.2%	82.5%	83.5%	84.5%	84.5%	85.0%
Operating Margin	45.2%	49.0%	50.7%	53.4%	55.1%	55.0%	56.0%	56.5%	57.0%	57.5%
Depreciation % Revenue	6.2%	7.0%	7.3%	7.0%	6.8%	7.0%	7.0%	7.0%	7.0%	7.0%
Capex % Revenue	14.7%	(3.9%)	(3.2%)	(1.3%)	1.2%	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)

Operating Model

Free Cash Flow and Working Capital Schedule – Bull Case

FCF Schedule	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Depreciation & Amortization	517	673	747	777	798	889	958	1,002	1,059	1,115
% of Revenue	6.2%	7.0%	7.3%	7.0%	6.8%	7.0%	7.0%	7.0%	7.0%	7.0%
Capital Expenditures	1,235	(381)	(330)	(145)	144	(140)	(151)	(158)	(166)	(175)
% of Revenue	14.7%	(3.9%)	(3.2%)	(1.3%)	1.2%	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)

Working Capital Schedule	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
SPGI Current Assets										
Accounts Receivable	1,122	1,319	1,449	1,577	1,593					
Days Receivable	72	79	85	86	78					
INFO Current Assets										
Accounts Receivable	636	694	793	891	892					
Days Receivable	85	70	72	74	76					
Consolidated AR						2,715	2,924	3,060	3,232	3,403
Days Receivable						78	78	78	78	78
Total Current Assets						2,715	2,924	3,060	3,232	3,403
SPGI Current Liabilities										
Payables	687	744	638	704	868					
Days Payable	44	45	37	38	43					
INFO Current Liabilities										
Payables	519	529	642	809	761					
Days Payable	69	54	58	67	65					
Consolidated Payable						1,844	1,987	2,079	2,196	2,312
Days Payable						53	53	53	53	53
Total Current Liabilities						1,844	1,987	2,079	2,196	2,312
Working Capital	552	740	962	955	856	870	937	981	1,036	1,091
Change in WC		188	222	(7)	(99)	14	67	44	55	55

Debt Schedule

S&P Global

Debt Schedule	2020A	2021E	2022E	2023E	2024E	2025E
SPGI Debt						
4.0% Senior Note @ 2025						
End Principal	695	695	695	695	695	-
Debt Repayment		-	-	-	-	695
Interest Expense		28	28	28	28	28
2.95% Senior Note @ 2027						
End Principal	495	424	354	283	212	141
Debt Repayment		71	71	71	71	71
Interest Expense		15	13	10	8	6
2.5% Senior Note @ 2029						
End Principal	495	440	385	330	275	220
Debt Repayment		55	55	55	55	55
Interest Expense		12	11	10	8	7
1.25% Senior Note @ 2030						
End Principal	592	533	474	414	355	296
Debt Repayment		59	59	59	59	59
Interest Expense		7	7	6	5	4
6.55% Senior Note @ 2037						
End Principal	290	273	256	239	222	205
Debt Repayment		17	17	17	17	17
Interest Expense		19	18	17	16	15
4.5% Senior Note @ 2048						
End Principal	273	263	254	244	234	224
Debt Repayment		10	10	10	10	10
Interest Expense		12	12	11	11	11
3.25% Senior Note @ 2049						
End Principal	589	569	548	528	508	487
Debt Repayment		20	20	20	20	20
Interest Expense		19	18	18	17	17
2.3% Senior Note @ 2060						
End Principal	681	664	647	630	613	596
Debt Repayment		17	17	17	17	17
Interest Expense		16	15	15	14	14
Annual SPGI Interest Expense		257	243	229	216	202

Debt Schedule

IHS Markit

Debt Schedule	2020A	2021E	2022E	2023E	2024E	2025E
INFO DEBT						
5% Senior Note @ 2022						
End Principal	748	374	-			
Debt Repayment		374	374			
Interest Expense		37	19			
4.125% Senior Note @ 2023						
End Principal	499	333	166	-		
Debt Repayment		166	166	166		
Interest Expense		21	14	7		
3.625% Senior Note @ 2024						
End Principal	399	299	200	100	-	
Debt Repayment		100	100	100	100	
Interest Expense		14	11	7	4	
4.75% Senior Note @ 2025						
End Principal	810	648	486	324	162	-
Debt Repayment		162	162	162	162	162
Interest Expense		38	31	23	15	8
4% Senior Note @ 2026						
End Principal	500	417	333	250	167	83
Debt Repayment		83	83	83	83	83
Interest Expense		20	17	13	10	7
4.75% Senior Note @ 2028						
End Principal	748	655	561	468	374	281
Debt Repayment		94	94	94	94	94
Interest Expense		36	31	27	22	18
4.25% Senior Note @ 2029						
End Principal	971	863	756	648	540	432
Debt Repayment		108	108	108	108	108
Interest Expense		41	37	32	28	23
Annual INFO Interest Expense		415	317	219	157	110
Total Interest Expense		672	560	448	373	312

