



MSCI Inc.

INVESTOR PRESENTATION

May 4, 2021



Table of Contents

1

Company overview

2

Financial review

3

Segment highlights

4

Appendix

Forward-Looking Statements

- This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, MSCI's full-year 2021 guidance. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI's control and that could materially affect actual results, levels of activity, performance or achievements.
- Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission ("SEC") on February 12, 2021 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if MSCI's underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this presentation reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

Other Information

- Percentage changes and totals in this presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2020, unless otherwise noted.
- Foreign currency exchange rate fluctuations reflect the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. While operating revenues adjusted for the impact of foreign currency fluctuations includes asset-based fees that have been adjusted for the impact of foreign currency fluctuations, the underlying assets under management (“AUM”), which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. More than three-fifths of the AUM are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, any such impact is excluded from the disclosed foreign currency-adjusted variances.

Company overview



MSCI at a Glance

WHO WE ARE

Must-have products and services

- Across asset classes for performance and risk
- \$1.7B+ Total Operating Revenue in 2020, up 9% YoY
- Approx. \$1.9B Total Run Rate as of 1Q21, up 18% YoY

4,400+ clients¹ in 90+ countries as of 3/31/2021

- Across investment and trading spectrum
- World's most sophisticated investors use our products and services

Strong performance and inclusive culture

- Global, multi-cultural workforce
- Driving innovation for industry-leading solutions

3,728 talented employees globally as of 3/31/2021

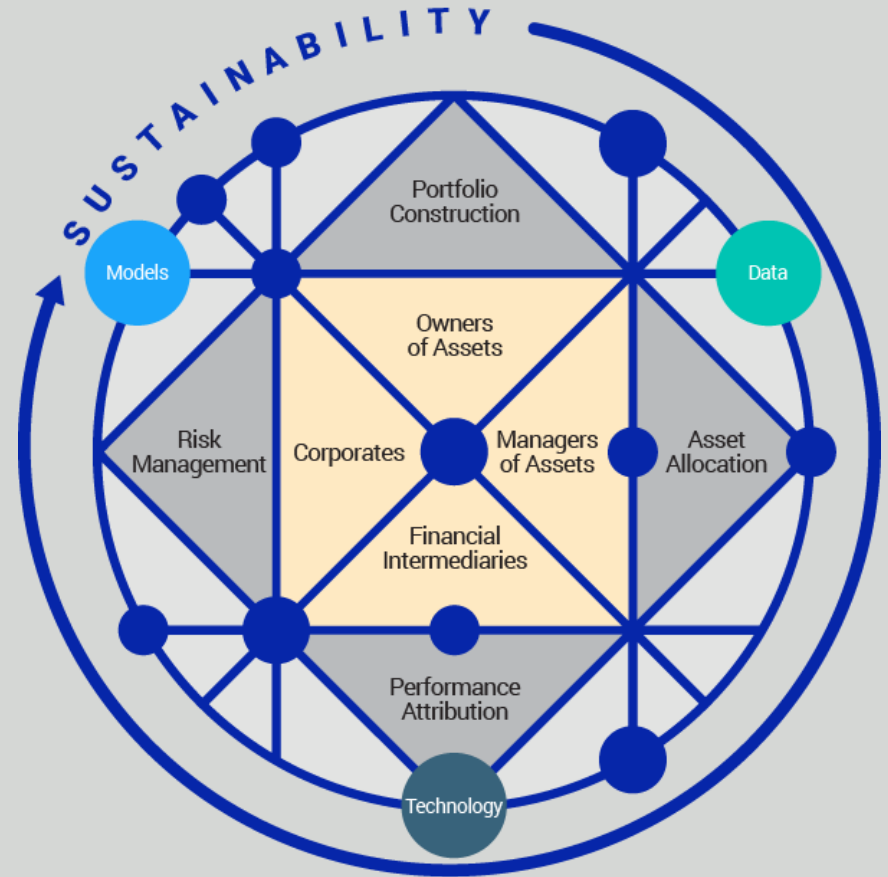
- 30+ MSCI locations in 20+ countries
- 65% and 35% of employees located in emerging market and developed market centers, respectively
- Extensive knowledge of the investment process

WHAT WE DO

Provide products and services that global investors can use to build **better portfolios** for a better world

Our Strategy

Support the Investment Process Needs of our Clients with Highly Differentiated Solutions Supported by Best-in-Class Capabilities



Our Vision: An Increasingly Complex Investment Industry Creates Opportunity

\$100T Managed Assets

100,000+ Public Equities

Millions Fixed Income Instruments

10,000+ Private Equity (PE) Funds

100,000+ PE-owned Companies

\$10T Global Investment Properties

\$650T Notional Derivatives Contracts

\$120T+ Bank Assets



MORE:

Investors

- Proliferation of institutional and individual investors

Markets

- New geographies and markets are accessible

Choices

- Securities
- Instruments
- Asset classes

Styles

- Factors
- ESG & Climate consideration
- Thematics and mega themes

Vehicles

- Funds
- Co-investing
- Direct investments

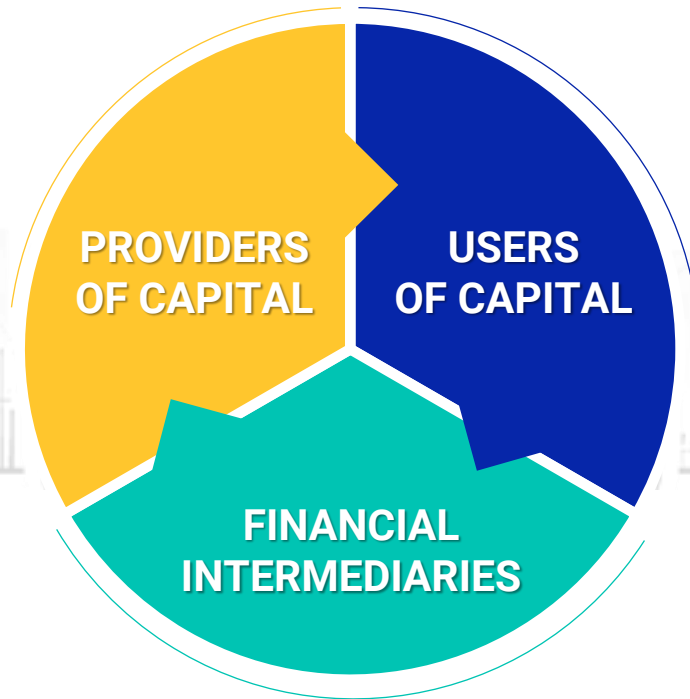
Scale

- Investable assets growing as a percentage of global economies
- Increased allocations to private markets

Our Mission:

Solutions to Enable All Participants in the Investment Process

Enabling Owners and
Managers of Assets
**Build Better Portfolios for a
Better World**



Enabling Corporates and Others
Present their **ESG, Climate and
Other Data to Providers of
Capital**

Enabling Banks, Broker Dealers, Exchanges,
Custodians and Others Support Providers and Users
of Capital in the **Investment Process**

Addressing Client Needs to Power Better Investment Decisions

INVESTORS RELY ON MSCI FOR

- Research-driven insights into drivers of risk and performance
- Broad asset class coverage
- Innovative tools to help investment strategies to market
- Exceptional quality
- Reliability, technology and business continuity infrastructure

Supporting Investors' Needs in Every Part of the Investment Cycle



DESIGNING STRATEGIES

Portfolio Construction Tools • Indexes

MANAGING STRATEGIES

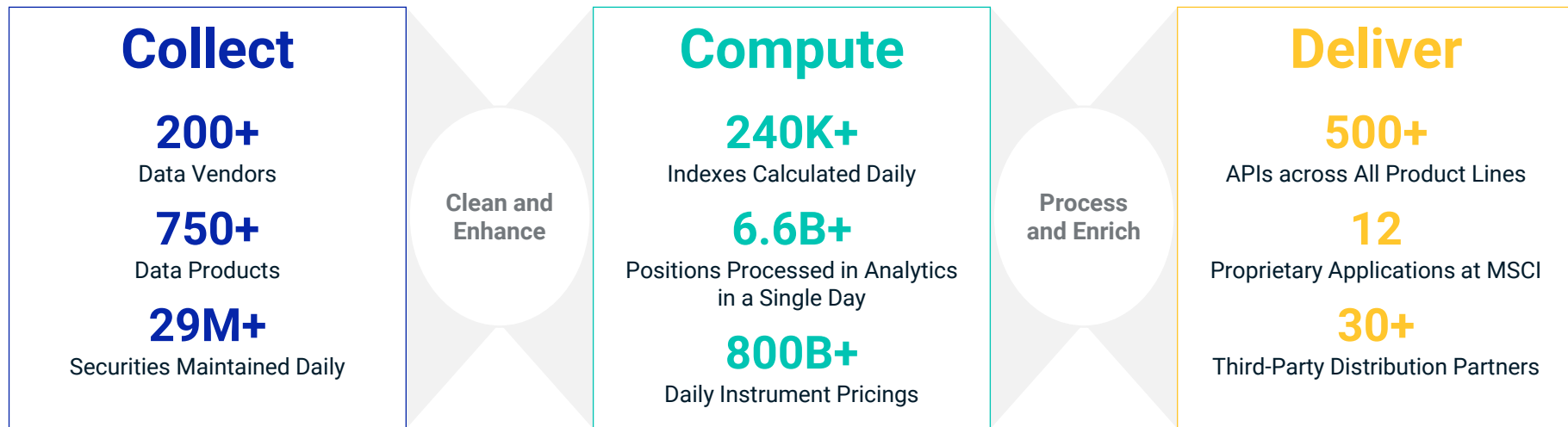
Asset Allocation Models • Risk and Performance Models

EVALUATING STRATEGIES

Benchmarks • Performance Attribution Applications •
Risk Analytics and Reporting

MSCI Data and Technology Capabilities

Proven Ability to Handle Complex, Integrated and High-volume Workflows with Flexible and Scalable Solutions for Client's Today



To Stay Ahead of Client Demands, MSCI Will Deliver Everything We Do “As a Service”

Areas of Strategic Initiatives and Investments



Clients

- Asset managers
- Asset owners
- Broker-dealers
- Wealth managers
- Corporates
- Insurance companies
- Private asset managers
- Regions (Americas, EMEA, APAC)



Solutions

- ESG and climate
- Fixed income and liquidity
- Thematics
- Derivatives
- Factors
- Private assets



Capabilities

- Technology and data
- Capital management
- Partnerships
- Entrepreneurial culture

Continued Progress on MSCI Corporate Responsibility

Corporate Responsibility Pillars



**Better investments
for a better world**



**Social
responsibility**



**Operate
sustainably**



**Robust
governance**

Further Enhancing our Commitments, Processes and Disclosures

**TCFD¹
Supporter**

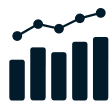
**Net Zero
Commitment
before 2040²**

**Announced our
commitment to
UN SDGs³**

**Senior
Management
Compensation
Linked to DE&I⁴**

<https://www.msci.com/who-we-are/corporate-responsibility/sustainability-reports-policies>

Robust and Compelling Financial Model



Recurring, visible revenue model

~97% or higher recurring revenues¹ as percent of total revenue from 2016 –1Q21



Operating efficiency strength

Disciplined operating expense management



Triple-Crown investment opportunities to grow business

Investing in multiple strategic product areas, client segments and capabilities, including technology and partnerships, to drive growth



Attractive cash generation profile

Our business is not highly capital intensive and, as such, we convert a high percentage of our profits into excess cash



Strong balance sheet and liquidity

Total cash and equivalents of ~\$1.2B² as of March 31, 2021

¹Recurring Revenues include recurring subscription and asset-based fees revenues.

