

markit®

our expertise.  
your advantage.

2014 Annual Review



# about markit<sup>®</sup>

We are a leading global provider of financial information services.

We are specialists. We make it our business to understand our customers, turning complex problems into solutions tailored to their precise needs.

Combining our industry expertise and innovative approach, we increase opportunity and reduce risk, so our customers perform better.

We are at the forefront of financial technology, continuously anticipating the demands of the industry, setting the standard for more open and efficient financial markets.

**Markit. Our expertise. Your advantage.**

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*Founded in 2003, we employ over 3,500 people in 10 countries.*

*Our products and services enhance transparency, reduce risk and improve operational efficiency in the financial markets.*

*Our customers include banks, investment managers, central banks, regulators, auditors, fund administrators and insurance companies.*

# to our shareholders



2014 was an exciting year for Markit. We went public, a major milestone in itself, we completed two acquisitions, and we delivered on our business plans.

We reported a strong set of results, growing revenue by 12.4% to a record \$1.065 billion, as well as record Adjusted EBITDA and Adjusted Earnings. This was supported by record revenue from all three of our divisions: Information, Processing and Solutions.

One of our key competitive strengths is our ability to innovate and develop new products and services that meet the changing needs of our customers. To do this, we maintain an active dialogue with our customers so we can fully understand their needs, anticipate market developments and create solutions that help them perform better. This approach relies on the expertise of our employees and we continued to invest in our people throughout the year, attracting and retaining the best talent to maintain our position as a leading financial information services provider.

Financial market participants continued to be challenged in 2014 as they sought returns in a low interest rate environment and faced significant regulatory change. As a result, two key industry themes drove our performance: the focus on cost efficiencies and the need to comply with increased regulation. We also saw our customers continue to strengthen their compliance capabilities, manage greater volumes of data and improve their risk management functions. All three of our divisions benefited from these themes.

In 2015, we expect these same industry themes to continue to drive our business as the financial services industry focuses on growing returns within the continuously evolving regulatory framework. We do not see the pipeline of global regulation slowing

as politicians, regulators and the public demand safer markets that operate with greater integrity; we expect to see both the buy-side and sell-side further streamline and standardise complex processes as they seek to manage costs to grow returns. These themes represent a significant opportunity for Markit to provide products and solutions to address the challenges of new and existing customers. We are a key player in the industry, working to reduce risk and increase efficiency; we are setting the standard for more open, efficient and competitive financial markets, and we will continue to invest where we see the right opportunities.

Over the past 12 years we have grown Markit both organically and through acquisitions. This approach has delivered a broad product portfolio well positioned to provide resilient revenues and solid growth. We will continue to build and enhance our products and services both organically and through strategic acquisitions. We have a strong pipeline of acquisition opportunities and we will continue to focus on assets that are a good strategic fit and create shareholder value over the long term.

I am very pleased with how we performed in 2014 as we transitioned to being a public company, and I am proud of the whole team at Markit whose commitment to excellence drove these results. As we look ahead, we remain on track to achieve our long-term financial objectives.

