S&P Global Completes Merger with IHS Markit, Creating a Global Leader to Power the Markets of the Future

NEW YORK, Feb. 28, 2022 /PRNewswire/ -- S&P Global (NYSE: SPGI) ("S&P Global" or the "Company") and IHS Markit earlier today announced the completion of their approximately $140 billion[1] merger, creating a leading information services provider with a unique portfolio of highly complementary assets. With the transaction completed, S&P Global will offer an enhanced value proposition for our global customer base across data & analytics, ratings, benchmarks, indices, commodities & energy, transportation, and engineering. These products allow us to better serve our customers with a broader and deeper portfolio of unique solutions and increased scale. Together, the merged company will focus on accelerating growth and creating unparalleled value for all stakeholders. We also completed the sale of IHS Markit's OPIS, Coal, Metals and Mining, and PetrochemWire business to News Corporation today.

Douglas L. Peterson, President and Chief Executive Officer of S&P Global, said, "Today's announcement marks the successful unification of two great companies that will be stronger together as a combined company. Our merger unites a unique collection of innovative assets and technology capabilities from two world-class organizations to benefit our people, our customers and our shareholders. Our combined strengths in credit and risk management, indices across multiple asset classes, private markets, ESG and energy transition data and analytics will accelerate the growth of our business and broaden the scope of services we can provide to the markets. I am excited by the exceptional prospects for the future of our Company and honored to lead our expanded organization."

S&P Global will comprise six operating divisions upon close:

- **S&P Global Market Intelligence** led by Adam Kansler
- **S&P Global Ratings** led by Martina Cheung
- **S&P Global Commodity Insights** led by Saugata Saha
- **S&P Global Mobility** led by Edouard Tavernier
- **S&P Dow Jones Indices** led by Dan Draper
- **S&P Global Engineering Solutions** led by Ewout Steenbergen (in addition to ongoing role as CFO)

The combined company will have a strengthened financial profile, with its divisions poised to deliver:

- **2022 guidance:** The Company is initiating 2022 guidance with GAAP projected revenue growth of over 40%, margin expansion of approximately 260 basis points, and a diluted EPS range of $13.40 to $13.60. Adjusted projected revenue growth in the mid-single-digits, margin expansion of approximately 130 basis points, and an adjusted diluted EPS range of $13.30 to $13.50, an increase of ~14% at the mid-point over the pro-forma figure for 2021 (see the Company's Current Report on Form 8K filed on February 28, 2022 which contains exhibits for pro forma combined operating results and related reconciliations).
- **Enhanced growth**: With S&P Global's differentiated capabilities in its core segments, as well as high-growth adjacencies, the Company expects to realize 6.5-8.0% annual organic revenue CAGR on average through 2023, balanced across major industry segments.
- **Increased profitability**: The Company will target 200 basis points of annual EBITA margin expansion on average through 2023.
- **Attractive synergies and earnings accretion post-close**: S&P Global expects the merger to be accretive to earnings by the end of 2023. The Company expects to deliver annual cost synergies of approximately $600 million, with ~80% of those expected in 2023, and approximately $350 million in annual revenue synergies for an expected total run-rate EBITA impact of ~$810 million in 2026.
- **Strong balance sheet to pursue further growth**: S&P Global expects to maintain a strong balance sheet and credit profile. The Company intends to maintain a prudent and flexible capital structure and will target a leverage ratio of 2.0-2.5x adjusted gross debt to adjusted EBITA.
- **Improved free cash flow generation to support attractive capital return** S&P Global expects to generate annual free cash flow exceeding $5 billion in 2023 with a targeted dividend payout ratio of 20-30% of adjusted diluted EPS and a targeted total capital return of at least 85% of free cash flow between dividends and share repurchases.

In 2022, the Company intends to repurchase$12 billion of S&P Global common stock through accelerated share repurchases

(ASRs). In the coming days the Company expects to launch an initial tranche of the ASR in the amount of $7 billion, to be completed in early August 2022.