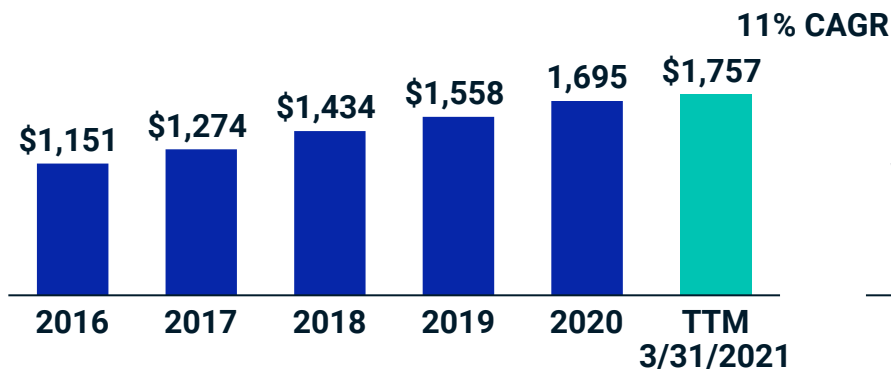
²Pro-forma for redemption of all \$500.0 million aggregate principal amount of 4.750% senior unsecured notes due 2026, completed on April 12, 2021.

Financial review

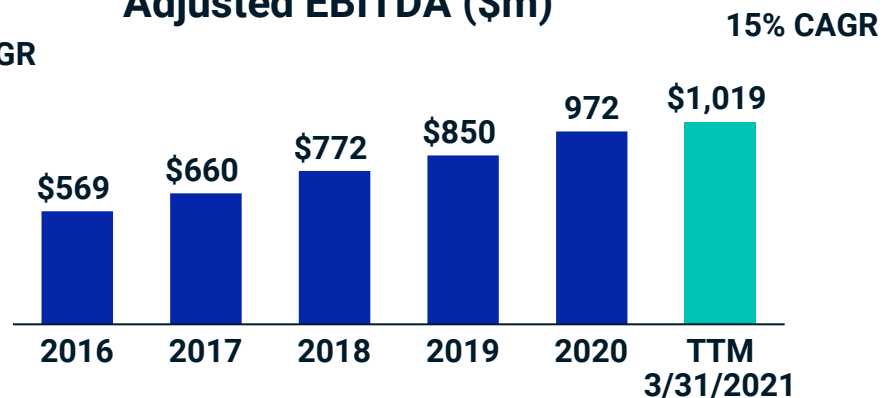


Delivering growth across key metrics

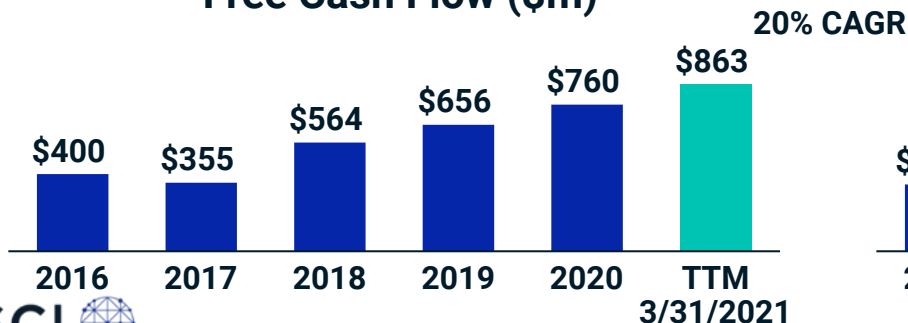
Revenue (\$m)



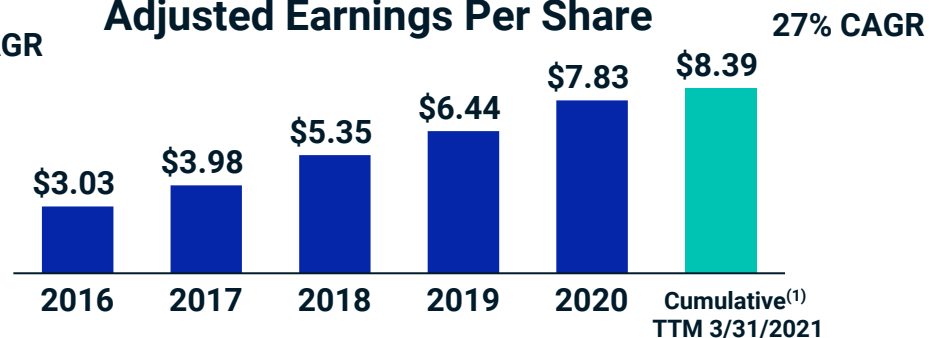
Adjusted EBITDA (\$m)



Free Cash Flow (\$m)



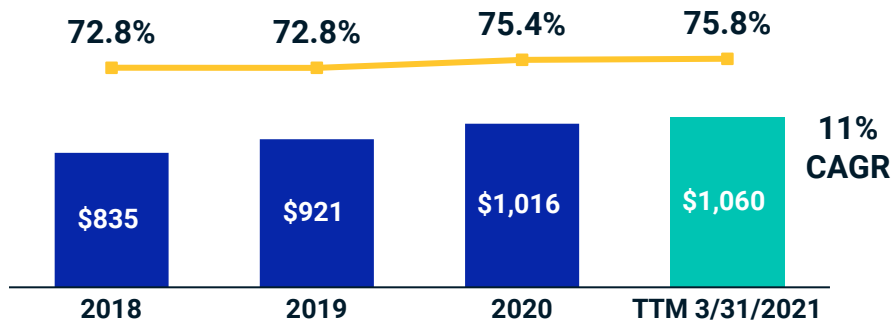
Adjusted Earnings Per Share



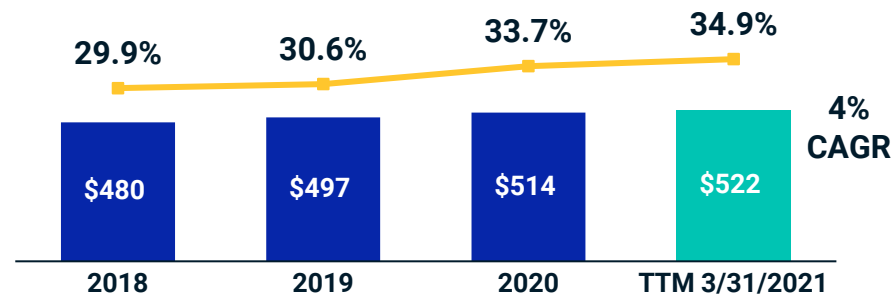
Reflecting continued business growth

(US \$ in millions)

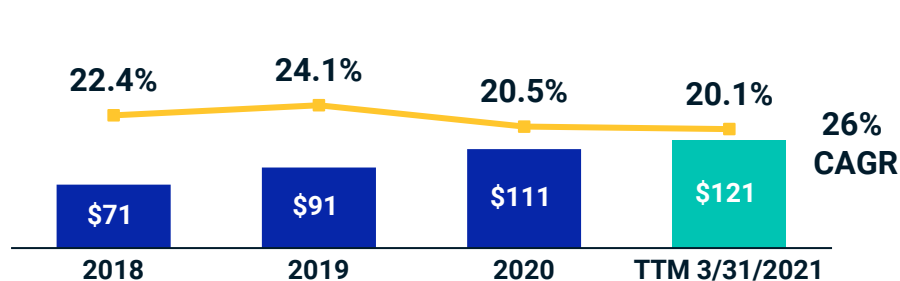
Index



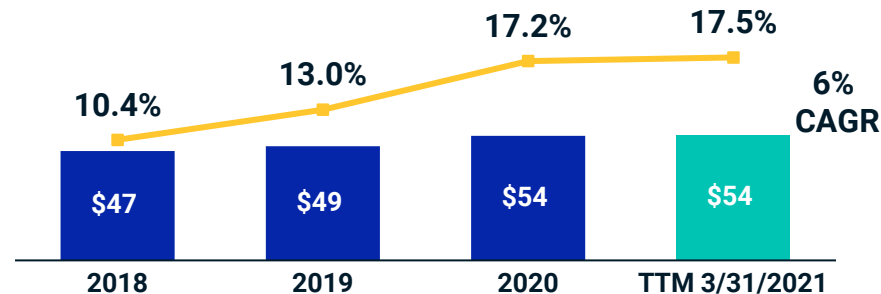
Analytics



ESG & Climate



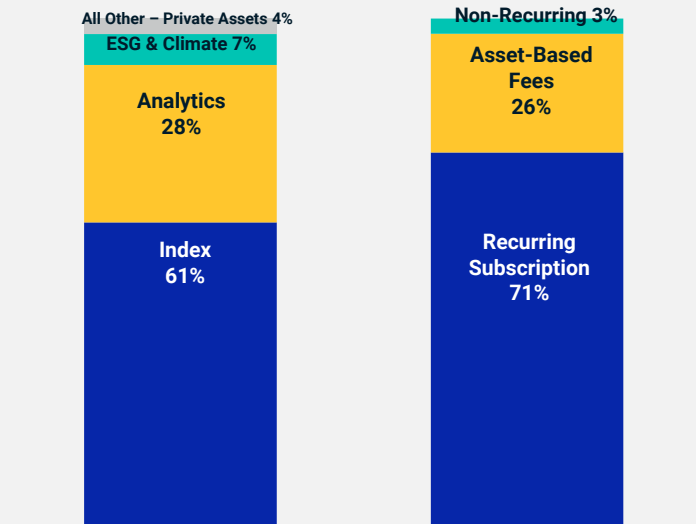
All Other – Private Assets



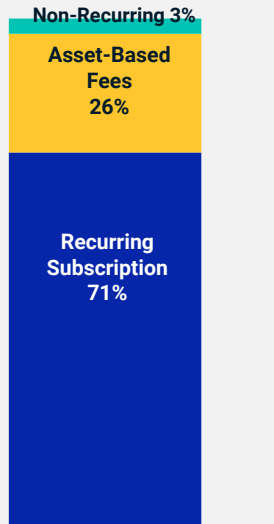
— Segment Adjusted EBITDA Margin ■ Segment Revenue