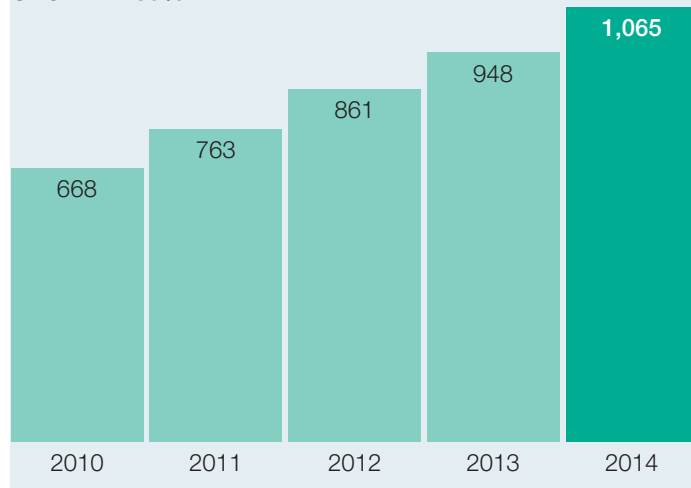
**Lance Uggle**

Chairman and chief executive officer

# financial highlights

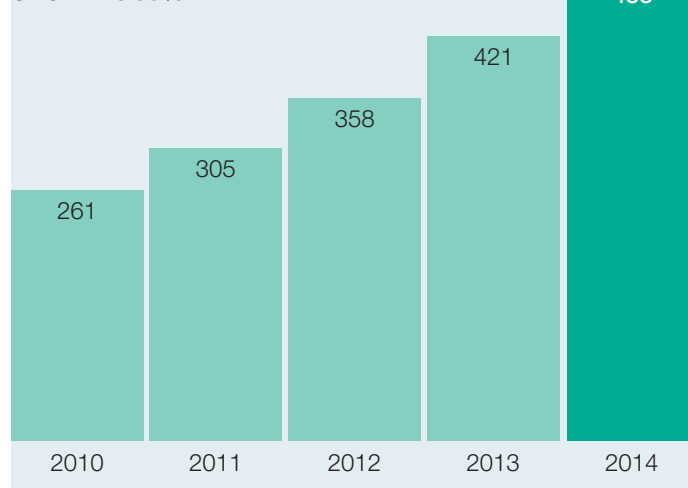
Revenue  
\$ millions

**CAGR +12.35%**



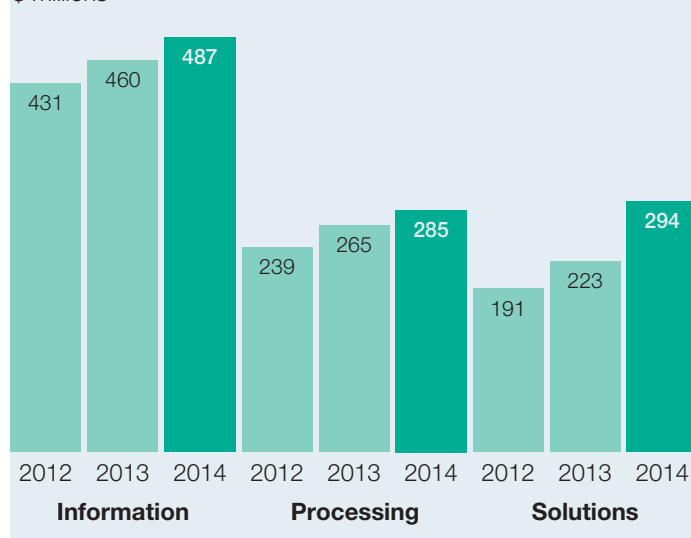
Adjusted EBITDA<sup>(1)</sup>  
\$ millions

**CAGR +16.95%**



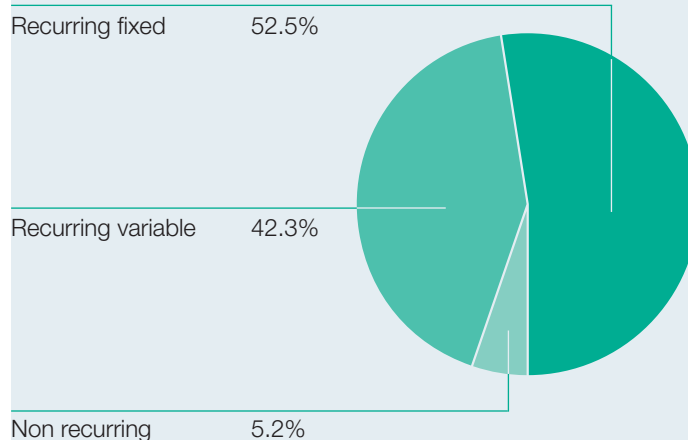
(1) Please refer to the section entitled "Reconciliation of Non-IFRS Measures" for a definition and reconciliation of Adjusted EBITDA.

Revenue by division  
\$ millions



Revenue by type  
\$ millions

2014 total \$1,065



# selected financial data

\$ millions except for share data

	2014	2013	2012	2011	2010
<b>IFRS financial measures</b>					
Revenue	1,065.1	947.9	860.6	762.5	668.4
Operating expenses	(569.2)	(515.1)	(454.0)	(403.0)	(455.2)
Operating profit	243.4	230.1	224.7	229.7	213.2
Profit for the period	164.1	147.0	153.1	156.2	151.2
Earnings per share, basic	0.92	0.80	0.70	0.70	0.57
Earnings per share, diluted	0.90	0.79	0.69	0.69	0.56
Basic number of shares outstanding <sup>(1)</sup>	179,183,880	173,875,980	177,716,240	178,929,210	178,607,130
Diluted number of shares outstanding <sup>(1)</sup>	184,467,540	175,550,760	180,020,120	181,730,830	182,347,790
<b>Non IFRS measures</b>					
Adjusted EBITDA <sup>(2)</sup>	488.2	421.3	358.2	305.0	261.0
Adjusted EBITDA margin <sup>(3)</sup>	46.0%	45.6%	47.0%	45.8%	46.2%
Adjusted Earnings <sup>(4)</sup>	279.0	248.4	218.4	184.8	144.9
Adjusted earnings per share, diluted <sup>(5)</sup>	1.51	1.41	1.21	1.02	0.79
<b>Other financial data</b>					
Total assets	3,300.0	3,096.7	3,151.3	2,648.3	2,526.6
Total equity	2,270.6	2,055.9	1,929.7	2,031.4	1,907.3
Net debt <sup>(6)</sup>	317.9	499.3	543.5	73.9	203.9
Cash from operating activities <sup>(7)</sup>	369.9	339.8	340.6	322.2	283.2
Capital expenditures <sup>(8)</sup>	124.9	130.5	99.0	75.0	70.3

