
MOODY'S



Moody's Acquisition of Bureau van Dijk

May 15, 2017

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Salli Schwartz

**GLOBAL HEAD OF INVESTOR RELATIONS
AND COMMUNICATIONS**

Presenters

RAY MCDANIEL

PRESIDENT AND CHIEF EXECUTIVE OFFICER

LINDA HUBER

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

MARK ALMEIDA

PRESIDENT, MOODY'S ANALYTICS

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Ray McDaniel

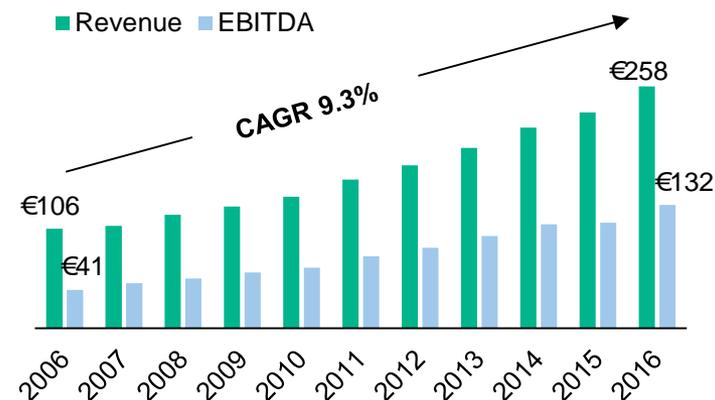
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Moody's to acquire Bureau van Dijk for €3.0 billion

Bureau van Dijk (BvD) aggregates, standardizes and distributes one of the world's most extensive private company data sets

- » **Strong and consistent financial performance.** Revenue growth CAGR of 9.3%, with demonstrated operating leverage over last ten years (EBITDA margin expansion from 38% to 51%)
- » **Powerful cash flow generator.** Subscription business; 90%+ recurring revenue and renewal rates
- » **Combination anticipated to deliver significant synergies.** Expect ~\$45 million in annual revenue and expense synergies by 2019, increasing to ~\$80 million by 2021
- » **Rapid positive impact on earnings.** Expected to be accretive to GAAP EPS in 2019 and to adjusted EPS in 2018²
- » **Increases Moody's long-term growth outlook.** Revenue and EPS growth rates now expected to be "High Single Digit" and "Low Teens", respectively
- » **Efficiently financed.** Productive use of ~\$1.3 billion of offshore cash and ~\$2 billion of debt issuance

Long History of Profitable Growth¹



¹ Full year ended December 31st, based on IFRS. € in millions.

² Adjusted EPS excludes purchase price amortization and one-time integration costs.

BvD firmly positions Moody's as a leading provider of private company data and information