S&P Financials Tracker

Income Statement

Income Statement	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	6,355	5,870	3,639	3,954	4,270	4,702	5,051	5,313	5,661	6,063	6,258	6,699	7,442
+ Sales & Services Revenue	—	5,870	3,639	3,954	4,270	4,702	5,051	5,313	5,661	6,063	6,258	6,699	7,442
- Cost of Revenue	2,518	2,339	1,206	1,387	1,433	1,564	1,651	1,718	1,773	1,695	1,701	1,801	2,092
+ Cost of Goods & Services	—	2,339	1,206	1,387	1,433	1,564	1,651	1,718	1,773	1,695	1,701	1,801	2,092
Gross Profit	3,837	3,531	2,433	2,567	2,837	3,138	3,400	3,595	3,888	4,368	4,557	4,898	5,350
+ Other Operating Income	-	-	7	-	-	-	-	-	-	-	-	-	-
- Operating Expenses	2,462	2,254	1,399	1,461	1,493	1,568	1,579	1,553	1,582	1,633	1,621	1,596	1,608
+ Selling, General & Admin	2,284	2,098	1,318	1,377	1,352	1,423	1,454	1,532	1,395	1,464	1,430	1,517	1,543
+ Research & Development	—	-	—	-	-	-	-	-	-	-	-	-	-
+ Depreciation & Amortization	—	156	96	126	141	137	134	157	181	180	206	204	206
+ Other Operating Expense	—	(0)	(15)	(42)	-	8	(9)	(136)	6	(11)	(15)	(125)	(241)
Operating Income (Loss)	1,375	1,278	1,034	1,106	1,344	1,570	1,821	2,042	2,306	2,735	2,936	3,302	3,842
- Non-Operating (Income) Loss	—	77	83	77	81	75	59	102	132	122	109	239	110
+ Interest Expense, Net	—	77	83	77	81	59	59	102	181	149	134	198	141
+ Interest Expense	—	—	—	—	—	—	—	112	191	149	134	198	141
+ Other Non-Op (Income) Loss	—	-	-	-	-	16	-	-	(49)	(27)	(25)	41	(31)
Pretax Income (Loss), Adjusted	1,375	1,201	951	1,029	1,263	1,495	1,762	1,940	2,174	2,613	2,827	3,063	3,732
- Abnormal Losses (Gains)	-	19	15	29	174	196	1,708	125	(1,014)	152	146	133	504
+ Merger/Acquisition Expense	—	—	—	—	15	—	—	37	1	—	—	4	24
+ Disposal of Assets	—	—	—	—	—	(24)	9	(11)	(1,056)	15	—	(49)	—
+ Early Extinguishment of Debt	—	—	—	—	8	13	—	—	21	—	—	57	279
+ Asset Write-Down	—	—	—	—	—	36	—	—	—	2	11	—	—
+ Impairment of Intangibles	—	—	—	—	—	26	—	—	24	—	—	—	13
+ Gain/Loss on Sale/Acquisition of Business	—	3	(11)	(13)	—	(8)	—	—	—	—	—	(49)	(16)
+ Legal Settlement	—	—	—	—	—	77	1,612	—	(10)	55	74	—	—
+ Restructuring	—	15	11	42	203	92	87	56	6	47	25	46	78
+ Sale of Investments	—	—	—	—	—	(16)	—	(11)	—	—	—	—	—
+ Other Abnormal Items	—	—	16	—	(52)	—	—	54	—	33	36	124	126
Pretax Income (Loss), GAAP	1,375	1,182	936	1,000	1,089	1,299	54	1,815	3,188	2,461	2,681	2,930	3,228
- Income Tax Expense (Benefit)	480	429	344	374	388	425	245	547	960	823	560	627	694
+ Current Income Tax	—	428	317	367	310	383	482	235	873	756	478	597	706
+ Deferred Income Tax	—	1	27	7	78	42	(237)	312	87	67	82	30	(12)
+ Tax Allowance/Credit	—	—	—	—	—	-	-	-	-	-	-	-	-
Income (Loss) from Cont Ops	895	753	592	626	701	874	(191)	1,268	2,228	1,638	2,121	2,303	2,534
- Net Extraordinary Losses (Gains)	—	3	(252)	(308)	209	(592)	(178)	-	-	-	-	-	-
+ Discontinued Operations	—	3	(252)	(308)	209	(592)	(178)	-	-	-	-	-	-
+ XO & Accounting Changes	—	-	-	-	-	-	-	-	-	-	-	-	-
Income (Loss) Incl. MI	819	750	844	934	492	1,466	(13)	1,268	2,228	1,638	2,121	2,303	2,534
- Minority Interest	20	19	23	23	55	90	102	112	122	142	163	180	195
Net Income, GAAP	799	731	821	911	437	1,376	(115)	1,156	2,106	1,496	1,958	2,123	2,339
Net Income Avail to Common, GAAP	799	731	821	911	437	1,376	(115)	1,156	2,106	1,496	1,958	2,123	2,339
Net Income Avail to Common, Adj	799	746	586	622	759	911	817	1,249	1,351	1,743	2,076	2,221	2,736
Net Abnormal Losses (Gains)	-	12	10	19	113	127	1,110	93	(755)	247	118	98	397
Net Extraordinary Losses (Gains)	—	3	(252)	(308)	209	(592)	(178)	-	-	-	-	-	-
Basic Weighted Avg Shares	316	312	309	298	279	275	272	272	263	256	251	245	241
Basic EPS, GAAP	2.53	2.34	2.68	3.05	1.57	5.01	(0.42)	4.26	8.02	5.84	7.80	8.65	9.71
Diluted Weighted Avg Shares	319	313	312	304	285	280	272	275	265	259	253	247	242
Diluted EPS, GAAP	2.51	2.33	2.65	3.00	1.53	4.91	(0.42)	4.21	7.94	5.78	7.73	8.60	9.66