(1) Share count is weighted average number of shares issued and outstanding.

(2) Please refer to the section entitled "Reconciliation of Non-IFRS Measures" for a definition and reconciliation of Adjusted EBITDA.

(3) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, excluding revenue attributable to non-controlling interests.

(4) Please refer to the section entitled "Reconciliation of Non-IFRS Measures" for a definition and reconciliation of Adjusted Earnings.

(5) Adjusted earnings per share, diluted is defined as Adjusted Earnings divided by the weighted average number of shares issued and outstanding, diluted.

(6) Net debt represents current and non-current borrowings less cash and cash equivalents as disclosed in our consolidated balance sheet.

(7) Cash from operating activities represents net cash generated from operating activities as disclosed in our consolidated cash flow statement.

(8) Capital expenditures represents cash capital expenditure and consists of purchases of intangible assets and purchases of property plant and equipment as disclosed in the cash flows from investing activities section of our consolidated cash flow statement.

# information

Our Information division, which represented approximately 45.7% of our revenue in 2014, provides enriched content comprising pricing and reference data, indices and valuation and trading services across multiple asset classes and geographies through both direct and third-party distribution channels.

Our Information division products and services are used for independent valuations, research, trading, and liquidity and risk assessments.

These products and services help our customers price instruments, comply with relevant regulatory reporting and risk management requirements, and analyse financial markets.

The Information division serves over 2,700 customers including buy-side and sell-side firms, exchanges, central banks, regulators, government agencies, rating agencies, research organisations, academics, accounting firms, consultancies, technology and service providers, and other corporations.

The Information division comprises three subdivisions:

**(i) Pricing and Reference Data** which provides customers with independent pricing across major geographies and asset classes as well as instrument, entity and reference data products.

**(ii) Indices** which provides and administers indices covering loans, bonds, credit default swaps, structured finance and economic indicators including the iBoxx indices and the PMI series. We also provide services to enable our customers to meet their custom index requirements. Our indices form the basis of a wide range of financial products, including exchange traded funds, index funds, structured products and derivatives.

**(iii) Valuation and Trading Services** which provides a broad range of valuation and trading services to both derivative and cash market participants focused on instrument and portfolio valuations, trading performance and analysis, research aggregation and investment process workflow.

2,700  
customers  
are served by our  
information division

## Information products

### Pricing and Reference Data

Bonds, Loans and CDS

Securities Finance

### Indices

Cash bond indices

Credit derivative indices

Securitised product indices

Economic indices

Custom indices

### Valuation and Trading Services

Totem

Portfolio Valuations

Investment services

Research & OTC services

# processing

Our Processing division, which represented approximately 26.7% of our revenue in 2014, offers trade processing solutions globally for over-the-counter derivatives, foreign exchange and syndicated loans.

Our trade processing services enable buy-side and sell-side firms to confirm transactions rapidly, which increases efficiency by optimising post-trade workflow, reducing risk, complying with reporting regulations and improving connectivity.

Our derivatives processing platform supports electronic confirmation, regulatory reporting, clearing connectivity and trade delivery for trade counterparties and interdealer brokers, clearing houses, trading venues and swap execution facilities.

The platform has an active network of over 2,000 customers, including sell-side and buy-side firms, and execution venues, with connectivity to 16 central counterparties. On an average day, the platform processes more than 90,000 transaction processing actions.

Our loan processing platform provides realtime data on loan inventories as well as reconciliation and status reporting for new and historical trades. The platform connects sell-side firms, buy-side firms and loan agents in a single workflow.