BUREAU VAN DIJK

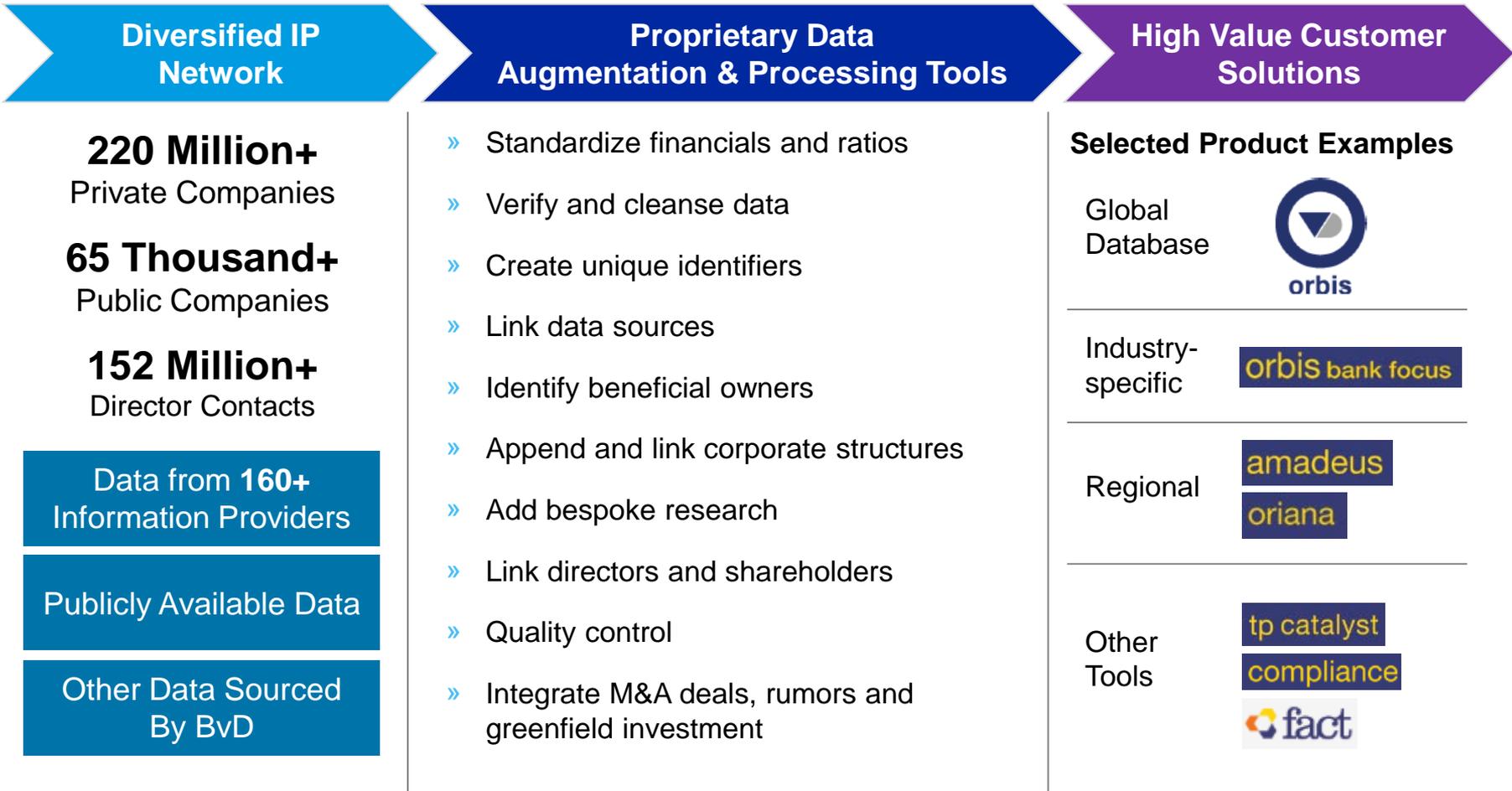
- » Powerful platform covers more than **220 million private companies** worldwide
- » Information sourced via relationships with **over 160 third-party providers** established **over 30+ years**
- » Supports **more than 6,000 unique institutions** with intelligence that addresses a wide range of business problems
- » Serves as the hub of a vital information network, **connecting sources and users of essential information**

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Mark Almeida

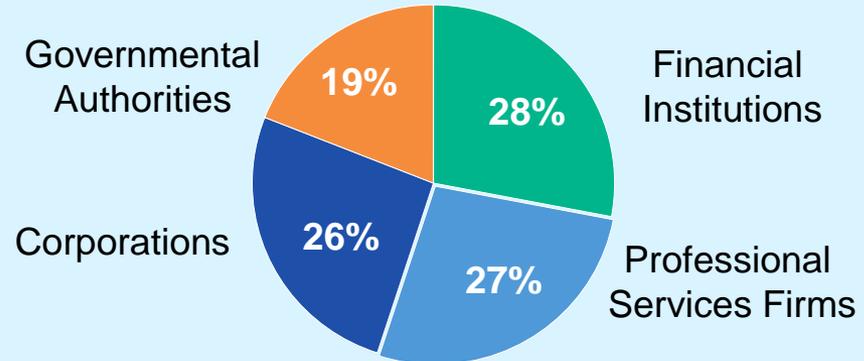
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Value proposition flows from specialized sourcing and efficient data management capabilities