S&P Financials Tracker

Cash Flow Statement

Cash Flow Statement	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash from Operating Activities													
+ Net Income	799	731	828	911	437	1,376	(115)	1,156	2,106	1,496	1,958	2,123	2,339
+ Depreciation & Amortization	449	461	108	126	141	137	134	157	181	180	206	204	206
+ Non-Cash Items	34	39	7	179	43	237	13	524	(731)	408	412	451	775
+ Stock-Based Compensation	(3)	22	51	77	90	96	100	78	76	99	94	78	90
+ Deferred Income Taxes	(0)	6	33	17	53	43	(245)	280	79	-	81	46	(31)
+ Other Non-Cash Adj	36	11	(77)	85	(100)	98	158	166	(886)	309	237	327	716
+ Chg in Non-Cash Work Cap	(113)	100	13	16	(100)	(376)	1,355	(1,642)	4	(68)	(512)	(2)	247
+ (Inc) Dec in Accts Receiv	95	50	(73)	14	(250)	(35)	(9)	(118)	(177)	(196)	(164)	(135)	18
+ (Inc) Dec in Inventories	(26)	68	-	-	-	-	-	-	-	-	-	-	-
+ Inc (Dec) in Other	(182)	(18)	86	2	150	(341)	1,364	(1,524)	181	128	(348)	133	229
+ Net Cash From Disc Ops	-	-	(252)	112	746	(823)	(178)	-	-	-	-	-	-
Cash from Operating Activities	1,169	1,330	704	1,344	1,267	551	1,209	195	1,560	2,016	2,064	2,776	3,567
Cash from Investing Activities													
+ Change in Fixed & Intang	(106)	(254)	(61)	(71)	(96)	(66)	(9)	(125)	1,383	(121)	(107)	(30)	(58)
+ Disp in Fixed & Intang	0	15	25	21	-	51	83	14	1,498	2	6	85	18
+ Disp of Fixed Prod Assets	-	15	25	21	-	51	83	14	1,498	2	6	85	18
+ Acq of Fixed & Intang	(106)	(269)	(86)	(92)	(96)	(117)	(92)	(139)	(115)	(123)	(113)	(115)	(76)
+ Acq of Fixed Prod Assets	-	(92)	(86)	(92)	(96)	(117)	(92)	(139)	(115)	(123)	(113)	(115)	(76)
+ Acq of Intangible Assets	-	(177)	-	-	-	-	-	-	-	-	-	-	-
+ Net Cash From Acq & Div	-	-	(327)	(194)	(177)	(47)	(71)	(2,396)	(177)	(83)	(401)	(91)	(201)
+ Cash for Acq of Subs	-	-	(327)	(194)	(177)	(47)	(71)	(2,396)	(177)	(83)	(401)	(91)	(201)
+ Other Investing Activities	(328)	(25)	2	(6)	27	(17)	15	(4)	(35)	(5)	(5)	(10)	19
+ Net Cash From Disc Ops	-	-	-	25	(199)	2,129	-	-	-	-	-	-	-
Cash from Investing Activities	(433)	(279)	(386)	(246)	(445)	1,999	(65)	(2,525)	1,171	(209)	(513)	(131)	(240)
Cash from Financing Activities													
+ Dividends Paid	(280)	(282)	(292)	(296)	(984)	(308)	(326)	(363)	(380)	(421)	(503)	(560)	(645)
+ Cash From (Repayment) Debt	70	(70)	-	-	57	(457)	-	2,817	(71)	-	86	218	(118)
+ Cash From (Repay) ST Debt	-	(70)	-	-	457	(457)	-	143	(143)	-	-	-	-
+ Cash From LT Debt	-	-	-	-	-	-	-	2,674	493	-	489	1,086	1,276
+ Repayments of LT Debt	-	-	-	-	(400)	-	-	-	(421)	-	(403)	(868)	(1,394)
+ Cash (Repurchase) of Equity	(402)	26	(204)	(1,341)	46	(677)	(41)	(819)	(1,090)	(975)	(1,626)	(1,200)	(1,148)
+ Increase in Capital Stock	45	26	52	159	341	301	321	155	33	26	34	40	16
+ Decrease in Capital Stock	(447)	-	(256)	(1,500)	(295)	(978)	(362)	(974)	(1,123)	(1,001)	(1,660)	(1,240)	(1,164)
+ Other Financing Activities	(48)	(9)	(34)	(23)	(24)	(301)	(95)	(125)	(121)	(111)	(245)	(209)	(255)
+ Net Cash From Disc Ops	-	-	525	(4)	(12)	(25)	338	(129)	-	-	-	-	-
Cash from Financing Activities	(660)	(335)	(5)	(1,664)	(917)	(1,768)	(124)	1,381	(1,662)	(1,507)	(2,288)	(1,751)	(2,166)
Effect of Foreign Exchange Rates	-	22	(15)	(15)	20	-	(65)	(67)	(158)	87	(84)	34	75
Net Changes in Cash	76	738	298	(581)	(75)	782	955	(1,016)	911	387	(821)	928	1,236

