

MOODY'S

Third Quarter 2024 Earnings Call

October 22, 2024



Chartis
RiskTech100
2025

#1

Introduction



Shivani Kak

HEAD OF INVESTOR RELATIONS

Disclaimer

Certain statements contained in this document are forward-looking statements and are based on future expectations, plans and prospects for Moody's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information in this document are made as of the date hereof, and Moody's undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Moody's is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. These factors, risks and uncertainties include, but are not limited to: the impact of general economic conditions (including significant government debt and deficit levels, and inflation and related monetary policy actions by governments in response to inflation) on worldwide credit markets and on economic activity, including on the volume of mergers and acquisitions, and their effects on the volume of debt and other securities issued in domestic and/or global capital markets; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives and monetary policy to respond to the current economic climate, including instability of financial institutions, credit quality concerns, and other potential impacts of volatility in financial and credit markets; the global impacts of the Russia - Ukraine military conflict and the military conflict in the Middle East on volatility in world financial markets, on general economic conditions and GDP in the U.S. and worldwide, on global relations and on the Company's own operations and personnel; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, increased utilization of technologies that have the potential to intensify competition and accelerate disruption and disintermediation in the financial services industry, as well as the number of issuances of securities without ratings or securities which are rated or evaluated by non-traditional parties; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs, tax agreements and trade barriers; the impact of MIS's withdrawal of its credit ratings on countries or entities within countries and of Moody's no longer conducting commercial operations in countries where political instability warrants such actions; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction or development of competing and/or emerging technologies and products; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations; the potential for increased competition and regulation in the jurisdictions in which we operate, including the EU; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which Moody's may be subject from time to time; provisions in U.S. legislation modifying the pleading standards and EU regulations modifying the liability standards applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; uncertainty regarding the future relationship between the U.S. and China; the possible loss of key employees and the impact of the global labor environment; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the timing and effectiveness of any restructuring programs; currency and foreign exchange volatility; the outcome of any review by tax authorities of Moody's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if Moody's fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which Moody's operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of Moody's to successfully integrate acquired businesses; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of Moody's annual report on Form 10-K for the year ended December 31, 2023, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it. Forward-looking and other statements in this document may also address our corporate responsibility progress, plans, and goals (including sustainability and environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in the Company's filings with the Securities and Exchange Commission. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

3Q 2024 Highlights



Rob Fauber

PRESIDENT AND CHIEF EXECUTIVE OFFICER

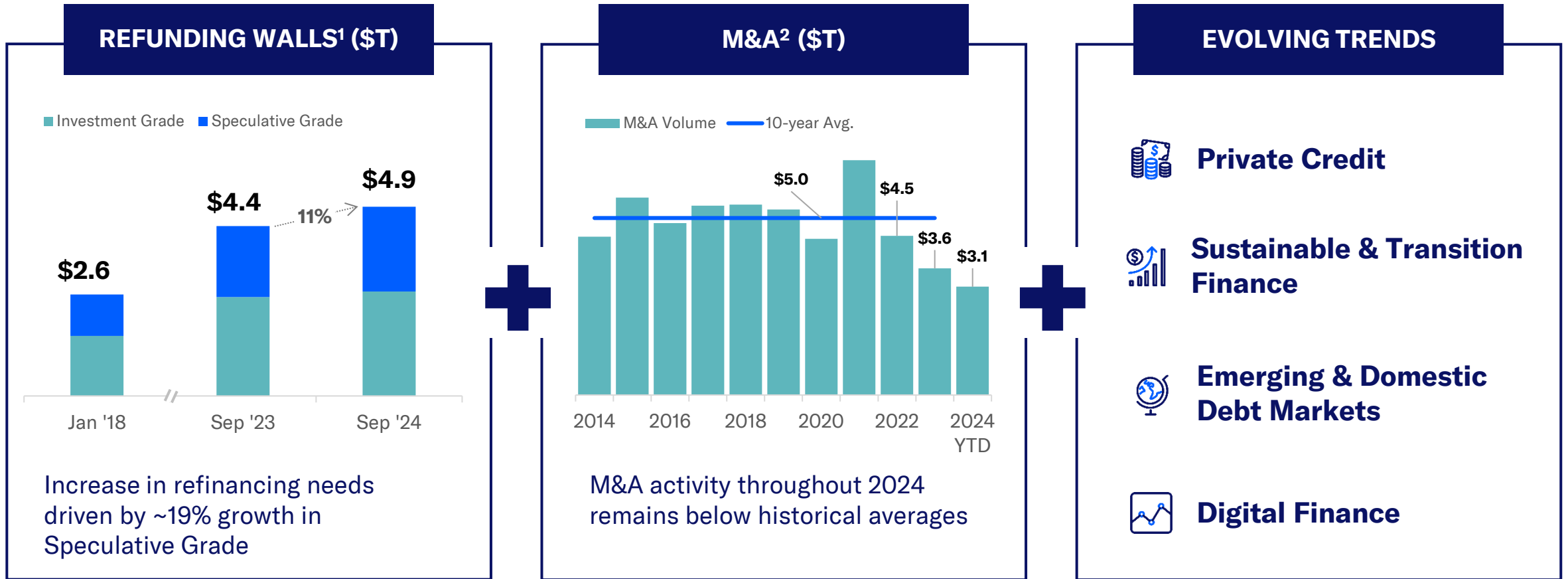
Key Takeaways

- 1 Moody's delivered record-breaking results**
3Q revenue grew 23%; Adjusted Operating Margin¹ up 320bps to 47.8%; Adjusted Diluted EPS¹ increased 32% to \$3.21
- 2 MIS achieved record 3Q revenue**
Revenue grew 41%; transactional revenue grew 70%; Adjusted Operating Margin up 640bps to 59.6%; raising full year guidance² for all metrics
- 3 MA produced solid ARR³ growth**
ARR³ and revenue grew 9% and 7%, respectively; Adjusted Operating Margin was 30.3%
- 4 Increasing select MCO full year guidance² metrics**
Projecting revenue to increase in the high-teens percent range; raising and narrowing Adjusted Diluted EPS¹ range to \$11.90 - \$12.10
- 5 Cyclical and secular tailwinds driving future growth**
Refunding walls, M&A, and other trends supporting debt capital markets activity

1. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.
2. Guidance as of October 22, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody's Corporation Reports Results for Third Quarter 2024” from October 22, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.
3. ARR: Annualized Recurring Revenue. ARR growth as of September 30, 2024. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

Durable drivers of MIS growth

Capital market trends and global transition supporting future issuance



1. Amounts reflect Moody's-rated U.S. non-financial corporate bond and loan maturities as defined in Moody's refunding needs reports (2018-2024), excludes unrated debt, REITS and public utilities. Amounts also reflect Moody's-rated and unrated EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's refunding needs reports (2018-2024).

2. Source: Bloomberg and Moody's Corporation. 2024 data as of September 30, 2024.

Strong progress at 3-year anniversary of RMS acquisition

Significantly improved RMS's revenue growth and margin profile since 2021¹

ACCELERATED CLOUD ADOPTION

HIGH-DEFINITION MODELS

Launched enhanced modeling capabilities leveraging cloud compute

~5x CLOUD CUSTOMERS

Growth in number of customers active on the cloud-based Intelligent Risk Platform (IRP)²

ACTUARIAL & RISK MODELING

Helping to navigate interconnected risks and new regulatory frameworks

EXPANDED INDUSTRY PARTNERSHIPS

INSURANCE ECOSYSTEM

Launched customer-centric approach open to third party models

CYBER INDUSTRY STEERING GROUP

Addressing the growth of the global cyber insurance market

LLOYD'S LAB³

Collaborating on GHG emission quantification

TOP TIER CUSTOMER BASE⁴

10 OF THE TOP 10

Global reinsurance brokers

9 OF THE TOP 10

U.S. commercial lines insurers

28 OF THE TOP 30

Global reinsurers

INTEGRATION & EXPANSION

CASUALTY ANALYTICS



PLATFORMING & MODERNIZING

Leveraging RMS' platform technology across all of Moody's Analytics

CLIMATE BEYOND INSURERS

Climate scenario analysis and stress testing in banking



Notes: GHG = Greenhouse Gases.

1. Recent results compared against underlying revenue growth rate and operating margin as disclosed in the Daily Mail and General Trust's annual reports for 2019 and 2020.
2. Growth in IRP customer base from December 2021, to October 2024.
3. Refer to press release titled "[Lloyd's and Moody's to develop an emissions accounting solution through the Lloyd's Lab](#)" from September 14, 2023.
4. Based on Insurance ARR as of 3Q24 and third-party rankings.