The total number of shares ultimately repurchased under the program will be determined upon final settlement and will be based on a discount to the volume-weighted average price of S&P Global's common stock during the ASR period. Approximately 85 percent of the shares to be repurchased under the first tranche transaction will be received and canceled by S&P Global shortly after the launch of the ASR.

The Board of Directors of S&P Global today approved a 10.4% increase in the regular quarterly cash dividend on the Company's common stock over the prior quarter. The quarterly dividend will increase from $0.77 to $0.85 per share in the second quarter. The dividend of $0.85 is payable on June 10, 2022, to shareholders of record on May 27, 2022.

The Company plans to issue new senior notes of various maturities, in an aggregate principal amount up to $6 billion, portions of which we expect to use to refinance existing debt. The Company plans to bring its gross leverage ratio in-line with the target range of 2.0x to 2.5x as a result of these financings. The upcoming financing will include S&P Global's inaugural sustainability-linked bond, following its sustainability-linked revolver last year, both firsts in the industry.

Board Appointments

As previously announced, **Jacques Esculier, Gay Huey Evans, Robert P. Kelly and Deborah Doyle McWhinney** are joining the S&P Global Board of Directors, expanding the size of the Board from 13 to 17. Mr. Esculier, Ms. Huey Evans, Mr. Kelly and Ms. McWhinney each served on the IHS Markit Board of Directors until the closing of the transaction. All four new directors bring significant experience and valuable skills relevant to the S&P Global business.

(1) Based on Enterprise Value

Conference Call/Webcast Details: The Company's senior management will discuss the merger on an investor call scheduled for March 1, 2022, at 8:00 a.m. ET. Additional information presented on the conference call may be made available on the Company's Investor Relations Website at http://investor.spglobal.com.

The Webcast will be available live and in replay at https://investor.spglobal.com/investor-presentations. (Please copy and paste URL into Web browser.)

Telephone access is available. U.S. participants may call (888) 603-9623; international participants may call +1 (630) 395-0220 (long-distance charges will apply). The passcode is "S&P Global" and the conference leader is Douglas Peterson. A recorded telephone replay will be available approximately two hours after the meeting concludes and will remain available until April 1, 2022. U.S. participants may call (866) 360-8712; international participants may call +1 (203) 369-0180 (long-distance charges will apply). No passcode is required.

Comparison of Adjusted Information to U.S. GAAP Information This press release includes adjusted financial measures that are derived from the Company's continuing operations. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. 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 non-GAAP measures include adjustments that reflect how management views our businesses. The Company believes these non-GAAP financial measures provide useful supplemental information that, in the case of non-GAAP financial measures other than free cash flow, enables investors to better compare the Company's performance across periods, and management also uses these measures internally to assess the operating performance of its business, to assess performance for employee compensation purposes and to decide how to allocate resources. The Company believes that the presentation of free cash flow allows investors to evaluate the cash generated from our underlying operations in a manner similar to the method used by management and that such measures are useful in evaluating the cash available to us to prepay debt, make strategic acquisitions and investments, and repurchase stock. However, investors should not consider any of these non-GAAP measures in isolation from, or as a substitute for, the GAAP financial information that the Company reports.

The Company's Current Report on Form 8-K filed on February 28, 2022 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 https://investor.spglobal.com/sec-filings-reports/10-qs-10-ks-other-filings/. Reconciliations of certain forward looking non-GAAP financial measures to comparable GAAP measures are not available due to the challenges and impracticability with estimating some of the items. The Company is not able to provide reconciliations of such forward looking non-GAAP financial measures because certain items required for such reconciliations are outside of the Company's control and/or cannot be reasonably predicted. Because of those challenges, reconciliations of such forward looking non-GAAP

financial measures are not available without unreasonable effort.