S&P Financials Tracker

Balance Sheet

Balance Sheet	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Assets													
+ Cash, Cash Equivalents & STI	472	1,235	1,548	864	761	1,560	2,500	1,487	2,400	2,789	1,935	2,894	4,117
+ ST Investments	—	25	22	29	1	18	3	6	8	12	18	28	9
+ Accounts & Notes Receiv	1,061	970	973	702	954	949	932	991	1,122	1,319	1,449	1,577	1,593
+ Accounts Receivable, Net	1,061	970	973	702	954	949	932	991	1,122	1,319	1,449	1,577	1,593
+ Inventories	370	301	275	-	-	-	-	-	-	-	-	-	-
+ Other ST Assets	401	431	579	2,746	2,184	432	530	818	149	216	203	241	278
+ Assets Held-for-Sale	—	—	—	2,508	1,940	97	-	503	7	-	-	-	-
+ Deferred Tax Assets	—	278	281	110	117	108	360	109	-	-	-	-	-
+ Misc ST Assets	—	153	298	128	127	227	170	206	142	216	203	241	278
Total Current Assets	2,303	2,936	3,375	4,312	3,899	2,941	3,962	3,296	3,671	4,324	3,587	4,712	5,988
+ Property, Plant & Equip, Net	621	580	522	373	368	249	206	270	271	275	270	996	778
+ Property, Plant & Equip	1,574	1,570	1,531	1,164	1,140	858	769	855	808	829	866	1,618	1,365
- Accumulated Depreciation	953	991	1,009	791	772	609	563	585	537	554	596	622	587
+ Other LT Assets	3,156	2,959	3,150	1,935	2,785	2,871	2,605	4,617	4,727	4,826	5,584	5,640	5,771
+ Total Intangible Assets	2,294	2,229	2,503	1,531	2,519	2,442	2,391	4,404	4,455	4,377	5,059	4,999	5,087
+ Goodwill	1,703	1,691	1,887	1,104	1,438	1,409	1,387	2,882	2,949	2,989	3,535	3,575	3,735
+ Other Intangible Assets	591	539	616	427	1,081	1,033	1,004	1,522	1,506	1,388	1,524	1,424	1,352
+ Deferred Tax Assets	—	24	17	207	36	23	31	33	61	59	52	52	67
+ Prepaid Pension Costs	—	79	82	68	98	261	28	36	46	114	125	259	297
+ Misc LT Assets	862	627	548	129	132	145	155	144	165	276	348	330	320
Total Noncurrent Assets	3,777	3,539	3,672	2,308	3,153	3,120	2,811	4,887	4,998	5,101	5,854	6,636	6,549
Total Assets	6,080	6,475	7,047	6,620	7,052	6,061	6,773	8,183	8,669	9,425	9,441	11,348	12,537
Liabilities & Shareholders' Equity													
+ Payables & Accruals	337	884	1,028	671	860	648	655	645	687	744	638	704	868
+ Accounts Payable	337	302	392	223	249	210	191	206	183	195	211	190	233
+ Accrued Taxes	—	17	24	33	158	15	54	56	95	77	73	68	84
+ Other Payables & Accruals	—	565	612	415	453	423	410	383	409	472	354	446	551
+ ST Debt	70	0	-	400	457	-	-	143	-	399	-	112	100
+ ST Lease Liabilities	—	-	-	-	-	-	-	-	-	-	-	112	100
+ ST Operating Leases	—	—	—	—	—	—	—	—	—	—	—	112	100
+ Current Portion of LT Debt	—	-	-	400	457	-	-	143	-	399	-	-	-
+ Other ST Liabilities	2,123	1,568	1,653	2,298	2,350	1,724	3,265	2,120	1,924	2,071	1,992	2,277	2,619
+ Deferred Revenue	—	1,115	1,204	1,187	1,229	1,268	1,254	1,421	1,509	1,613	1,641	1,928	2,168
+ Deferred Tax Liabilities	—	—	—	2	7	—	2	8	-	-	-	-	-
+ Misc ST Liabilities	2,123	453	449	1,109	1,114	456	2,009	691	415	458	351	349	451
Total Current Liabilities	2,531	2,452	2,681	3,369	3,667	2,372	3,920	2,908	2,611	3,214	2,630	3,093	3,587
+ LT Debt	1,198	1,198	1,198	798	799	799	795	3,468	3,564	3,170	3,662	4,568	4,654
+ LT Borrowings	—	1,198	1,198	798	799	799	795	3,468	3,564	3,170	3,662	3,948	4,110
+ LT Lease Liabilities	—	-	-	-	-	-	-	-	-	-	-	620	544
+ LT Operating Leases	—	—	—	—	—	—	—	—	—	—	—	620	544
+ Other LT Liabilities	1,069	896	876	869	936	736	709	644	713	923	845	883	944
+ Accrued Liabilities	—	-	-	-	-	-	-	-	-	-	-	-	-
+ Pension Liabilities	—	512	436	511	529	264	333	276	274	244	229	259	291
+ Deferred Tax Liabilities	—	10	65	13	56	206	40	23	48	67	144	200	177
+ Misc LT Liabilities	1,069	375	375	345	351	266	336	345	391	612	472	424	476
Total Noncurrent Liabilities	2,267	2,094	2,074	1,667	1,735	1,535	1,504	4,112	4,277	4,093	4,507	5,451	5,598
Total Liabilities	4,798	4,546	4,755	5,036	5,402	3,907	5,424	7,020	6,888	7,307	7,137	8,544	9,185
+ Share Capital & APIC	467	417	479	506	904	859	905	887	914	937	1,127	1,197	1,240
+ Common Stock	—	412	412	412	412	412	412	412	412	412	294	294	294
+ Additional Paid in Capital	—	5	67	94	492	447	493	475	502	525	833	903	946
- Treasury Stock	4,811	4,749	4,958	6,240	6,145	6,746	6,849	7,729	8,701	9,602	11,041	12,299	13,461
+ Retained Earnings	6,071	6,523	7,057	7,667	6,525	7,384	6,946	7,636	9,210	10,025	11,284	12,205	13,367
+ Other Equity	(444)	(343)	(367)	(425)	(517)	(196)	(514)	(600)	(773)	(649)	(742)	(624)	(637)
Equity Before Minority Interest	1,282	1,847	2,211	1,508	767	1,301	488	194	650	711	628	479	509
+ Minority/Non Controlling Interest	—	82	81	76	883	853	861	969	1,131	1,407	1,676	2,325	2,843
Total Equity	1,282	1,929	2,292	1,584	1,650	2,154	1,349	1,163	1,781	2,118	2,304	2,804	3,352
Total Liabilities & Equity	6,080	6,475	7,047	6,620	7,052	6,061	6,773	8,183	8,669	9,425	9,441	11,348	12,537