3Q 2024 Results & FY 2024 Outlook



Noémie Heuland

CHIEF FINANCIAL OFFICER

3Q 2024 financial results

MCO

\$1.8B

MCO Revenue

23%

MCO Revenue Growth¹

47.8%

MCO Adjusted Operating Margin²

\$3.21

MCO Adjusted Diluted EPS²

30%

MCO Free Cash Flow Growth^{2,3}

MA

7%

Revenue Growth¹

9%

Recurring Revenue Growth¹

9%

ARR Growth^{1,4}

30.3%

Adjusted Operating Margin

MIS

41%

Revenue Growth¹

70%

Transaction Revenue Growth¹

51%

Rated Issuance Growth^{1,5}

59.6%

Adjusted Operating Margin

1. Year-over-year quarterly growth.

2. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

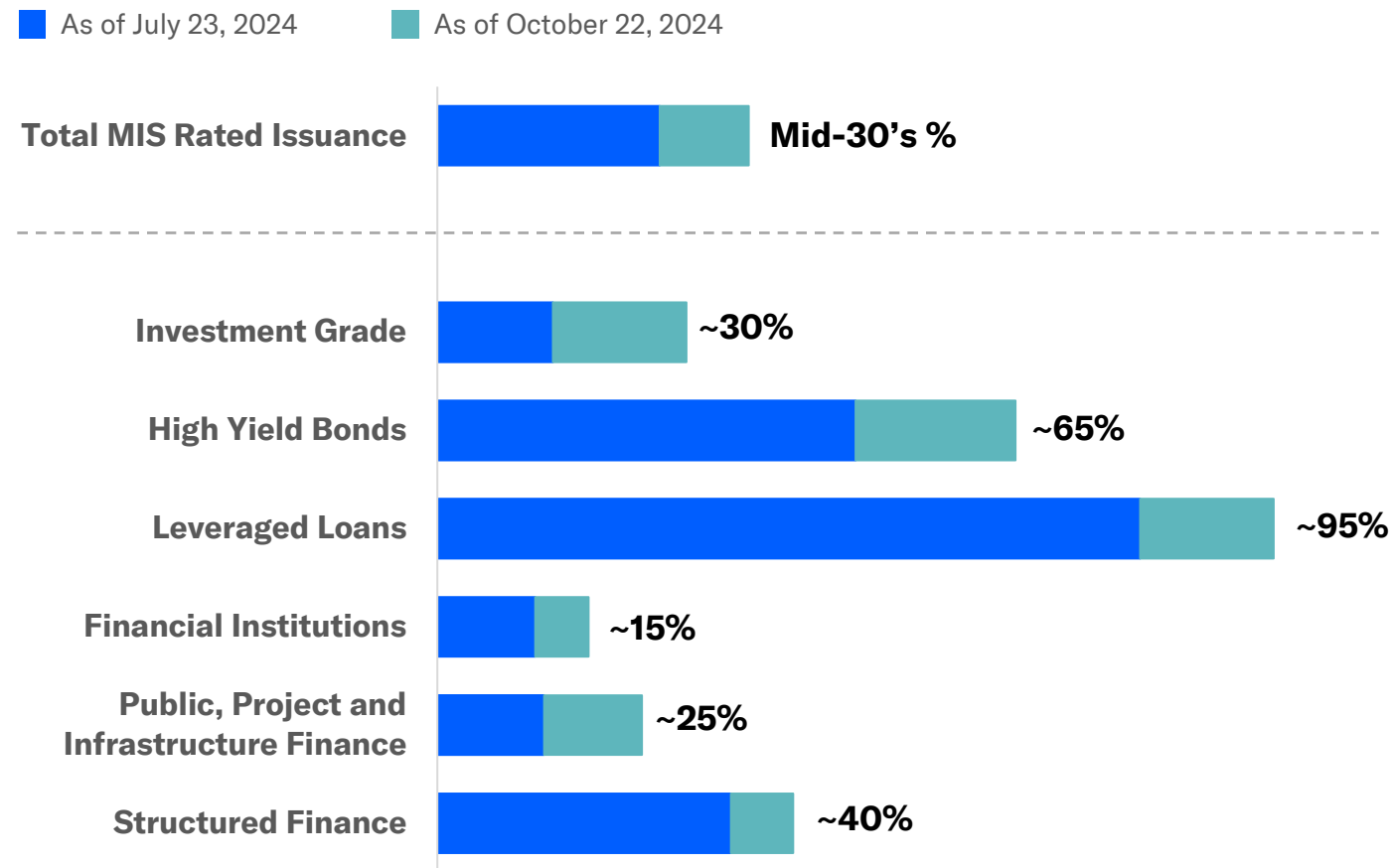
3. Year-over-year growth for the nine months ended September 30.

4. ARR: Annualized Recurring Revenue. ARR growth as of September 30, 2024. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

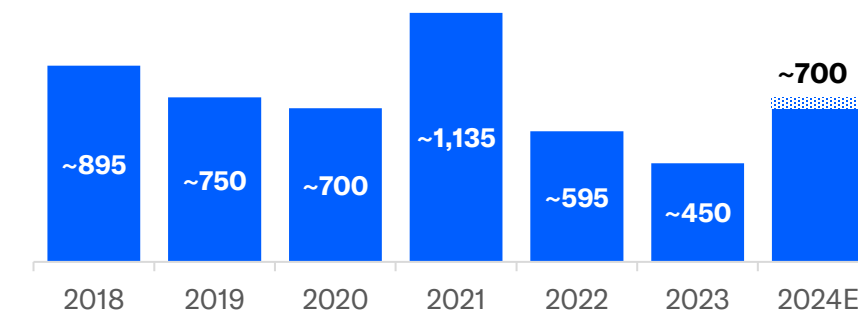
5. MIS-rated issuance, excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

Issuance outlook

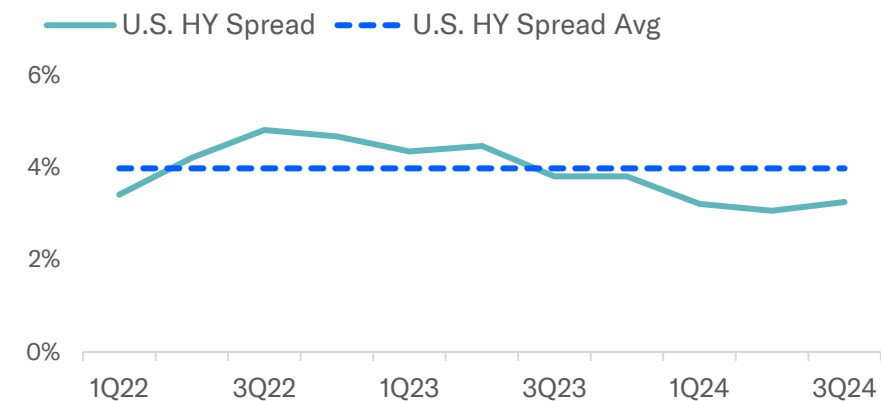
FY 2024 MIS RATED ISSUANCE GUIDANCE^{1,2}



FIRST TIME MANDATES



U.S. HIGH YIELD (HY) SPREADS



1. Guidance as of October 22, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody’s Corporation Reports Results for Third Quarter 2024” from October 22, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.
 2. MIS-rated issuance, excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

MIS & MA full year 2024 guidance¹

AS OF JULY 23, 2024

AS OF OCTOBER 22, 2024

MOODY'S INVESTORS SERVICE

Revenue Growth	High-teens % range	High-20's % range
Adjusted Operating Margin	58% - 59%	59% - 60%

MOODY'S ANALYTICS

Revenue Growth	HSD % range	No Change
ARR Growth ²	HSD to LDD % range	No Change
Adjusted Operating Margin	30% - 31%	No Change

Note: HSD = High-single-digit. LDD = Low-double-digits.