Significant recurring revenue model with global client base

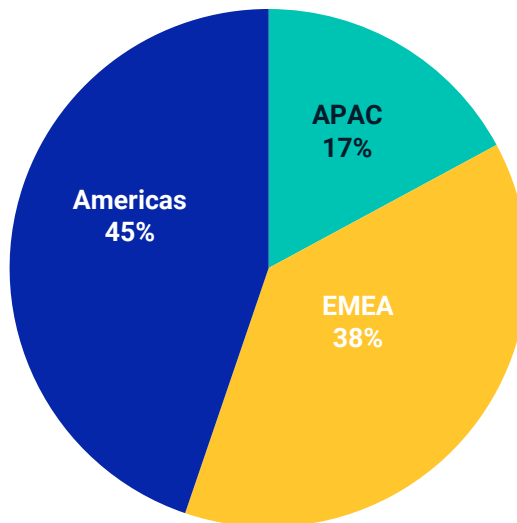
1Q21 Operating Revenue Mix by Segment



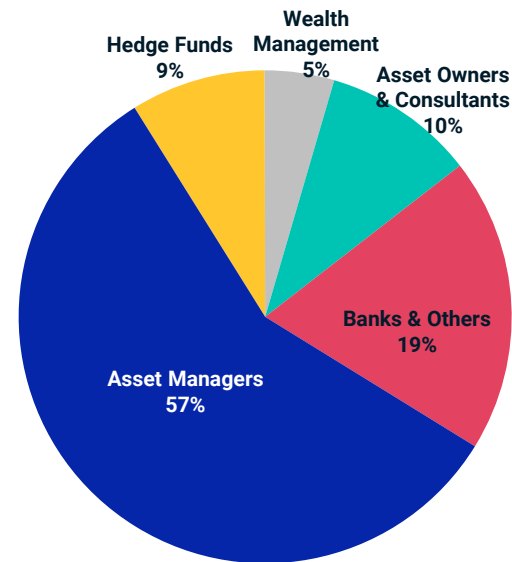
1Q21 Operating Revenue Total Revenue by Type



MSCI Subscription Run Rate as of 3/31/2021 by Geography



MSCI Subscription Run Rate as of 3/31/2021 by Client Base



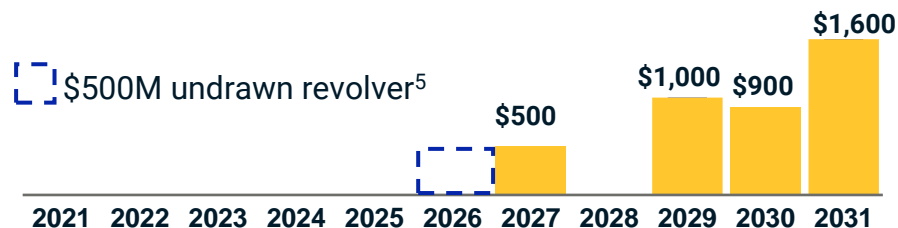
Strong balance sheet provides optionality

(US\$ in millions, unless otherwise noted)

Cash¹ and Debt as of 3/31/2021

- Total Cash of \$1,747
- Total Debt³ of \$3,866; Pro-Forma² Total Debt of \$3,963
- Net Debt of \$2,119
- Pro-Forma Debt / TTM⁴ Adj. EBITDA of 3.9x
- Net Debt / TTM⁴ Adj. EBITDA of 2.1x

Unsecured Debt Maturity Profile²



¹MSCI typically seeks to maintain minimum cash balances globally of approximately \$200.0 million to \$250.0 million for general operating purposes

²Pro-forma for redemption of all \$500.0 million aggregate principal amount of 4.750% senior unsecured notes due 2026, completed on April 12, 2021, and pro-forma for issuance of \$600.0 million of 3.625% senior unsecured notes due 2031 which is expected to settle on May 14, 2021, subject to customary closing conditions, net of estimated deferred financing fees

³Reflects gross debt, inclusive of deferred financing fees and premium. Includes current maturities of long-term debt of \$496.4 million, which were redeemed on April 12, 2021

⁴Trailing twelve months

⁵Aggregate commitments of \$500.0 million until November 2024, at which point the aggregate commitments will be reduced to \$467.5 million until March 2026

Credit Ratings as of 4/29/2021:

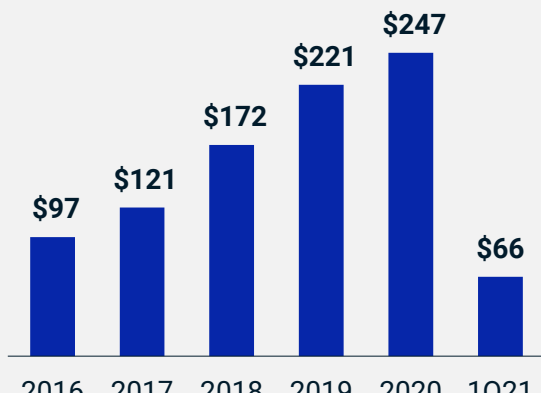
	Moody's	S&P	Fitch
Outlook	Stable	Stable	Stable
Long-term issuer rating	Ba1	BB+	BBB-
Senior unsecured	Ba1	BB+	BBB-

Note: Credit ratings reflect the views of the different agencies and are not a recommendation to buy, sell or hold any security including our common stock or debt securities. These ratings are subject to periodic review and may be raised upward, downward or revoked at the sole discretion of the agencies.

- Disciplined and consistent approach to deployment
 - Triple-Crown framework to evaluate internal opportunities and MP&A (mergers, partnerships and acquisitions)
- Remaining capital returned to shareholders through dividends and opportunistic share repurchases

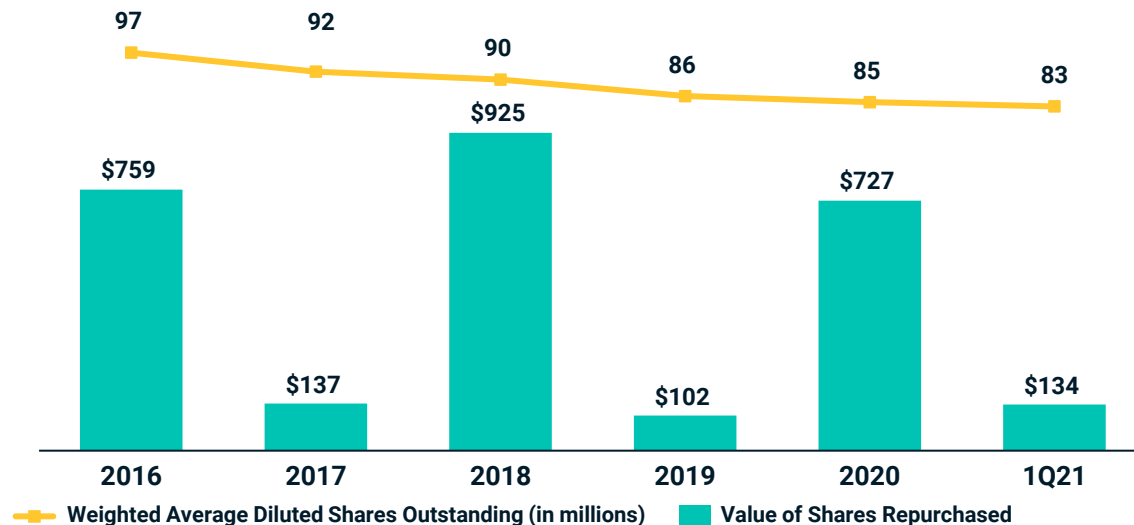
Disciplined approach to capital deployment for shareholders

Dividends (\$M)



- Meaningful dividend with strong historical growth
- Payout target of 40% – 50% of Adj. EPS

Share Repurchase (\$M)



Opportunistic Share Repurchases Capitalizes on Attractive Values and Volatility

\$4B+ of Share Repurchases since 2012

Innovation and Investment in Key Growth Areas

New Growth

Drive new business capabilities through new products and services

Examples:

- Climate and Corporates client segments
- Thematic Indexes
- Fixed income Indexes and ESG

Scale

Expand existing products and capabilities to accelerate growth

Examples:

- Innovative Factors & ESG Indexes
- ESG securities coverage expansion
- Expanding Futures and Options

Efficiencies

Avoid and/or repurpose costs; achieve productivity gains

Examples:

- Cloud migration
- Streamline technology development
- Data process improvements

Triple-Crown Investment Criteria



High Returns

Projects must have a high return (ROI)



Quick Payback <3 Years

Earlier payback preferred

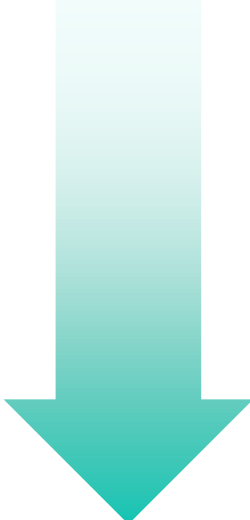



Strong Valuation






Prefer investments with greater impact to MSCI's valuation (segment multiple) with a particular focus on sustainability

Rigorous metric-driven approach to allocate capital across different business areas

Long-term Targets as of February 24, 2021

	Revenue Growth Rate ¹	Adj. EBITDA Expense Growth Rate	Adj. EBITDA Growth Rate	Adj. EBITDA Margin %
Index	Low Double Digit	Low Double Digit		
Analytics	High Single Digit	Mid Single Digit		
ESG & Climate	Mid to High 20s	Mid to High 20s		
Real Estate	Mid Teens	Low Double Digit		
MSCI	Low Double Digit	High Single Digit to Low Double Digit		

Full-Year 2021 Guidance as of April 27, 2021

Guidance Item	Current Guidance for Full-Year 2021	Prior Guidance for Full-Year 2021
Operating Expense	\$885 to \$920 million 	\$870 to \$895 million
Adjusted EBITDA Expense	\$795 to \$825 million 	\$780 to \$800 million
Interest Expense (including amortization of financing fees) ¹	~\$150 million	~\$150 million
Depreciation & Amortization Expense	\$90 to \$95 million	\$90 to \$95 million
Effective Tax Rate	15% to 18% 	16% to 19%
Capital Expenditures	\$50 to \$60 million	\$50 to \$60 million
Net Cash Provided by Operating Activities	\$885 to \$925 million 	\$845 to \$885 million
Free Cash Flow	\$825 to \$875 million 	\$785 to \$835 million

Note: MSCI's guidance for 2021 is based on assumptions about a number of macroeconomic and capital market factors, in particular related to equity markets. These assumptions are subject to uncertainty, and actual results for the year could differ materially from our current guidance, including as a result of ongoing uncertainty related to the duration, magnitude and impact of the COVID-19 pandemic.