S&P Financials Tracker

Performance Metrics

% Revenue Schedule	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Margin	60.4%	60.2%	66.9%	64.9%	66.4%	66.7%	67.3%	67.7%	68.7%	72.0%	72.8%	73.1%	71.9%
Operating Margin	21.6%	21.8%	28.4%	28.0%	31.5%	33.4%	36.1%	38.4%	40.7%	45.1%	46.9%	49.3%	51.6%
Depreciation % Revenue	7.1%	7.8%	3.0%	3.2%	3.3%	2.9%	2.7%	3.0%	3.2%	3.0%	3.3%	3.0%	2.8%
Capex % Revenue	1.7%	4.3%	1.7%	1.8%	2.2%	1.4%	0.2%	2.4%	(24.4%)	2.0%	1.7%	0.4%	0.8%
Effective Tax Rate	34.9%	36.3%	36.8%	37.4%	35.6%	32.7%	453.7%	30.1%	30.1%	33.4%	20.9%	21.4%	21.5%
Net Margin	12.6%	12.5%	22.6%	23.0%	10.2%	29.3%	(2.3%)	21.8%	37.2%	24.7%	31.3%	31.7%	31.4%

Performance Metrics	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Return on Equity	55.4%	46.7%	40.8%	49.0%	38.4%	133.1%	(12.9%)	339.0%	499.0%	219.8%	292.5%	383.6%	473.5%
Return on Invested Capital	30.0%	25.6%	17.9%	20.9%	26.0%	28.5%	(15.7%)	37.4%	44.7%	30.1%	36.4%	37.7%	35.0%
Return on Assets	12.9%	11.6%	12.3%	13.3%	6.4%	21.0%	(1.8%)	15.5%	25.0%	16.5%	20.8%	20.4%	19.6%
Net Debt to EBITDA	44.0%	(2.0%)	(31.0%)	28.0%	38.0%	(51.0%)	(690.0%)	102.0%	33.0%	28.0%	58.0%	(50.0%)	17.0%