- Guidance as of October 22, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody's Corporation Reports Results for Third Quarter 2024” from October 22, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.
- ARR: Annualized Recurring Revenue. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

MCO full year 2024 guidance¹

AS OF JULY 23, 2024

AS OF OCTOBER 22, 2024

MOODY'S CORPORATION

Revenue Growth	Low-teens % range	High-teens % range
Operating Expense	HSD % range	Approximately 10%
Adjusted Operating Margin ²	46% to 47%	47% to 48%
Diluted EPS	\$9.95 - \$10.35	\$10.85 - \$11.05
Adjusted Diluted EPS ²	\$11.00 - \$11.40	\$11.90 - \$12.10
Share Repurchases ³	Approximately \$1.3B	No Change
Free Cash Flow ²	\$2.0B - \$2.2B	Approximately \$2.3B

Note: HSD = High-single-digit.

- Guidance as of October 22, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody's Corporation Reports Results for Third Quarter 2024” from October 22, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.
- Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.
- Subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions.

Questions and answers



Rob Fauber

PRESIDENT AND CHIEF EXECUTIVE OFFICER



Noémie Heuland

CHIEF FINANCIAL OFFICER

The background of the slide is a dark blue color with intricate, abstract patterns of thin, light blue wavy lines. These lines flow across the page, creating a sense of movement and depth. The patterns are most prominent in the upper left and lower right corners, framing the central text.