(1) Excludes incremental interest expense that will result from issuance of \$600.0 million of 3.625% senior unsecured notes due 2031 which is expected to settle on May 14, 2021, subject to customary closing conditions. Interest income will continue to be impacted by the lower rates available on cash balances.

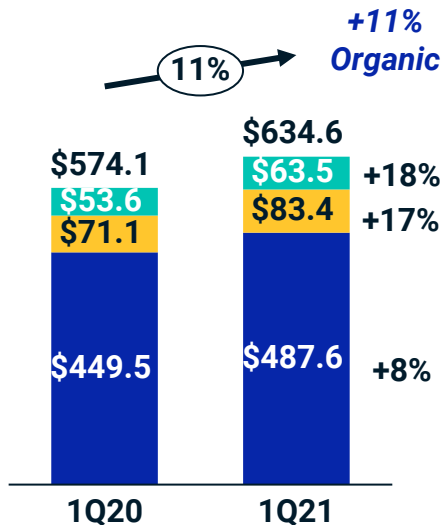
Segment Highlights



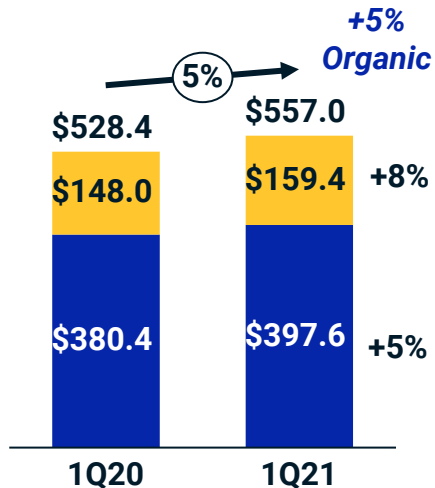
Strong Subscription Run Rate Growth Across Businesses

(US\$ in millions)

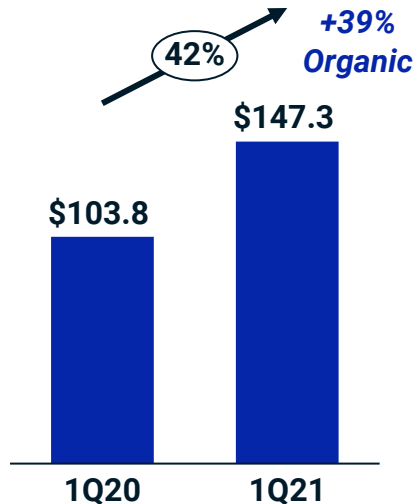
Index (ex. ABF)



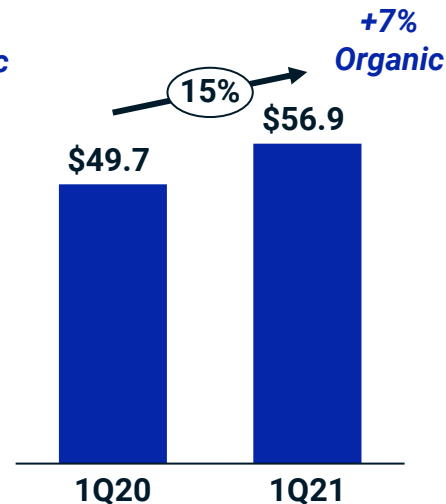
Analytics



ESG & Climate



All Other – Private Assets

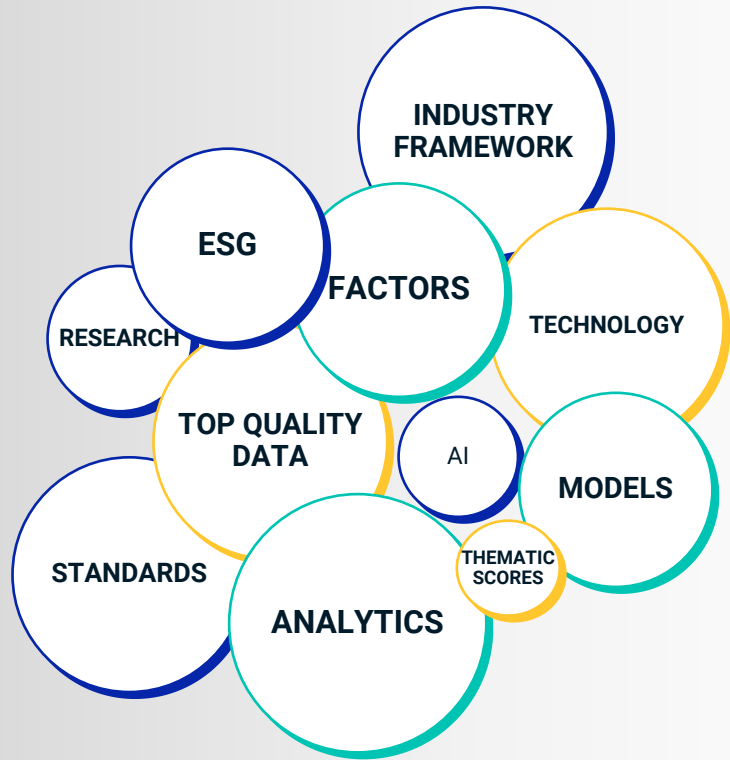


■ Market Cap Weighted
■ Custom & Specialized
■ Factor & ESG

■ Equity Analytics
■ Multi-Asset Class Analytics

Index: We are Uniquely Positioned to Meet the Industry's Needs

By Leveraging Our Entire Firm, We Offer Clients a Comprehensive Toolset



We Offer Solutions Across:



Index: We Offer Simplicity, Modularity And Choice

In a Complex World, Meeting Client Demand with Top Quality Choices

An Index for Every Portfolio

Ready-Made Indexes

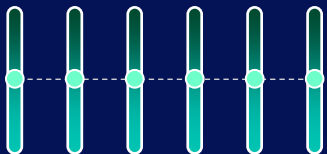


Customized Indexes



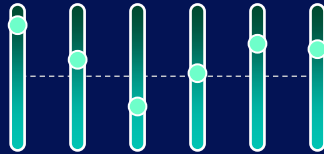
- **Starting universe** for portfolio building
- **Indexes** to integrate new strategies
- **Strong product ecosystem**

Ready-Made

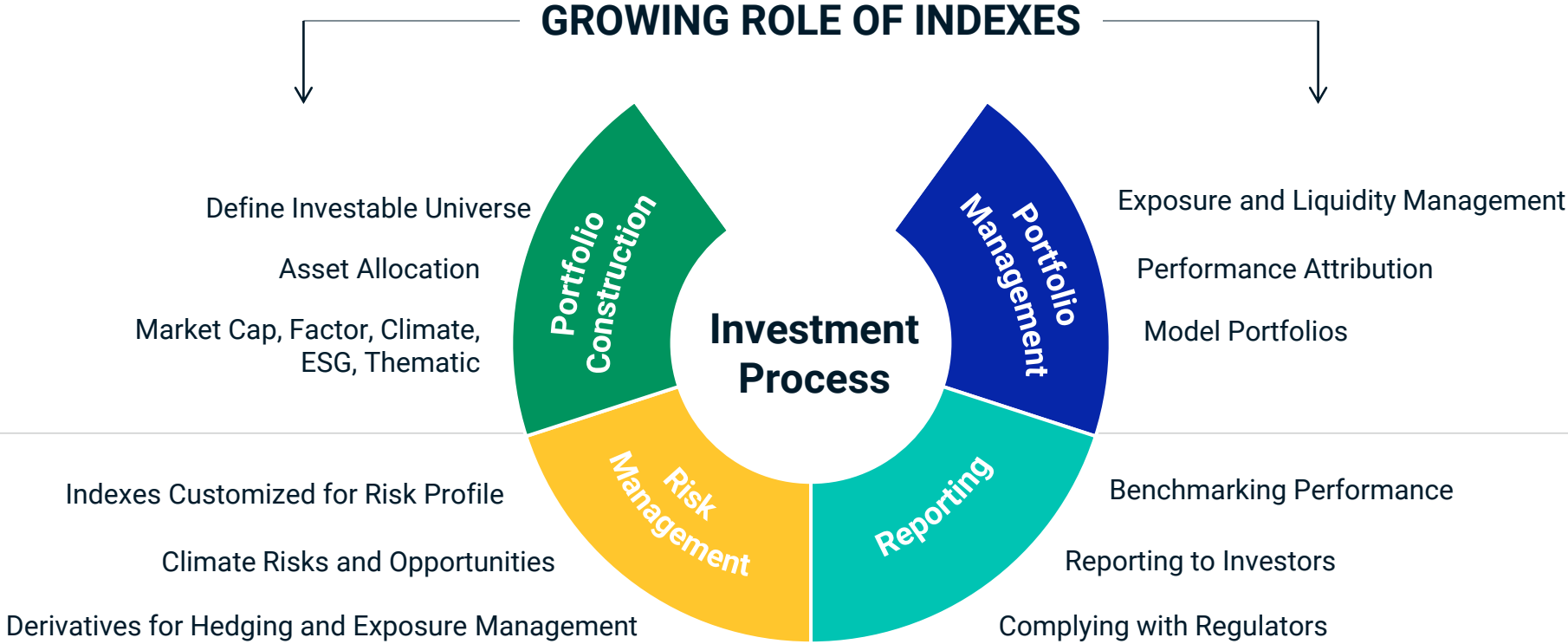


- Enable clients to **customize indexes**, by choosing screens to overlay on the indexes
- Ingredients for **self-build** and modular building blocks
- Bespoke **multi-strategy combinations**

Customized



Helping Integrate Indexes at the Center of the Investment Process



Analytics: Significant Opportunities in Equity Portfolio Management: \$1B+ TAM

Asset Owners

> **Increasingly using Factors** for portfolio construction and asset allocation

Asset Managers

> **Portfolio customization** through end user applications

Hedge Funds and Broker Dealers

> **Large consumers of model data** to embed into their investment processes. Eager to consume all the new content we produce

Accelerators

Integration of **ESG and Climate** in portfolio construction

- **Client-facing applications**
- **ESG/climate/thematic** integration
- **Capabilities to customize indexes**

Content distribution through **APIs, partners and digital marketplaces**

Broad Adoption of Factors and Portfolio Customization Driving Growth

Analytics: Multi-Asset Class Solutions Well Positioned to Grow in a \$2B+ TAM

Growth Drivers

Multi-Asset Class Portfolio Management



Large demand for **multi-asset solutions** from **institutional and individual** investors

Multi-Asset Class Risk Management



Demand for solutions to new problems from **asset managers and asset owners**
Need to **innovate, decrease complexity and achieve scale**

Accelerators

- **Tools for multi-asset solution managers**
- **Asset allocation solutions for asset owners**
- **Mass portfolio personalization for wealth managers**
- Solutions for **liquidity, climate change, long horizon risk, private asset investing** and **new regulations**
- Models and analytics through **cloud-hosted APIs** and **integration with clients' infrastructure**

Solving Two Critical Needs: Building MAC Portfolios and Managing Portfolios across Asset Classes