Expands MA's reach beyond financial institutions

BvD Customers by Industry Segment



BvD - MAIN USERS

Financial Institutions	Professional Services Firms	Corporations	Governmental Authorities
<ul style="list-style-type: none"> » Bank and corporate credit departments » Corporate finance / M&A » Compliance » Private banking » Research centers » Desktop research » B2B sales and marketing 	<ul style="list-style-type: none"> » Transfer pricing » Compliance: KYC, AML » Information departments » Corporate finance » B2B sales and marketing 	<ul style="list-style-type: none"> » B2B sales and marketing » Transfer pricing » Information departments » Corporate credit departments » Procurement departments 	<ul style="list-style-type: none"> » National tax bureaus » Economic research and analysis » Information departments » Economic development agencies » Universities

Expect to achieve ~\$45 million in annual synergies by 2019 and ~\$80 million by 2021¹

Sales Execution

- » Accelerate adoption of best practices at BvD
- » Distribute BvD financial analysis platforms through MA

Market Penetration

- » Expand BvD's reach outside Europe
- » Extend MA penetration of non-financial customers

Product Strategy

- » Apply MA analytics to data to generate off-the-shelf financial metrics
- » Package BvD data subscriptions with MA analytical software & models
- » Enrich MIS/MA data sets with BvD's proprietary identifiers

Operational Efficiency

- » Co-locate staff
- » Eliminate overlapping data acquisition costs
- » Streamline product portfolios

¹ Anticipated annual revenue and expense synergies achieved through 2019 and 2021, excluding purchase price amortization and integration costs.

Solid strategic and industrial logic

Deepens credit risk coverage

Positions Moody's to more fully address small- and medium-size enterprises

- » *Broader coverage of the credit market*

Reinforces product offering

Data can be integrated into Moody's loan origination, risk management and regulatory reporting analytics

- » *Further reliance on both BvD's and Moody's offerings in customer workflow*

Extends relevance to new customers

BvD's corporate, governmental and professional services customers provide new end markets for Moody's expertise

- » *Develop product offerings for under-served segments*

Expands risk measurement opportunities

Enlarges Moody's addressable market beyond credit

- » *Moody's-branded scores/assessments for tax risk, transfer pricing, compliance, financial crime, supply chain management*

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Linda Huber

**EXECUTIVE VICE PRESIDENT &
CHIEF FINANCIAL OFFICER**

Timing, financing and reporting plans

- » Acquisition is subject to regulatory approval in the European Union and is expected to close late in the third quarter of 2017
- » Committed \$1.5 billion bridge loan in place with replacement financing expected to occur via issuance of commercial paper, term loan and public debt before closing
- » At closing, anticipate deal will be funded with ~\$1.3 billion of offshore cash on hand and ~\$2 billion in debt issuance¹

Expect to:

- » Report BvD as a part of MA's Research, Data & Analytics unit
- » Reduce share repurchase to \$200 million for 2017 and 2018
- » Maintain dividend policy of ~25-30% payout of net income²

¹ Assumes exchange rate for the euro (€) of \$1.09 to €1.

² Excluding Non-GAAP adjustments.

Conclusion

- » BvD is a leading aggregator and distributor of private company business intelligence and data, **servicing over 6,000 unique institutions worldwide**
- » **Extends MA's reach** beyond financial institutions and insurance
- » **Adds capacity to MA's attractive RD&A business** through extensive customer base and geographic footprint
- » Expect to **generate significant synergies**¹ and be accretive to GAAP EPS in 2019 and to adjusted EPS in 2018²
- » **Allocation of capital into high-return, synergistic business closely aligned with Moody's mission and core capabilities**

¹ Anticipated annual revenue and expense synergies.

² Adjusted EPS excludes purchase price amortization and one-time integration costs.

Q&A session

RAY MCDANIEL

PRESIDENT AND CHIEF EXECUTIVE OFFICER

LINDA HUBER

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