Supplemental information

MA's strong year-to-date performance

8%

REVENUE GROWTH¹

95%

RECURRING REVENUE

93%

RETENTION RATE

29.5%

ADJUSTED OPERATING MARGIN

9% ARR² GROWTH

14%

KYC

13%

INSURANCE

10%

BANKING

8%

**Data &
Information**

6%

**Research
& Insights**

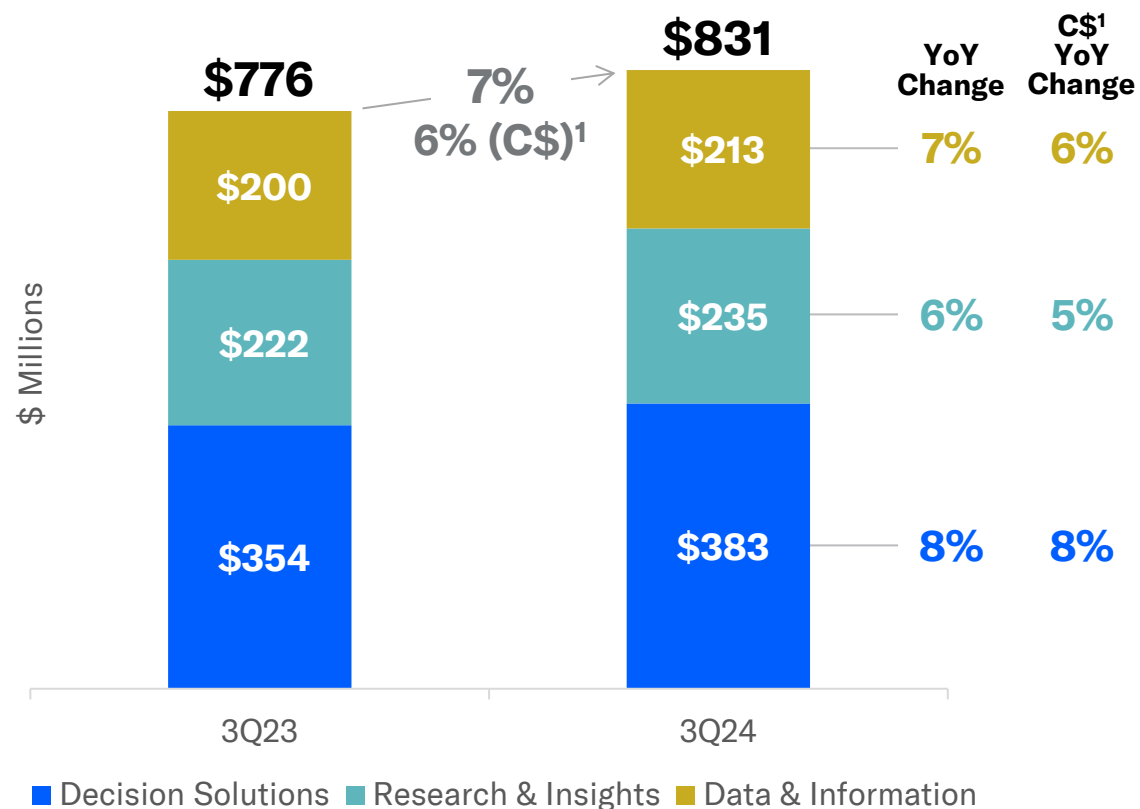
**Decision
Solutions**

1. Year-over-year growth for the nine months ended September 30.

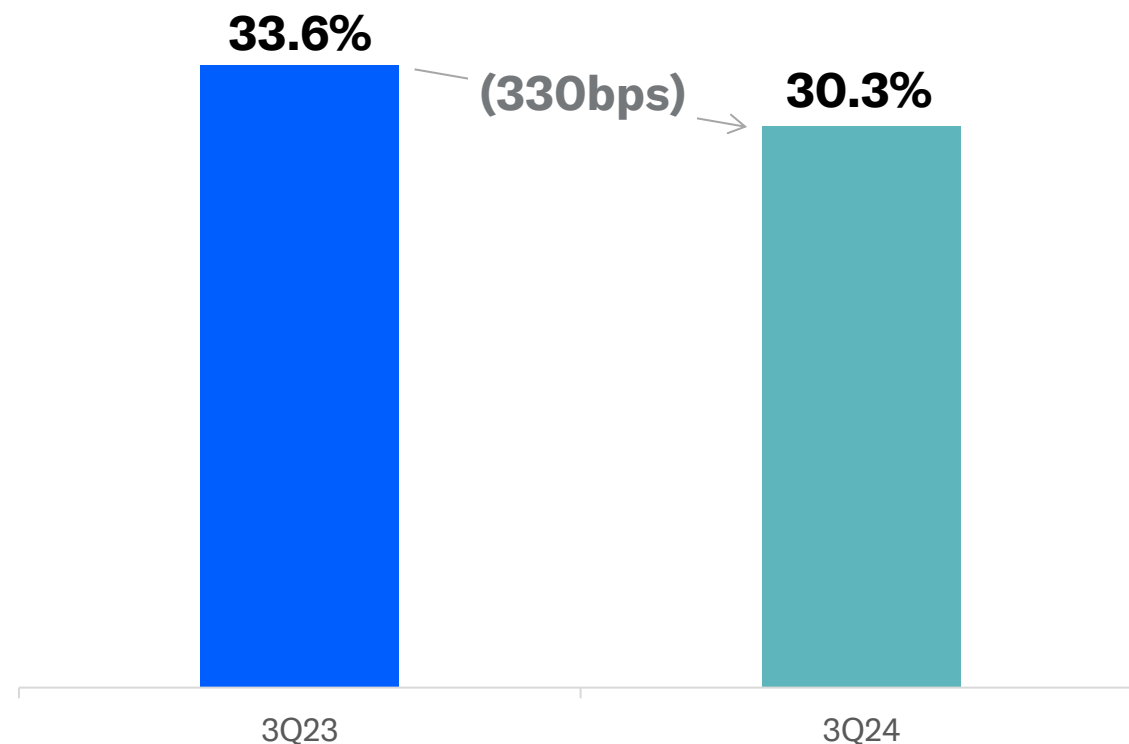
2. ARR: Annualized Recurring Revenue. ARR growth as of September 30, 2024. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

MA: quarterly performance

REVENUE

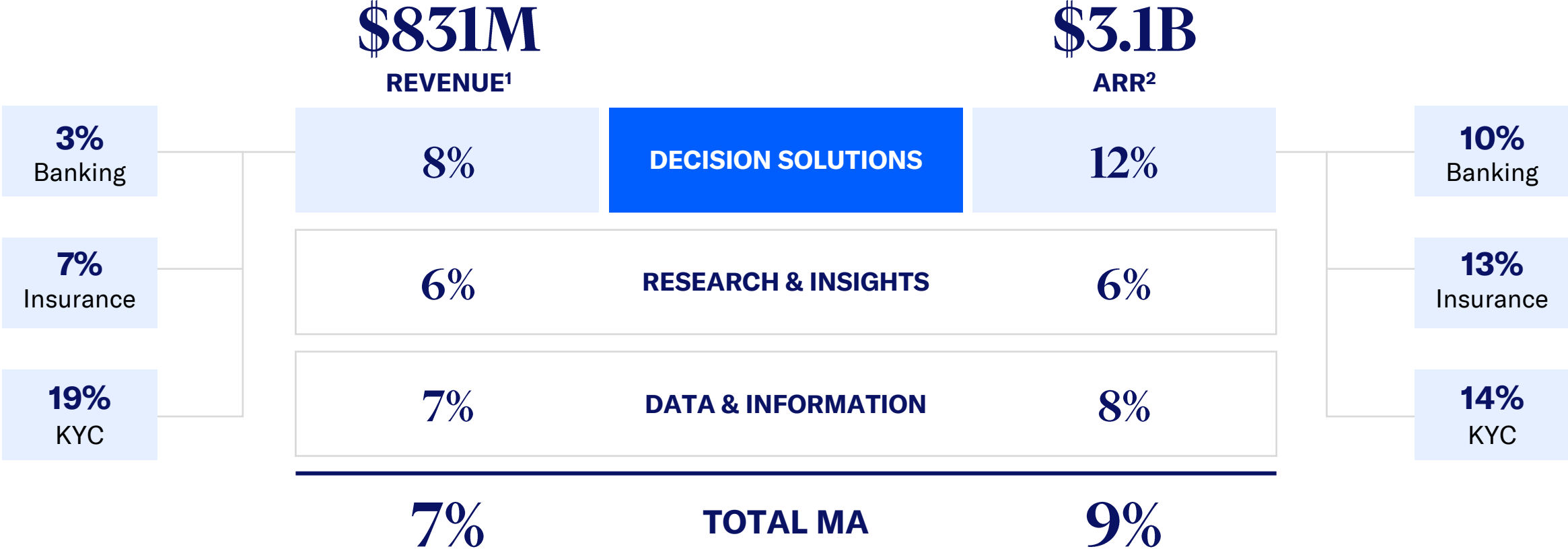


ADJUSTED OPERATING MARGIN



1. Refer to the Appendix for the definition of constant currency (C\$) revenue, as well as reconciliations between all C\$ and adjusted measures mentioned throughout this presentation and U.S. GAAP.