Analytics: Fast Growth Potential in Fixed Income Portfolio Management

Key Drivers

- **Systematic investing in fixed income is growing** as data becomes widely available and price transparency improves
- Fixed income investors **need to integrate ESG/Climate considerations**

Key Opportunities

- **Estimated \$200M opportunity** to help **asset owners and asset managers** build fixed income portfolios
- Expansion into **insurance companies**

2020 Results

- **49% YoY run rate growth in 2020**
- Resulted from **cross-selling** fixed income teams of our large **multi-asset class client base**, as well as **winning new clients**

MSCI is Offering Differentiated Solutions

Developed Closely with Clients to Solve Unmet Needs

Distributed through OMS, which Simplifies Workflows and Creates Consistency

Will be Integrated with MSCI Fixed Income Indexes and ESG/Climate Data, which are Competitive Differentiators

Investors are Demanding Innovative Solutions and Better Service

ESG & Climate: A Pioneer and Market Leader

Our Solutions and Competitive Edge

- **45+ years experience** in objectively measuring and modeling ESG characteristics¹
- **580+ ESG experts and technologists** providing the most efficient investment signals
- **1,500+ MSCI ESG equity and fixed income indexes**²
- **Extensive set of solutions** for ESG and Climate integration
- **Deep integration across MSCI products** catering to the investment value chain



Leadership in ESG Indexes

#1 ESG Index Provider by Equity ETF Assets Linked to its ESG Indexes³

\$106B Linked to Equity ESG Assets³
70% of Equity ESG ETF Flows as of Q4'20³

Leadership in ESG Ratings and Data

48 of the top 50 Asset Managers leverage MSCI ESG Research⁴

1,900+ MSCI ESG Research Clients⁵
Globally with Coverage of **14,800+** Issuers and **650,000+** Securities

Leadership in Climate Indexes

#1 Climate Index Provider by Equity Assets Linked to its Climate Indexes⁶

Leadership in Climate Data & Analytics

Climate Data Provider to 16 of the World's Top 20 Asset Managers⁶

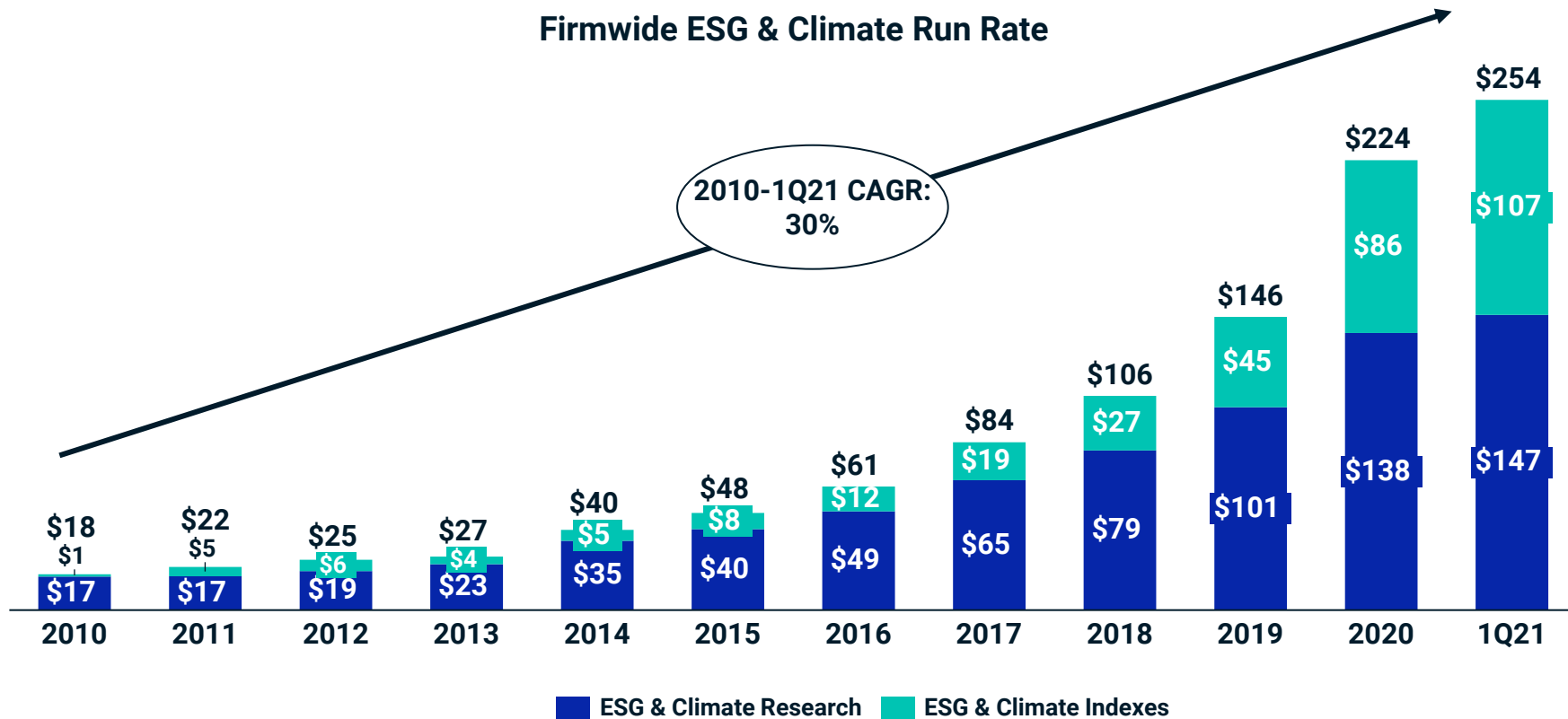
700+ Climate Change Metrics, Covering **10,000+** Issuers⁷

Multiple Years of Creating a Comprehensive Ecosystem

¹ Through MSCI legacy companies KLD, Innovent, IRRC, and GMI Ratings; ² Source MSCI Inc. as of February 2021; ³ Data based on Refinitiv Universe as of December 2020, only primary listings, and not cross-listings; ⁴ MSCI ESG Research's solutions are used by 48 of the top 50 world's largest Asset Managers as determined by Willis Towers Watson report "The world's largest 500 asset managers, Joint study with Pensions & Investments." AUM and rankings calculated as of December 2019. Report published October 2020; ⁵ To calculate the number of clients, we use the shipping address of the ultimate customer utilizing the product, which counts affiliates, user locations or business units within a single organization as separate clients; ⁶ MSCI ESG Research's climate solutions are used by 16 of the top 20 world's largest Asset Managers as determined by Willis Towers Watson report "The world's largest 500 asset managers, Joint study with Pensions & Investments." AUM and rankings calculated as of December 2019. Report published October 2020; ⁷ Source: MSCI ESG Research as of February 2021
⁸ Data as of 30th September 2020, based on eVestment for Institutional funds, Morningstar for Retail funds and Refinitiv Universe for ETFs

ESG & Climate: Continued Growth Across Firmwide Franchise

Firmwide ESG & Climate Run Rate



Note: Includes ESG & Climate Research Run Rate, reported in the ESG & Climate segment, and ESG & Climate related Index subscription and asset-based fees Run Rate reported in the Index segment.

ESG & Climate:

Long Runway Ahead: Growing Opportunities with Existing and New Products

MSCI Estimated Market Size for ESG Products
is Expected to Further

Expand to \$3.9B Over the Near-term



Potential for Additional Growth

Accelerating our solutions for **new use cases**

Corporates

Bank Stress Testing

Climate

Private Assets

with an estimated market of **\$0.7B**

ESG & Climate: Comprehensive Solutions Backed by Unique Capabilities

Financial Materiality¹

- First ESG provider to assess companies based on industry financial materiality, dating back to 1999¹
- Focus on the issues that are most relevant to a company's core business model

Alternative data beyond corporate disclosure

- On average, 45% of the data to determine a corporate MSCI ESG Rating is derived from alternative sources²
- Leverage technology and AI to increase timeliness and precision of data collection and analysis

Broad ESG and Climate coverage

- Broad ESG Ratings coverage with 90% of equity and fixed income market value³
- Provide consistent solutions across investment instruments

Deep Knowledge

- Team of 250+ analysts vets, validates and transforms data into meaningful insight⁴
- Deep climate expertise with dedicated MSCI Climate Risk Center

Leading Technology

- 120+ Technologists dedicated to ESG and Climate benefitting from the full power of the Microsoft partnership
- 60+ data scientists develop robust models turning unstructured data into meaningful output

Unique Track Record⁵

- Extensive track record, analyzed by multiple academic studies
- Tried and tested solution

"One way out of the dilemma of uncorrelated ratings is to use the one with the most predictive power, which they found to be MSCI ESG Ratings"⁶



¹ Origins of MSCI ESG Ratings from 1999; Financial materiality -> ratings focus key ESG issues that could become financially material over the medium to long term ² MSCI ESG Research: 2,434 constituents of the MSCI ACWI Index as of November 30, 2017; ³ Source: MSCI ESG Research as of as of February 2021, coverage subject to change; ⁴ Source: MSCI ESG Research as of December 2020. Includes full time employees, employees of foreign affiliates providing investment advisory services to MSCI ESG Research LLC, and global allocated staff performing non-investment advisory tasks; ⁵ Serafeim, G & Yoon, A, (2021). [Stock Price Reactions to ESG News: The Role of ESG Ratings and Disagreement](#) Harvard Business School Accounting & Management Unit; ⁶ Linda-Eling Lee's February 2021 comment on the results of the Serafeim, G & Yoon, A, (2021) paper

MSCI Real Estate

Providing real estate investment support tools and critical business intelligence at both asset and fund levels to institutional investors and real estate owners, managers and brokers worldwide



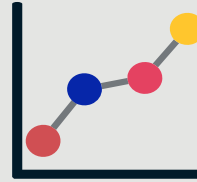
**MSCI Real Estate
Global Intel**

- Unique global private real estate market data to help drive allocation decisions, research & strategy, and portfolio and risk management



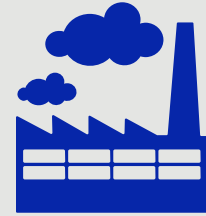
**MSCI Real Estate
Enterprise Analytics**