## Processing products

### Loan Settlement

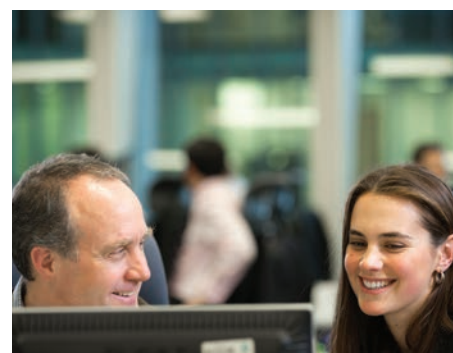
US and European syndicated loans

### MarkitSERV

Credit, rates, equities, fx

# 90,000

derivative transactions  
are processed on our  
platform daily



# solutions

Our Solutions division, which represented approximately 27.6% of our revenue in 2014, provides configurable enterprise software platforms, managed services and hosted custom web solutions.

Our offerings, which are targeted at a broad range of financial services industry participants, help our customers capture, organise, process, display and analyse information, manage risk, reduce fixed costs and meet regulatory requirements using standardised industry solutions.

The division targets a broad customer base including buy-side and sell-side firms, custodians, private equity firms, wealth management firms and retail

brokerages. The division operates in two subdivisions: enterprise software and managed services.

As examples, within the enterprise software subdivision, our Enterprise Data Management software provides a central hub for managing the acquisition, validation, storage and distribution of datasets from multiple sources; our Analytics platform provides a range of enterprise risk management software solutions to

enable customers to calculate risk measures while delivering exceptional computation speed and rapid time to market. Within the managed services subdivision, our On Demand service, designs, builds and hosts financial services websites and mobile applications; with our partner Genpact, KYC Services offers a standardised service that centralises Know Your Customer data and process management.

## Solutions products

### Enterprise Software

Enterprise Data Management

Analytics

WSO software

thinkFolio

### Managed Services

On Demand

WSO services

Counterparty Manager

Corporate Actions

Tax Solutions

Markit | Genpact KYC Services



# board of directors



Lance Uggla



Edwin Cass



Jill Denham



Dinyar Devitre



William Ford



Tim Frost



Robert Kelly



Robert Markwick



James Rosenthal



Dr. Cheng Chih Sung



Anne Walker

# corporate information

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## Leadership team

<b>Lance Uggla</b>	Chairman and chief executive officer
<b>Shane Akeroyd</b>	Global head of sales
<b>Chip Carver</b>	Cohead of Information
<b>Jeff Gooch</b>	Chief financial officer
<b>Kevin Gould</b>	President
<b>Adam Kansler</b>	Chief administrative officer
<b>Brad Levy</b>	Head of Processing
<b>Armins Rusis</b>	Cohead of Information
<b>Michele Trogni</b>	Head of managed services
<b>Stephen Wolff</b>	Head of group corporate strategy

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## Corporate headquarters

4th floor Ropemaker Place  
25 Ropemaker Street  
London, EC2Y 9LY  
United Kingdom

## Common stock information

Markit's common shares trade on the NASDAQ Global Select Market under the symbol MRKT

## Website

[markit.com](http://markit.com)

## Investor relations

Phone: +1 646-679-3140  
Email: [ir@markit.com](mailto:ir@markit.com)  
[markit.com/company/investors](http://markit.com/company/investors)

## Financial reports and SEC filings

The Form 20-F, along with other Markit SEC filings and corporate governance documents, are available without charge at [markit.com/company/investors](http://markit.com/company/investors)

## Independent accountant

PricewaterhouseCoopers LLP

## Transfer agent

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+1-877-373-6374

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+1-781-575-2879

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College Station, TX 77842-3170

Overnight delivery:  
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College Station, TX 77845

Shareholder inquiries:  
[computershare.com/investor](http://computershare.com/investor)

Email requests:  
[web.queries@computershare.com](mailto:web.queries@computershare.com)