MA: third quarter results

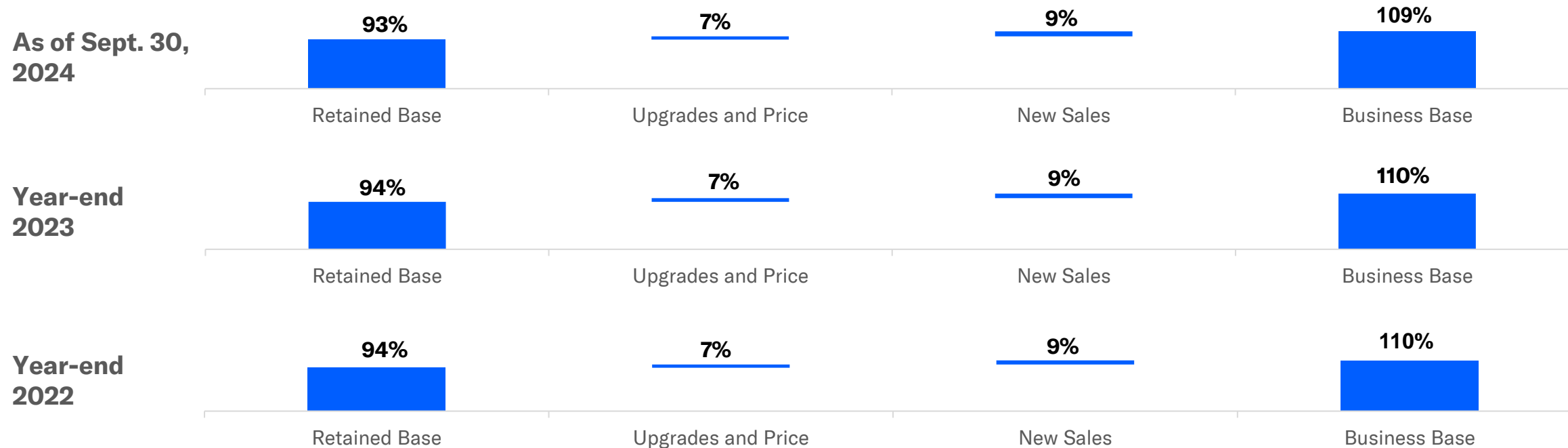


1. Percentages represent year-over-year quarterly growth.

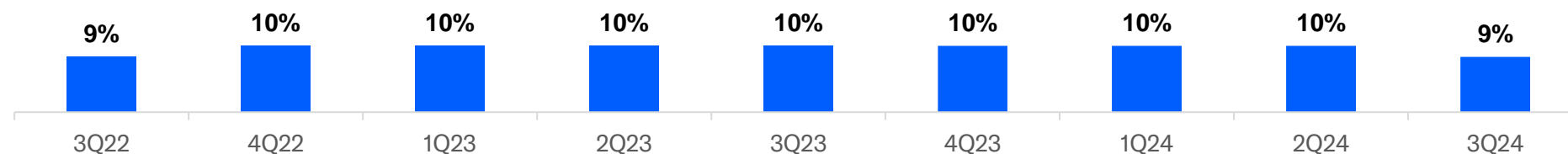
2. ARR: Annualized Recurring Revenue. ARR growth as of September 30, 2024. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

Building on a foundation of strong customer retention

MA ARR¹ GROWTH ATTRIBUTION



MA ARR¹ GROWTH BY QUARTER



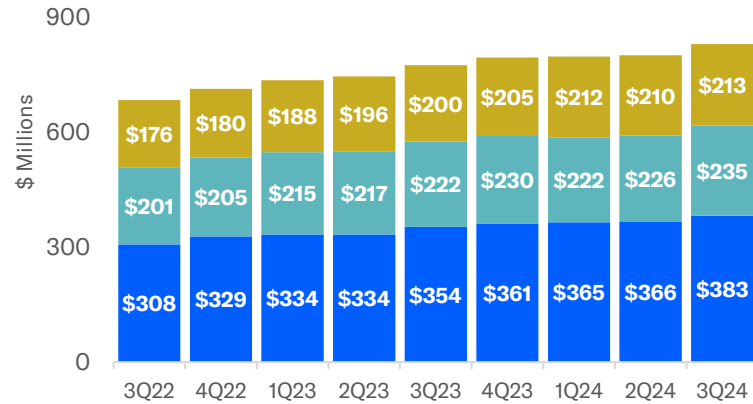
Note: Upgrades and price include increases (or decreases) in value of products sold to legacy customers within the retained base. New sales includes sales of incremental products to both existing and new customers.