- Single integrated market information, analytics and risk platform



**Global market indexes
and benchmarks**

- Single, global framework
- Asset or fund level
- Customizable benchmarks



**Real Estate
Climate VaR**

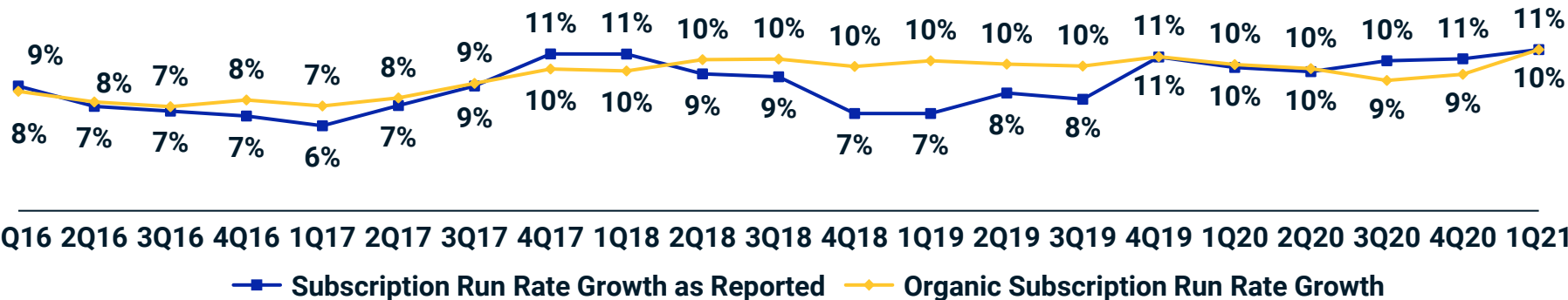
- Tools to measure climate-related exposures and risks
- Forward-looking and return-based valuation assessment

Appendix

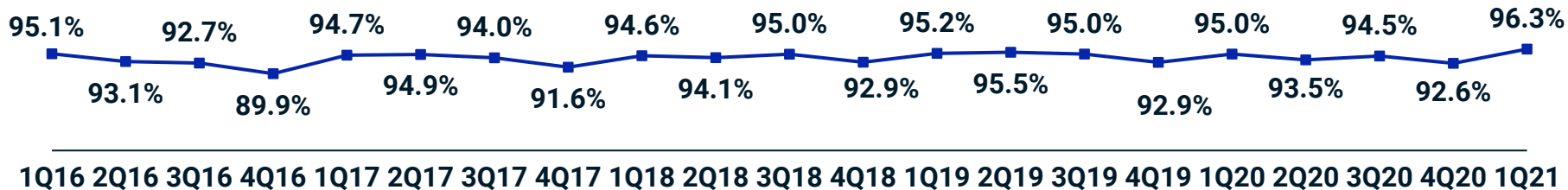


Continued Resilient Key Operating Metrics

YoY Subscription Run Rate Growth (as Reported and Organic)

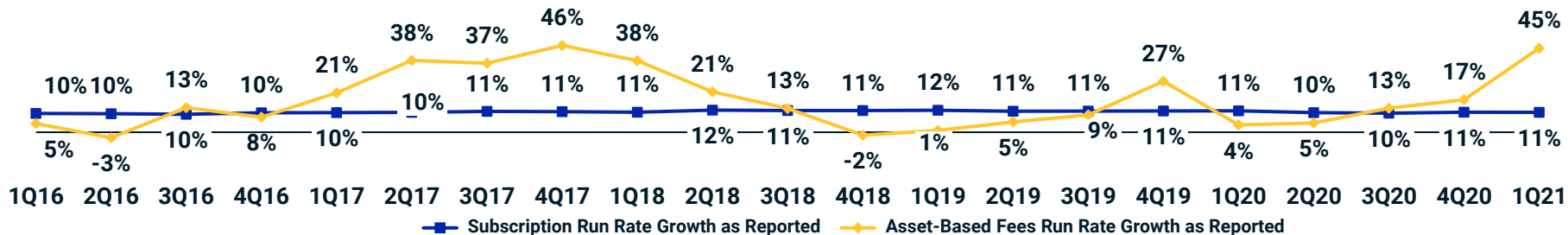


Retention Rate Trends

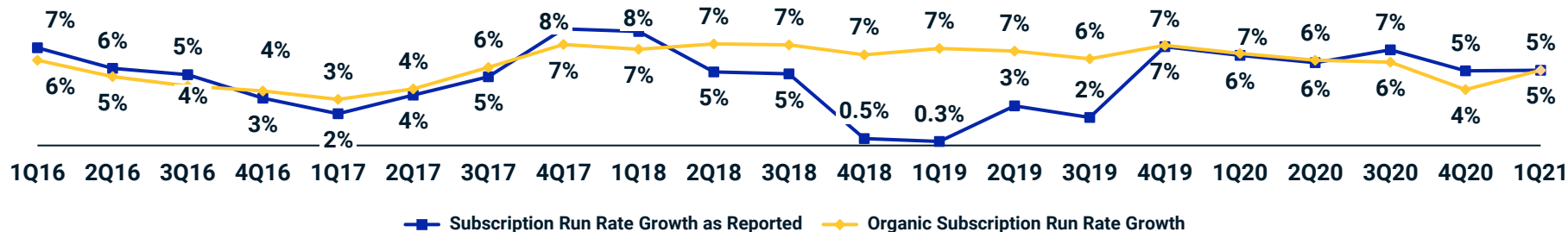


1Q16 to 1Q21 YoY Segment Run Rate Growth

Index

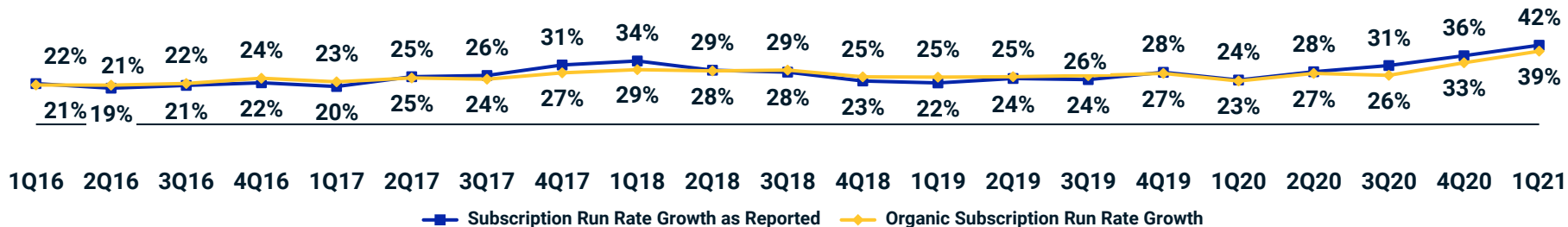


Analytics

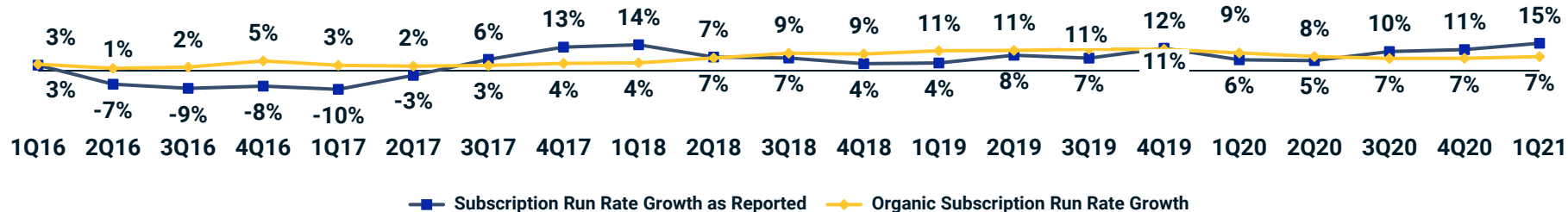


1Q16 to 1Q21 YoY Segment Run Rate Growth

ESG & Climate

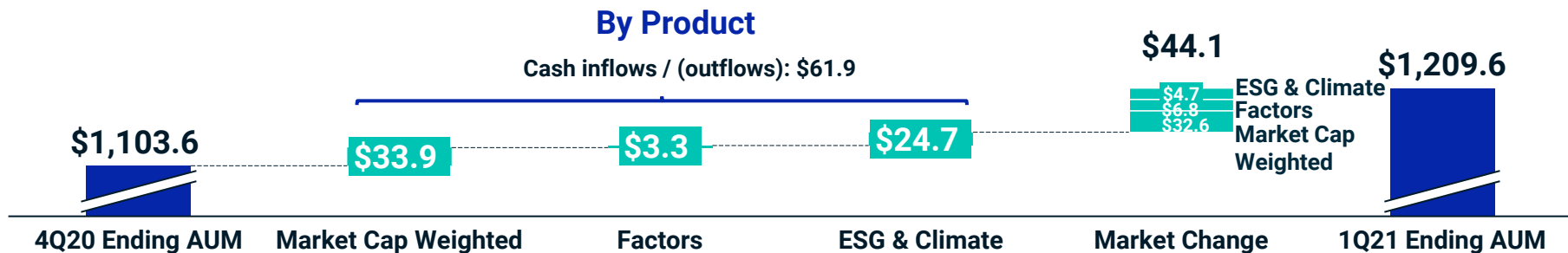
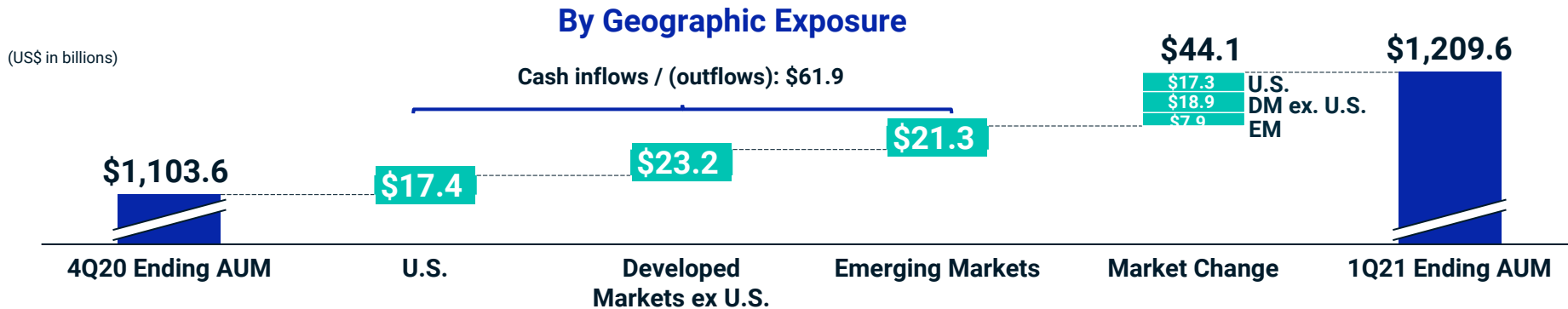


All Other - Private Assets



1Q21 QoQ AUM Drivers: MSCI-Linked Equity ETFs

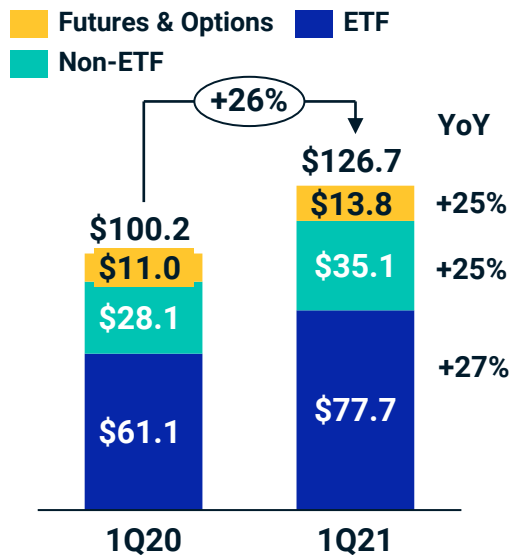
Strong cash inflows across products and all geographic exposures