# reconciliation of non-ifs measures

\$ millions

	2014	2013	2012	2011	2010
<b>Adjusted EBITDA<sup>(1)</sup></b>					
Profit for the period	164.1	147.0	153.1	156.2	151.2
Income tax expense	56.5	63.7	42.7	50.6	43.8
Finance costs – net	16.9	19.4	28.9	22.9	18.2
Depreciation and amortisation - other	100.1	86.0	66.7	62.7	48.2
Amortisation – acquisition related	57.9	50.1	46.2	34.4	28.5
Acquisition related items	(12.4)	(1.4)	0.9	4.8	(11.3)
Exceptional items	84.9	60.6	40.3	11.6	30.9
Share based compensation and related items	16.0	8.1	16.2	11.7	14.9
Other losses / (gains) – net	6.0	(0.7)	11.6	4.6	0.1
Share of results from joint venture not attributable to Adjusted EBITDA	(1.1)	–	–	–	–
Adjusted EBITDA attributable to non-controlling interests	(0.7)	(11.5)	(48.4)	(54.5)	(63.5)
<b>Adjusted EBITDA</b>	<b>488.2</b>	<b>421.3</b>	<b>358.2</b>	<b>305.0</b>	<b>261.0</b>
<b>Adjusted Earnings<sup>(2)</sup></b>					
Profit for the period	164.1	147.0	153.1	156.2	151.2
Amortisation – acquisition related	57.9	50.1	46.2	34.4	28.5
Acquisition related items	(12.4)	(1.4)	0.9	4.8	(11.3)
Exceptional items	84.9	60.6	40.3	11.6	30.9
Share based compensation and related items	16.0	8.1	16.2	11.7	14.9
Other losses / (gains) – net	6.0	(0.7)	11.6	4.6	0.1
Unwind of discount <sup>(3)</sup>	10.5	12.4	9.3	8.9	3.4
Tax effect of above adjustments	(47.4)	(18.0)	(24.1)	(7.6)	(14.6)
Adjusted Earnings attributable to non-controlling interests	(0.6)	(9.7)	(35.1)	(39.8)	(58.2)
<b>Adjusted Earnings</b>	<b>279.0</b>	<b>248.4</b>	<b>218.4</b>	<b>184.8</b>	<b>144.9</b>

(1) Adjusted EBITDA is defined as profit for the period from continuing operations before income taxes, net finance costs, depreciation and amortisation on fixed assets and intangible assets (including acquisition related intangible assets), acquisition related items, exceptional items and share based compensation and related items, net other gains or losses, including Adjusted EBITDA attributable to joint ventures and excluding Adjusted EBITDA attributable to non-controlling interests. Adjusted EBITDA is not a measure defined by IFRS. The most directly comparable IFRS measure to Adjusted EBITDA is our profit for the period from continuing operations. (2) Adjusted Earnings is defined as profit for the period from continuing operations before amortisation of acquired intangibles, acquisition related items, exceptional items, share based compensation and related items, net other gains or losses and unwind of discount, less the tax effect of these adjustments and excluding Adjusted Earnings attributable to non-controlling interests. The most directly comparable IFRS measure to Adjusted Earnings is our profit for the period from continuing operations. (3) Unwind of discount represents the non-cash unwinding of discount, recorded through finance costs - net in the income statement, primarily in relation to our share buyback liability.

# markit<sup>®</sup> at a glance

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1  
trillion

notional loans  
settled

140,000  
+

prices updated  
per second

5.8  
million

valuations per month

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54  
billion +

ads served

1,000  
+

buyside accounts  
on KYC Services

60,000  
+

withholding tax  
forms validated

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## Disclaimer

Markit prepares and reports its consolidated financial statements and financial information in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Unless otherwise indicated, all references to currency amounts in this document are in US dollars.

Non-IFRS results are presented only as a supplement to Markit's financial statements based on IFRS. Non-IFRS financial information is provided to enhance understanding of Markit's financial performance, but none of these non-IFRS financial measures are recognised terms under IFRS and non-IFRS measures should not be considered in isolation from, or as a substitute analysis for, Markit's results of operations as determined in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are provided within this document.

Markit uses non-IFRS measures in its operational and financial decision making, as Markit believes that it is useful to exclude certain items in order to focus on what it regards to be a more reliable indicator of the underlying operating performance of the business. Non-IFRS measures have limitations as an analytical tool. They are not presentations made in accordance with IFRS, are not measures of financial condition or liquidity and should not be considered as an alternative to profit or loss for the period determined in accordance with IFRS or operating cash flows determined in accordance with IFRS. Non-IFRS measures are not necessarily comparable to similarly titled measures used by other companies. As a result, you should not consider such performance measures in isolation from, or as a substitute analysis for, Markit's results of operations as determined in accordance with IFRS.

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, that address activities, events or developments that Markit expects, believes or anticipates will or may occur in the future are forward-looking statements. Markit's estimates and forward-looking statements are mainly based on its current expectations and estimates of future events and trends, which affect or may affect its businesses and operations. Although Markit believes that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to Markit. When used herein, the words "anticipate," "believe," "intend," "expect," "estimate," "plan," "will" or other similar words are intended to identify forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Markit, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Further information on such assumptions, risks and uncertainties is available in Markit's filings with the US Securities and Exchange Commission, including its Annual Report on Form 20-F. Markit undertakes no obligation and does not intend to update or correct these forward-looking statements to reflect events or circumstances occurring after the date of this document, except as required by applicable law.

March 27<sup>th</sup> 2015



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