Forward-Looking Statements:

This press release contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. These statements, including statements about COVID-19 and the completed merger (the "Merger") between a subsidiary of the Company and IHS Markit Ltd. ("IHS Markit"), which express management's current views concerning future events, trends, contingencies or results, appear at various places in this presentation 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, and factors that contribute to uncertainty and volatility, natural and man-made disasters, civil unrest, pandemics (e.g., COVID-19 and its variants), geopolitical uncertainty, and conditions that may result from legislative, regulatory, trade and policy changes;
- uncertainty relating to the impact of the Merger, divestitures and liability management transactions on the business of the Company, including potential adverse reactions or changes to the market price of the Company's common stock resulting from the completion of the Merger and changes to existing business relationships and increased cyber risks that could affect the Company's financial performance;
- the ability of the Company to successfully integrate IHS Markit's operations and retain and hire key personnel of both companies;
- the ability of the Company to retain customers and to implement its plans, forecasts and other expectations with respect to IHS Markit's business after the consummation of the Merger and realize expected synergies;
- business disruption that could arise following the Merger;
- the Company's ability to meet expectations regarding the accounting and tax treatments of the Merger;
- 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, data breach, power loss, telecommunications failure or other natural or man-made event, including the ability to function remotely during long-term disruptions such as the ongoing COVID-19 pandemic;
- the Company's ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential information and data, and the potential for a system or network disruption that results in regulatory penalties and remedial costs or improper disclosure of confidential information or data;
- the outcome of litigation, government and regulatory proceedings, investigations and inquiries;
- the health of debt and equity markets, including credit quality and spreads, the level of liquidity and future debt issuances, demand for investment products that track indices and assessments and trading volumes of certain exchange traded derivatives;
- the demand and market for credit ratings in and across the sectors and geographies where the Company operates;
- concerns in the marketplace affecting the Company's credibility or otherwise affecting market perceptions of the integrity or utility of independent credit ratings, benchmarks and indices;
- the effect of competitive products and pricing, including the level of success of new product developments and global expansion;
- the Company's exposure to potential criminal sanctions or civil penalties for noncompliance with foreign and U.S. laws and regulations that are applicable in the domestic and international jurisdictions in which it operates, including sanctions laws relating to countries such as Iran, Russia, Sudan, Syria and Venezuela, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, and local laws prohibiting corrupt payments to government officials, as well as import and export restrictions;
- the continuously evolving regulatory environment, in Europe, the United States and elsewhere around the globe, affecting S&P Global Market Intelligence, S&P Global Ratings, S&P Global Commodity Insights, S&P Global Mobility, S&P Dow Jones Indices, S&P Global Engineering Solutions and the products those business divisions offer including our ESG products, and the Company's compliance therewith;
- the Company's ability to make acquisitions and dispositions and successfully integrate the businesses we acquire;
- consolidation in the Company's end-customer markets;
- the introduction of competing products or technologies by other companies;
- the impact of customer cost-cutting pressures, including in the financial services industry and the commodities markets;
- a decline in the demand for credit risk management tools by financial institutions;

- the level of merger and acquisition activity in the United States and abroad;
- the volatility and health of the energy and commodities markets;
- our ability to attract, incentivize and retain key employees, especially in today's competitive business environment;
- the level of the Company's future cash flows and capital investments;
- the impact on the Company's revenue and net income caused by fluctuations in foreign currency exchange rates;
- the Company's ability to adjust to changes in European and United Kingdom markets following the United Kingdom's departure from the European Union, and the impact of such departure on our credit rating activities and other offerings in the European Union and United Kingdom; and
- the impact of changes in applicable tax or accounting requirements on the Company.

The factors noted above are not exhaustive. The Company and its subsidiaries operate in a dynamic business environment in which new risks emerge frequently. Accordingly, the Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made, except as required by applicable law. Further information about the Company's businesses, including information about factors that could materially affect its results of operations and financial condition, is contained in the Company's filings with the SEC, including Item 1A, Risk Factors, in our most recently filed Annual Report on Form 10-K.

About S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. For more information, visit www.spglobal.com.

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