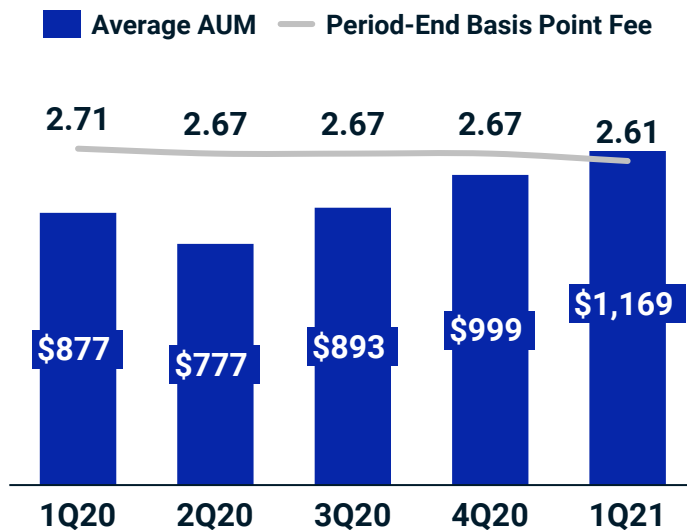
Index Segment: Asset-Based Fees Details

(US\$ in millions, except AUM in billions and Average BPS)

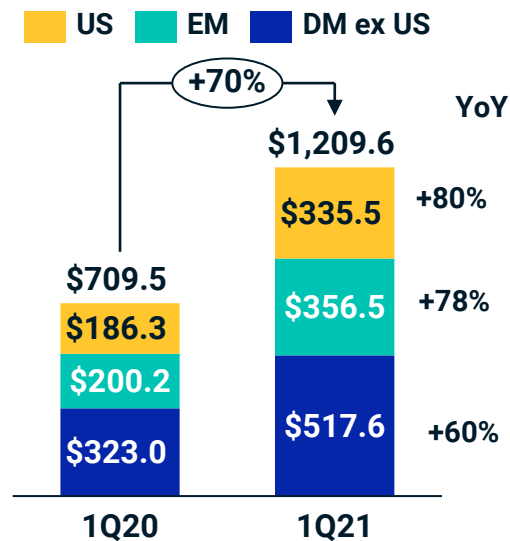
Asset-based Fees (ABF) Revenue



Quarterly Average AUM and Period-End Basis Point Fee¹ of ETFs linked to MSCI Equity Indexes



Quarter-End AUM by Market Exposure² of ETFs linked to MSCI Equity Indexes



¹Based on period-end Run Rate for ETFs linked to MSCI equity indexes using period-end AUM. Please refer to Table 7: AUM in ETFs Linked to MSCI equity Indexes (unaudited) of the press release reporting MSCI's financial results for first quarter 2021.

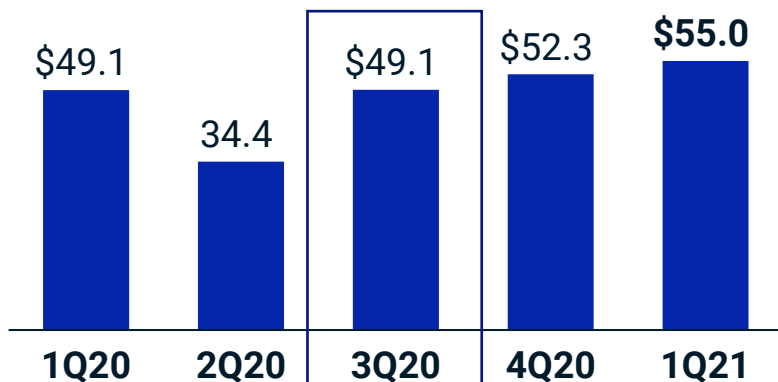
²US = ETFs linked to MSCI equity indexes, the majority of whose weight is comprised of securities in MSCI Developed Market (DM) countries, primarily or exclusively in the US; DM ex US = ETFs linked to MSCI equity indexes, the majority of whose weight is comprised of securities in MSCI DM countries other than the US; EM = ETFs linked to MSCI equity indexes, the majority of whose weight is comprised of securities that are not in MSCI DM countries. Prior periods have been reclassified to conform to the current period classification. Note: The AUM in equity ETFs also includes AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

Listed Futures & Options Linked to MSCI Indexes

Continued deepening liquidity of listed futures and options linked to MSCI Indexes

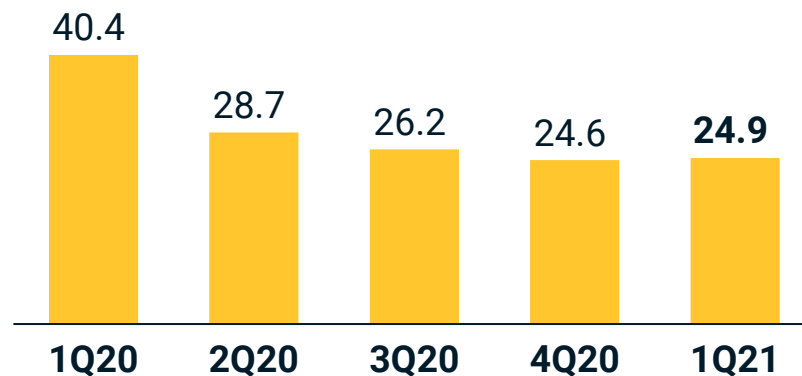
Futures & Options Run Rate

(US\$ in millions)



Futures & Options Volume Linked to MSCI Indexes

(in millions of contracts traded¹)



- Beginning in 3Q20, Run Rate includes the repricing of certain agreements with exchange partners announced in 2Q20.

Pay for performance culture at MSCI

	Component	Objective	2020
Fixed Compensation	Annual Base Pay	<ul style="list-style-type: none"> Provides certainty and predictability to meet ongoing living and financial commitments 	<ul style="list-style-type: none"> The only fixed component of our executive compensation program
	Annual Incentive Plan	<ul style="list-style-type: none"> Alignment of management's interests with shareholders' interests Introduced to drive one-year performance results Specific financial criteria and key performance indicators 	<ul style="list-style-type: none"> Financial Metrics (70%) vary by executive, but include: <ul style="list-style-type: none"> Revenue Adjusted EPS Net New Sales Free Cash Flow Contribution Margin Key Performance Indicator Goals (30%) that include the following ESG metrics: <ul style="list-style-type: none"> Employee Engagement, Manager Effectiveness, Employee training and development participation, Inclusion and Diversity, Carbon Footprint, etc.
Variable Compensation	Long-Term Incentive Program	<ul style="list-style-type: none"> Fosters an "owner-operator" mindset Closely aligns management's interests with the long-term interests of our shareholders Promotes the retention of key members of our management team CEO and President & COO equity entirely in PSUs tied to multi-year absolute TSR 	<ul style="list-style-type: none"> Grant of 3-Year PSUs and 5-Year PSUs (which vest based on absolute TSR) and do not have any "retesting" features <ul style="list-style-type: none"> 3-Year PSUs cover a three-year performance period 5-Year PSUs cover a five-year performance period RSUs which ratably service vest over three years

Use of Non-GAAP Financial Measures

- MSCI has presented supplemental non-GAAP financial measures as part of this presentation. Reconciliations are provided in the following slides that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this presentation are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results.
- “Adjusted EBITDA” is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of the multi-year restricted stock units subject to performance payout adjustments granted in 2016 (the “Multi-Year PSUs”).
- “Adjusted EBITDA expenses” is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs.
- “Adjusted net income” and “adjusted EPS” are defined as net income and diluted EPS, respectively, before the after-tax impact of the amortization of acquired intangible assets, including the amortization of the basis difference between the cost of the equity method investment and MSCI’s share of the net assets of the investee at historical carrying value, the impact of divestitures, the impact of adjustments for the Tax Cuts and Jobs Act that was enacted on December 22, 2017 (“Tax Reform”), except for certain amounts associated with active tax planning implemented as a result of Tax Reform, and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs and costs associated with debt extinguishment.
- “Capex” is defined as capital expenditures plus capitalized software development costs.
- “Free cash flow” is defined as net cash provided by operating activities, less Capex.
- Asset-based fees ex-FX does not adjust for the impact from foreign currency exchange rate fluctuations on the underlying AUM.
- We believe adjusted EBITDA and adjusted EBITDA expenses are meaningful measures of the operating performance of MSCI because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of certain capital spending and acquisitions that do not directly affect what management considers to be our ongoing operating performance in the period.
- We believe adjusted net income and adjusted EPS are meaningful measures of the performance of MSCI because they adjust for the after-tax impact of significant one-time, unusual or non-recurring items as well as eliminate the impact of any transactions that do not directly affect what management considers to be our ongoing operating performance in the period. We also exclude the after-tax impact of the amortization of acquired intangible assets and amortization of the basis difference between the cost of the equity method investment and MSCI’s share of the net assets of the investee at historical carrying value, as these non-cash amounts are significantly impacted by the timing and size of each acquisition and therefore not meaningful to the ongoing operating performance in the period.
- We believe that free cash flow is useful to investors because it relates the operating cash flow of MSCI to the capital that is spent to continue and improve business operations, such as investment in MSCI’s existing products. Further, free cash flow indicates our ability to strengthen MSCI’s balance sheet, repay our debt obligations, pay cash dividends and repurchase shares of our common stock.
- We believe that the non-GAAP financial measures presented in this presentation facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.
- Adjusted EBITDA expenses, adjusted EBITDA, adjusted net income, adjusted EPS, adjusted tax rate, Capex, free cash flow and organic operating revenue growth are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies. These measures can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Accordingly, the Company’s computation of these measures may not be comparable to similarly-titled measures computed by other companies.