Income Statement

Income Statement	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	763	861	948	1,065	1,113	2,735	3,600	4,009	4,415	4,288
+ Sales & Services Revenue	763	861	948	1,065	1,113	2,735	3,600	4,009	4,415	4,288
- Cost of Revenue	—	—	—	—	—	1,038	1,348	1,496	1,657	1,590
+ Cost of Goods & Services	—	—	—	—	—	1,038	1,348	1,496	1,657	1,590
Gross Profit	—	—	—	—	—	1,697	2,251	2,514	2,758	2,698
+ Other Operating Income	-	-	-	-	-	-	-	-	-	-
- Operating Expenses	511	585	655	753	813	1,244	1,602	1,738	1,780	1,687
+ Selling, General & Admin	—	—	—	—	—	907	1,096	1,193	1,198	1,128
+ Research & Development	-	-	-	-	-	-	-	-	-	-
+ Depreciation & Amortization	97	113	136	158	171	336	493	541	573	592
+ Other Operating Expense	414	472	519	595	642	2	13	4	9	(33)
Operating Income (Loss)	252	276	293	312	301	453	650	776	978	1,011
- Non-Operating (Income) Loss	29	39	23	26	26	118	159	217	254	267
+ Interest Expense, Net	23	29	19	17	19	118	152	223	258	236
+ Interest Expense	23	29	20	17	19	119	154	226	260	237
- Interest Income	0	0	0	0	0	1	2	3	2	1
+ Foreign Exch (Gain) Loss	6	10	3	4	(5)	-	-	-	-	-
+ (Income) Loss from Affiliates	-	-	-	6	11	-	-	-	-	-
+ Other Non-Op (Income) Loss	-	-	-	-	-	-	7	(6)	(4)	32
Pretax Income (Loss), Adjusted	223	237	270	286	275	335	491	559	724	744
- Abnormal Losses (Gains)	16	41	59	65	53	192	118	135	(19)	(140)
+ Merger/Acquisition Expense	5	1	(1)	(12)	4	161	113	135	70	45
+ Disposal of Assets	(2)	—	—	—	—	(1)	—	—	(115)	(377)
+ Early Extinguishment of Debt	—	—	—	—	—	1	—	5	7	—
+ Asset Write-Down	—	—	—	1	—	—	—	—	—	34
+ Impairment of Goodwill	—	9	51	32	—	—	—	—	—	—
+ Impairment of Intangibles	—	—	2	7	—	—	—	—	—	—
+ Legal Settlement	6	6	6	6	49	0	—	—	—	—
+ Restructuring	8	2	—	—	—	23	—	2	17	127
+ Sale of Investments	—	—	(4)	—	—	—	—	—	—	—
+ Other Abnormal Items	—	23	5	32	—	8	5	(7)	2	31
Pretax Income (Loss), GAAP	207	196	211	221	222	142	372	424	743	883
- Income Tax Expense (Benefit)	51	43	64	57	70	(5)	(50)	(115)	243	13
+ Current Income Tax	29	49	75	57	70	4	50	96	292	148
+ Deferred Income Tax	21	(6)	(12)	(0)	0	(9)	(100)	(212)	(50)	(135)
- (Income) Loss from Affiliates	—	—	—	—	—	5	5	1	1	1
Income (Loss) from Cont Ops	156	153	147	164	152	143	417	539	499	869
- Net Extraordinary Losses (Gains)	-	-	-	-	-	(9)	-	-	-	-
Income (Loss) Incl. MI	156	153	147	164	152	152	417	539	499	869
- Minority Interest	30	28	8	(1)	(0)	(1)	0	(3)	(3)	(1)
Net Income, GAAP	126	125	139	165	153	153	417	542	503	871
Net Income Avail to Common, Adj	141	159	197	218	193	270	219	283	639	564
Net Abnormal Losses (Gains)	15	34	57	53	40	127	(198)	(259)	136	(306)
Basic Weighted Avg Shares	18	18	17	179	180	309	400	394	400	397
Basic EPS, GAAP	7	7	8	1	1	0	1	1	1	2
Diluted Weighted Avg Shares	18	18	18	184	190	316	416	407	409	402
Diluted EPS, GAAP	7	7	8	1	1	0	1	1	1	2