1. ARR: Annualized Recurring Revenue. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

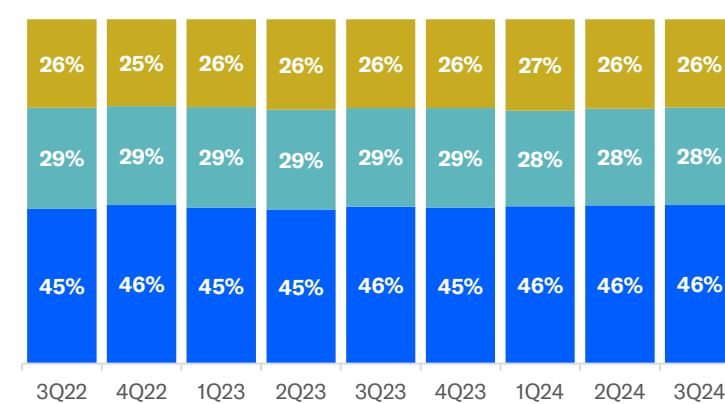
MA: financial overview

Decision Solutions Research & Insights Data & Information

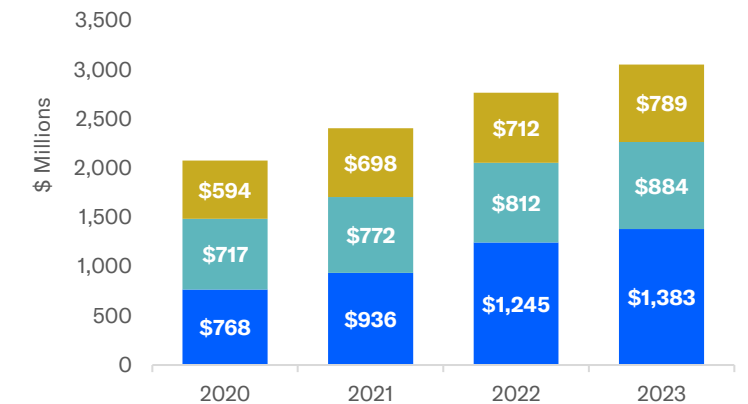
Revenue: Mix by Quarter



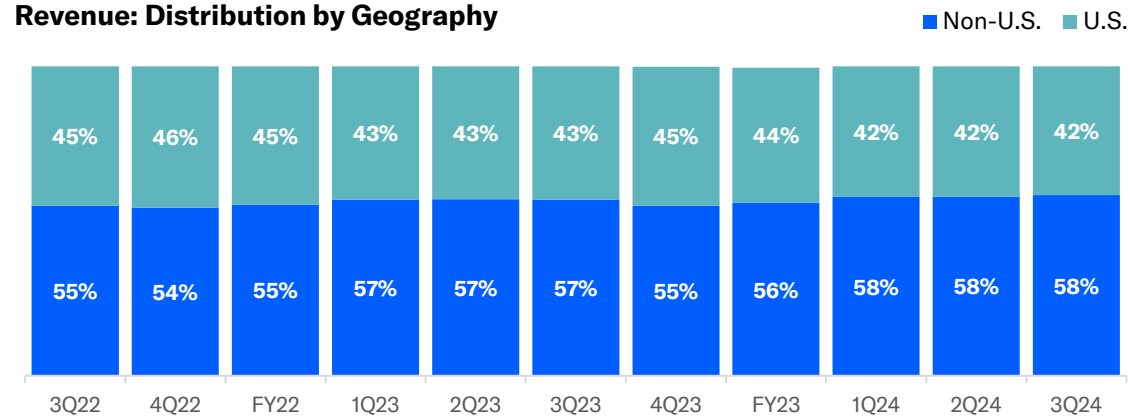
Revenue: Distribution by Line of Business