Use of Operating Metrics

- MSCI has presented supplemental key operating metrics as part of this presentation, including Retention Rate, Run Rate, subscription sales, subscription cancellations and non-recurring sales.
- Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. The annual Retention Rate represents the retained subscription Run Rate (subscription Run Rate at the beginning of the fiscal year less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year. The Retention Rate for a non-annual period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention not to renew during the non-annual period, and we believe that such notice or intention evidences the client's final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the fiscal year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Retention Rate for the period. Retention Rate is computed by operating segment on a product/service-by-product/service basis. In general, if a client reduces the number of products or services to which it subscribes within a segment, or switches between products or services within a segment, we treat it as a cancellation for purposes of calculating our Retention Rate except in the case of a product or service switch that management considers to be a replacement product or service. In those replacement cases, only the net change to the client subscription, if a decrease, is reported as a cancel. In the Analytics and the ESG & Climate operating segments, substantially all product or service switches are treated as replacement products or services and netted in this manner, while in our Index and Real Estate operating segments, product or service switches that are treated as replacement products or services and receive netting treatment occur only in certain limited instances. In addition, we treat any reduction in fees resulting from a down-sale of the same product or service as a cancellation to the extent of the reduction. We do not calculate Retention Rate for that portion of our Run Rate attributable to assets in index-linked investment products or futures and options contracts, in each case, linked to our indexes.
- Run Rate estimates at a particular point in time the annualized value of the recurring revenues under our client license agreements ("Client Contracts") for the next 12 months, assuming all Client Contracts that come up for renewal are renewed and assuming then-current currency exchange rates, subject to the adjustments and exclusions described below. For any Client Contract where fees are linked to an investment product's assets or trading volume/fees, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and/or reported exchange fees, and for other non-ETF products, the most recent client-reported assets. Run Rate does not include fees associated with "one-time" and other non-recurring transactions. In addition, we add to Run Rate the annualized fee value of recurring new sales, whether to existing or new clients, when we execute Client Contracts, even though the license start date, and associated revenue recognition, may not be effective until a later date. We remove from Run Rate the annualized fee value associated with products or services under any Client Contract with respect to which we have received a notice of termination or non-renewal during the period and have determined that such notice evidences the client's final decision to terminate or not renew the applicable products or services, even though such notice is not effective until a later date.
- "Organic subscription Run Rate growth" is defined as the period over period Run Rate growth, excluding the impact of changes in foreign currency and the first year impact of any acquisitions. It is also adjusted for divestitures. Changes in foreign currency are calculated by applying the currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate.
- Sales represents the annualized value of products and services clients commit to purchase from MSCI and will result in additional operating revenues. Non-recurring sales represent the actual value of the customer agreements entered into during the period and are not a component of Run Rate. New recurring subscription sales represent additional selling activities, such as new customer agreements, additions to existing agreements or increases in price that occurred during the period and are additions to Run Rate. Subscription cancellations reflect client activities during the period, such as discontinuing products and services and/or reductions in price, resulting in reductions to Run Rate. Net new recurring subscription sales represent the amount of new recurring subscription sales net of subscription cancellations during the period, which reflects the net impact to Run Rate during the period.
- Total gross sales represent the sum of new recurring subscription sales and non-recurring sales. Total net sales represent the total gross sales net of the impact from subscription cancellations.

Reconciliation of Adjusted EBITDA to Net Income (Unaudited)

In thousands	Year Ended				
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Consolidated adjusted EBITDA	971,510	850,499	772,433	659,757	569,457
Multi-Year PSU payroll tax expense	—	15,389	—	—	—
Amortization of intangible assets	56,941	49,410	54,189	44,547	47,033
Depreciation and amortization of property, equipment and leasehold improvements	29,805	29,999	31,346	35,440	34,320
Operating income	884,764	755,701	686,898	579,770	488,104
Other expense (income), net	198,539	152,383	57,002	112,871	102,166
Provision for income taxes	84,403	39,670	122,011	162,927	125,083
Net income	\$ 601,822	\$ 563,648	\$ 507,885	\$ 303,972	\$ 260,855

In thousands	Year Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Index Adjusted EBITDA	\$ 766,493	\$ 670,188	\$ 607,853
Analytics Adjusted EBITDA	172,924	152,113	143,645
ESG and Climate Adjusted EBITDA	22,851	21,813	16,019
All Other - Private Assets Adjusted EBITDA	9,242	6,385	4,916
Total operating segment profitability	971,510	850,499	772,433
2016 Multi-Year PSUs grant payroll tax expense	—	15,389	—
Amortization of intangible assets	56,941	49,410	54,189
Depreciation and amortization of property, equipment and leasehold improvements	29,805	29,999	31,346
Operating income	884,764	755,701	686,898
Other expense (income), net	198,539	152,383	57,002
Provision for income taxes	84,403	39,670	122,011
Net income	\$ 601,822	\$ 563,648	\$ 507,885

Reconciliation of Adjusted EBITDA to Net Income (cont'd) (Unaudited)

In thousands	Three Months Ended		TTM
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021
Index adjusted EBITDA	\$ 219,879	\$ 183,587	\$ 802,785
Analytics adjusted EBITDA	45,731	36,317	182,338
ESG and Climate adjusted EBITDA	5,045	3,626	24,270
All Other - Private Assets adjusted EBITDA	5,931	5,697	9,476
Consolidated adjusted EBITDA	276,586	229,227	1,018,869
Multi-Year PSU payroll tax expense	—	—	—
Amortization of intangible assets	15,068	13,776	58,233
Depreciation and amortization of property, equipment and leasehold improvements	7,143	7,567	29,381
Operating income	254,375	207,884	931,255
Other expense (income), net	38,347	45,035	191,851
Provision for income taxes	19,209	14,724	88,888
Net income	\$ 196,819	\$ 148,125	\$ 650,516

Reconciliation of Adjusted EBITDA Expenses to Operating Expenses *(UNAUDITED)*

<u>In thousands</u>	<u>Three Months Ended</u>		<u>Full-Year</u>
	<u>Mar. 31,</u> <u>2021</u>	<u>Mar. 31,</u> <u>2020</u>	<u>2021</u> <u>Outlook(1)</u>
Index adjusted EBITDA expenses	\$ 72,612	\$ 65,669	
Analytics adjusted EBITDA expenses	88,286	89,191	
ESG and Climate adjusted EBITDA expenses	29,705	21,607	
All Other - Private Assets adjusted EBITDA expenses	11,234	11,086	
Consolidated adjusted EBITDA expenses	201,837	187,553	\$795,000 - \$825,000
Amortization of intangible assets	15,068	13,776	
Depreciation and amortization of property, equipment and leasehold improvements	7,143	7,567	\$90,000 - \$95,000
Total operating expenses	\$ 224,048	\$ 208,896	\$885,000 - \$920,000

¹We have not provided a line-item reconciliation for adjusted EBITDA expenses to total operating expenses for this future period because we do not provide guidance on the individual reconciling items between total operating expenses and adjusted EBITDA expenses.

Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted EPS (Unaudited)

In thousands, except per share data	Year Ended				
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net income	\$ 601,822	\$ 563,648	\$ 507,885	\$ 303,972	\$ 260,855
Plus: Amortization of acquired intangible assets and equity method investment basis difference	37,413	34,773	43,981	39,157	47,033
Plus: Multi-Year PSU payroll tax expense	—	15,389	—	—	—
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	(66,581)	—	—	—
Plus: Debt extinguishment costs associated with the 2024 and 2025 Senior Notes Redemptions	44,930	16,794	—	—	—
Less: Gain on sale of Alacra (not tax effected)	—	—	—	(771)	—
Less: Gain on sale of FEA (not tax effected)	—	—	(10,646)	—	—
Less: Gain on sale of InvestorForce	—	—	(46,595)	—	—
Less: Valuation Allowance released related to InvestorForce disposition	—	—	(7,758)	—	—
Less: Tax Reform adjustments	(6,256)	—	(8,272)	34,500	—
Less: Income tax effect	(16,490)	(13,226)	1,678	(10,772)	(15,243)
Adjusted net income	\$ 661,419	\$ 550,797	\$ 480,273	\$ 366,086	\$ 292,645
Diluted EPS	\$ 7.12	\$ 6.59	\$ 5.66	\$ 3.31	\$ 2.70
Plus: Amortization of acquired intangible assets and equity method investment basis difference	0.44	0.41	0.49	0.43	0.49
Plus: Multi-Year PSU payroll tax expense	—	0.18	—	—	—
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	—	(0.78)	—	—	—
Plus: Debt extinguishment costs associated with the 2024 and 2025 Senior Notes Redemptions	0.53	0.20	—	—	—
Less: Gain on sale of Alacra (not tax effected)	—	—	—	(0.01)	—
Less: Gain on sale of FEA (not tax effected)	—	—	(0.12)	—	—
Less: Gain on sale of InvestorForce	—	—	(0.52)	—	—
Less: Valuation Allowance released related to InvestorForce disposition	—	—	(0.09)	—	—
Plus: Tax Reform adjustments	(0.07)	—	(0.09)	0.38	—
Less: Income tax effect	(0.19)	(0.16)	0.02	(0.13)	(0.16)
Adjusted EPS	\$ 7.83	\$ 6.44	\$ 5.35	\$ 3.98	\$ 3.03

Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted EPS (cont'd) (Unaudited)

<u>In thousands, except per share data</u>	Three Months Ended	
	Mar. 31, 2021	Mar. 31, 2020
Net income	\$ 196,819	\$ 148,125
Plus: Amortization of acquired intangible assets and equity method investment basis difference	9,558	8,778
Plus: Debt extinguishment costs associated with the 2024 Senior Notes Redemption	—	9,966
Less: Tax Reform adjustments	—	(759)
Less: Income tax effect	(850)	(3,396)
Adjusted net income	\$ 205,527	\$ 162,714
 Diluted EPS	 \$ 2.36	 \$ 1.73
Plus: Amortization of acquired intangible assets and equity method investment basis difference	0.11	0.10
Plus: Debt extinguishment costs associated with the 2024 Senior Notes Redemption	—	0.12
Less: Tax Reform adjustments	—	(0.01)
Less: Income tax effect	(0.01)	(0.04)
Adjusted EPS	\$ 2.46	\$ 1.90

Reconciliation of Net Cash Provided by Operating Activities to FCF (Unaudited)

In thousands	Year Ended				
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net cash provided by operating activities	\$ 811,109	\$ 709,523	\$ 612,762	\$ 404,158	\$ 442,363
Capital expenditures	(21,826)	(29,116)	(30,257)	(33,177)	(32,284)
Capitalized software development costs	(29,149)	(24,654)	(18,704)	(15,640)	(10,344)
Capex	(50,975)	(53,770)	(48,961)	(48,817)	(42,628)
Free cash flow	\$ 760,134	\$ 655,753	\$ 563,801	\$ 355,341	\$ 399,735

In thousands	Three Months Ended		TTM	Full-Year
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	2021 Outlook(1)
Net cash provided by operating activities	\$ 215,457	\$ 112,770	\$ 913,796	\$885,000 - \$925,000
Capital expenditures	(664)	(3,613)	(18,877)	
Capitalized software development costs	(9,696)	(7,203)	(31,642)	
Capex	(10,360)	(10,816)	(50,519)	(\$60,000 - \$50,000)
Free cash flow	\$ 205,097	\$ 101,954	\$ 863,277	\$825,000 - \$875,000

(1) We have not provided a line-item reconciliation for free cash flow to net cash from operating activities for this future period because we do not provide guidance on the individual reconciling items between net cash from operating activities and free cash flow.