Cash Flow Statement

Cash Flow Statement	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash from Operating Activities										
+ Net Income	126	125	139	165	153	153	417	542	503	871
+ Depreciation & Amortization	97	113	136	158	171	336	493	541	573	592
+ Non-Cash Items	87	68	72	86	66	168	192	82	166	(256)
+ Stock-Based Compensation	12	16	8	21	37	201	262	242	224	266
+ Deferred Income Taxes	—	—	—	—	—	7	(100)	(212)	(50)	(135)
+ Other Non-Cash Adj	75	52	64	66	29	(40)	30	52	(8)	(387)
+ Chg in Non-Cash Work Cap	12	35	(7)	(39)	17	(18)	(140)	125	9	(67)
+ (Inc) Dec in Accts Receiv	—	—	—	—	—	(9)	(28)	(12)	(68)	2
+ Inc (Dec) in Accts Payable	—	—	—	—	—	(13)	(20)	11	16	(17)
+ Inc (Dec) in Other	12	35	(7)	(39)	17	3	(92)	125	62	(52)
Cash from Operating Activities	322	341	340	370	406	638	962	1,290	1,251	1,139
Cash from Investing Activities										
+ Change in Fixed & Intang	(71)	(99)	(131)	(121)	(117)	(148)	(260)	(223)	(115)	202
+ Disp in Fixed & Intang	4	-	-	4	-	-	-	-	164	477
+ Disp of Fixed Prod Assets	4	-	-	4	-	-	-	-	164	477
+ Disp of Intangible Assets	-	-	-	-	-	-	-	-	-	-
+ Acq of Fixed & Intang	(75)	(99)	(131)	(125)	(117)	(148)	(260)	(223)	(278)	(275)
+ Acq of Fixed Prod Assets	(14)	(29)	(35)	(24)	(17)	(148)	(260)	(223)	(278)	(275)
+ Acq of Intangible Assets	(61)	(70)	(96)	(101)	(101)	-	-	-	-	-
+ Net Change in LT Investment	-	-	-	-	(1)	-	-	-	-	-
+ Net Cash From Acq & Div	(67)	(381)	(13)	(129)	(326)	(824)	(401)	(1,876)	(137)	(5)
+ Cash from Divestitures	-	-	-	(1)	-	191	-	-	-	-
+ Cash for Acq of Subs	(67)	(381)	(13)	(127)	(301)	(1,014)	(401)	(1,876)	(137)	(5)
+ Cash for JVs	-	-	-	-	(25)	-	-	-	-	-
+ Other Investing Activities	-	-	(28)	(1)	10	(12)	15	(13)	(20)	8
Cash from Investing Activities	(138)	(480)	(171)	(251)	(434)	(983)	(646)	(2,112)	(272)	205
Cash from Financing Activities										
+ Dividends Paid	(31)	(26)	-	-	-	-	-	-	-	(270)
+ Cash From (Repayment) Debt	(111)	241	20	(40)	472	653	813	1,494	(557)	(225)
+ Cash (Repurchase) of Equity	(22)	(116)	(46)	(31)	(412)	(417)	(1,076)	(538)	(398)	(849)
+ Increase in Capital Stock	10	43	57	72	227	153	242	135	102	101
+ Decrease in Capital Stock	(32)	(159)	(103)	(104)	(639)	(570)	(1,318)	(673)	(500)	(950)
+ Other Financing Activities	-	-	(178)	(4)	(2)	(59)	(67)	(84)	(3)	-
+ Net Cash From Disc Ops	-	-	-	-	-	-	-	-	-	-
Cash from Financing Activities	(163)	99	(204)	(75)	59	178	(329)	873	(958)	(1,345)
Effect of Foreign Exchange Rates	(0)	2	(0)	(1)	(2)	13	9	(64)	(30)	15
Net Changes in Cash	21	(38)	(35)	42	28	(154)	(5)	(14)	(9)	14

IHS Financials Tracker

Balance Sheet

Balance Sheet	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Assets										
+ Cash, Cash Equivalents & STI	149	113	75	118	146	139	134	120	112	126
+ Cash & Cash Equivalents	148	110	75	118	146	139	134	120	112	126
+ ST Investments	1	3	-	-	-	-	-	-	-	-
+ Accounts & Notes Receiv	78	135	145	182	177	636	694	793	891	892
+ Accounts Receivable, Net	78	135	145	182	177	636	694	793	891	892
+ Other ST Assets	60	58	90	114	102	159	125	109	234	132
+ Derivative & Hedging Assets	0	0	1	7	4	5	3	0	4	3
+ Assets Held-for-Sale	-	-	-	-	-	-	-	-	115	-
+ Taxes Receivable	3	2	4	0	3	26	32	-	-	-
+ Misc ST Assets	56	56	86	107	95	128	90	109	115	129
Total Current Assets	287	306	311	414	426	934	1,015	1,099	1,308	1,233
+ Property, Plant & Equip, Net	41	50	62	57	50	416	531	580	658	1,022
+ Property, Plant & Equip	92	121	153	170	185	1,008	1,158	1,364	1,579	2,110
- Accumulated Depreciation	51	71	91	113	135	592	626	785	921	1,088
+ LT Investments & Receivables	-	-	-	-	1	-	-	-	-	-
+ LT Investments	-	-	-	-	1	-	-	-	-	-
+ Other LT Assets	2,321	2,796	2,723	2,830	3,092	12,587	13,008	14,383	14,121	13,880
+ Total Intangible Assets	2,286	2,761	2,718	2,823	3,077	12,562	12,967	14,321	14,005	13,755
+ Goodwill	1,870	2,173	2,131	2,211	2,355	8,210	8,779	9,836	9,836	9,909
+ Other Intangible Assets	416	588	587	612	722	4,352	4,188	4,485	4,169	3,846
+ Deferred Tax Assets	35	35	5	4	2	15	7	15	18	27
+ Derivative & Hedging Assets	-	-	0	1	1	-	-	-	-	-
+ Investments in Affiliates	-	-	-	1	13	-	-	-	-	-
+ Misc LT Assets	-	-	-	-	-	11	34	48	98	98
Total Noncurrent Assets	2,361	2,846	2,786	2,886	3,143	13,003	13,539	14,963	14,779	14,902
Total Assets	2,648	3,151	3,097	3,300	3,568	13,937	14,554	16,062	16,087	16,135
Liabilities & Shareholders' Equity										
+ Payables & Accruals	128	180	209	220	203	519	529	642	809	761
+ Accounts Payable	1	9	9	10	13	59	53	42	60	48
+ Accrued Taxes	16	24	53	58	28	12	6	8	59	29
+ Interest & Dividends Payable	-	-	-	-	-	-	-	-	-	-
+ Other Payables & Accruals	111	148	146	153	162	448	470	592	690	683
+ ST Debt	209	117	102	86	86	105	576	790	251	332
+ ST Borrowings	208	117	-	-	-	-	-	-	-	-
+ ST Lease Liabilities	1	-	-	-	-	-	0	-	-	64
+ ST Finance Leases	1	-	-	-	-	-	0	-	-	-
+ ST Operating Leases	-	-	-	-	-	-	-	-	-	64
+ Current Portion of LT Debt	-	-	102	86	86	105	576	790	251	288
+ Other ST Liabilities	94	207	190	200	249	789	801	888	910	887
+ Deferred Revenue	88	167	178	194	227	770	791	887	880	886
+ Derivatives & Hedging	0	1	8	2	2	19	11	2	4	0
+ Misc ST Liabilities	6	38	4	3	21	-	-	-	26	-
Total Current Liabilities	432	504	501	506	538	1,412	1,906	2,320	1,969	1,979
+ LT Debt	13	537	473	349	738	3,279	3,617	4,889	4,874	4,939
+ LT Borrowings	13	537	473	349	738	3,279	3,613	4,882	4,868	4,636
+ LT Lease Liabilities	-	-	-	-	-	-	4	7	7	303
+ LT Finance Leases	-	-	-	-	-	-	4	7	7	6
+ LT Operating Leases	-	-	-	-	-	-	-	-	-	298
+ Other LT Liabilities	172	181	67	174	180	1,103	1,008	826	813	674
+ Accrued Liabilities	-	-	-	-	-	-	-	-	-	-
+ Pension Liabilities	-	-	-	-	-	33	32	-	-	-
+ Pensions	-	-	-	-	-	-	-	-	-	-
+ Other Post-Ret Benefits	-	-	-	-	-	-	-	-	-	-
+ Deferred Revenue	-	-	-	-	-	-	-	-	-	-
+ Deferred Tax Liabilities	97	145	37	30	23	995	870	700	667	543
+ Derivatives & Hedging	-	0	0	1	0	-	-	-	-	-
+ Misc LT Liabilities	75	36	30	143	157	75	106	127	146	130
Total Noncurrent Liabilities	185	717	540	523	918	4,382	4,625	5,716	5,687	5,613
Total Liabilities	617	1,222	1,041	1,029	1,456	5,795	6,531	8,036	7,656	7,592
+ Preferred Equity and Hybrid Capital	-	-	-	-	-	-	-	-	-	-
+ Share Capital & APIC	17	297	373	459	179	7,215	7,617	7,685	7,774	7,835
+ Common Stock	0	0	0	2	2	5	5	5	5	5
+ Additional Paid in Capital	16	297	373	457	177	7,211	7,612	7,680	7,769	7,830
- Treasury Stock	-	-	-	-	-	499	1,745	2,109	2,392	3,040
+ Retained Earnings	1,838	1,423	1,663	1,851	2,067	1,807	2,218	2,743	3,295	3,842
+ Other Equity	(13)	16	20	(75)	(170)	(439)	(85)	(299)	(262)	(108)
Equity Before Minority Interest	1,841	1,737	2,056	2,234	2,076	8,084	8,004	8,021	8,416	8,529
+ Minority/Non Controlling Interest	191	193	-	37	36	58	19	6	15	14
Total Equity	2,031	1,930	2,056	2,271	2,113	8,142	8,024	8,026	8,431	8,543
Total Liabilities & Equity	2,648	3,151	3,097	3,300	3,568	13,937	14,554	16,062	16,087	16,135

Performance Metrics

% Revenue Schedule	2016	2017	2018	2019	2020
Gross Margin	62.1%	62.5%	62.7%	62.5%	62.9%
Operating Margin	16.6%	18.0%	19.4%	22.1%	23.6%
Depreciation % Revenue	12.3%	13.7%	13.5%	13.0%	13.8%
CapEx					
Capex % Revenue	5.4%	7.2%	5.6%	2.6%	(4.7%)
Effective Tax Rate	(0.2%)	(1.4%)	(2.9%)	5.5%	0.3%
Net Margin	5.6%	11.6%	13.5%	11.4%	20.3%

Performance Metrics	2016	2017	2018	2019	2020
Return on Equity	3.0%	5.2%	6.8%	6.1%	10.3%
Return on Invested Capital	3.2%	4.1%	5.1%	4.7%	7.9%
Return on Assets	1.7%	2.9%	3.5%	3.1%	5.4%
Net Debt to EBITDA	544.0%	396.6%	470.1%	318.0%	274.6%