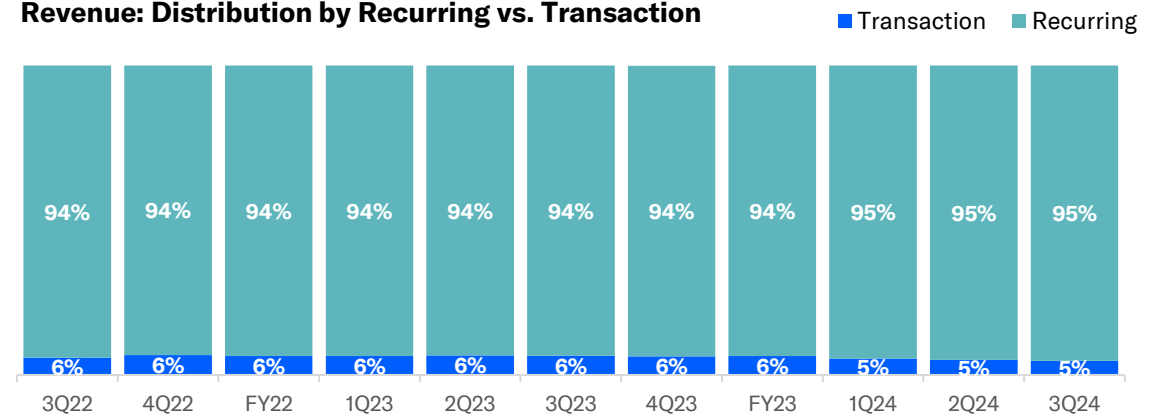
Revenue: Mix by Year



Revenue: Distribution by Geography



Revenue: Distribution by Recurring vs. Transaction

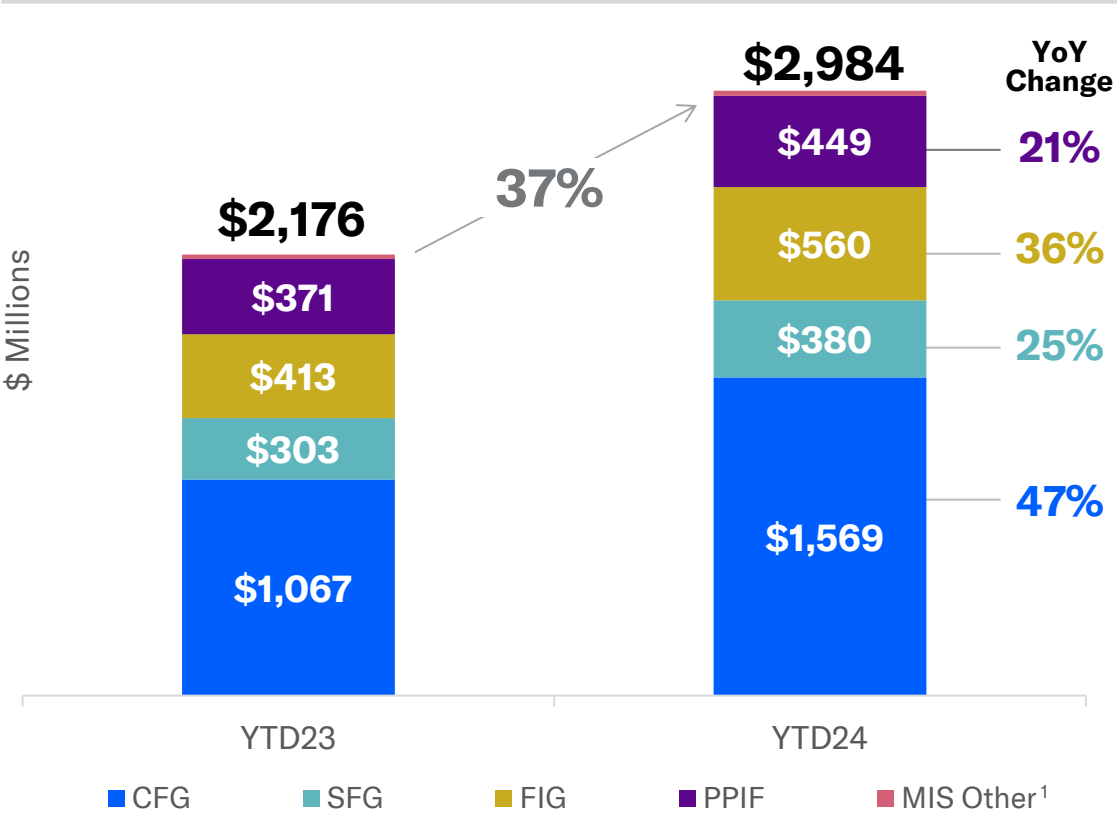


Note: Percentages have been rounded and may not total to 100%.

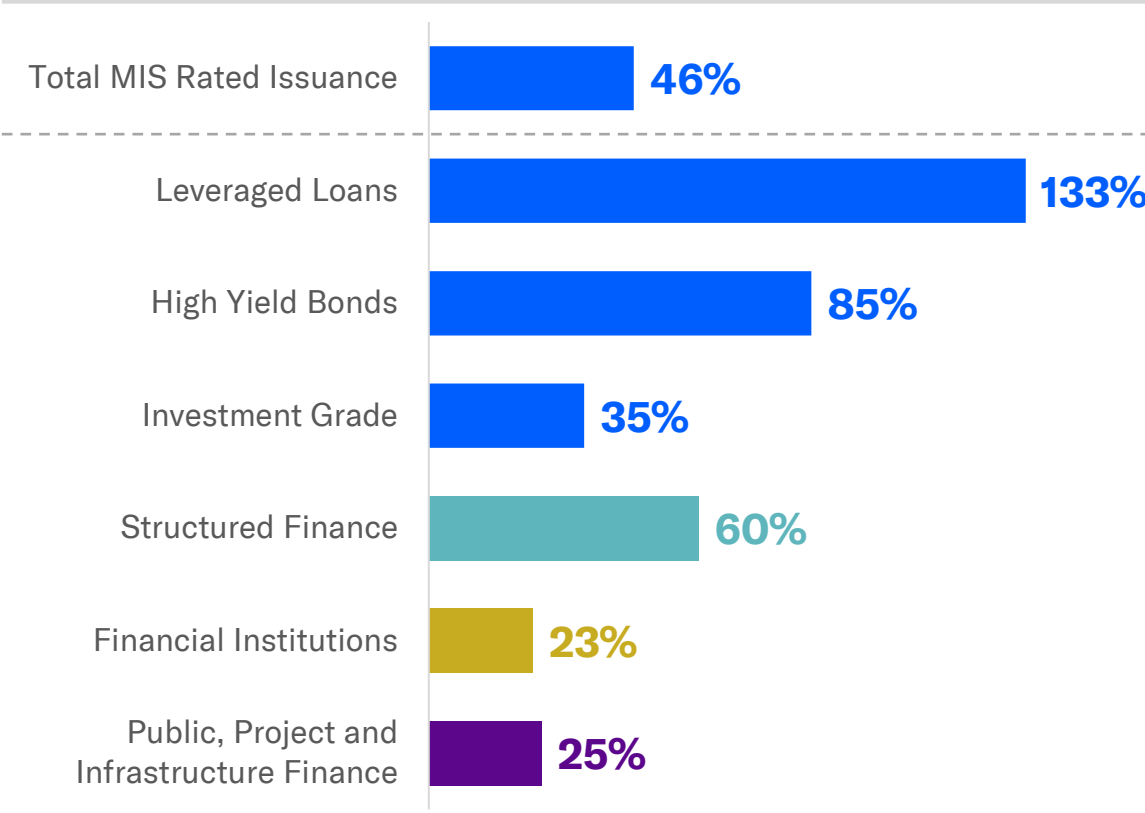
MIS: delivering impressive year-to-date results

Transactional revenue growth of 61% outpaced issuance

REVENUE



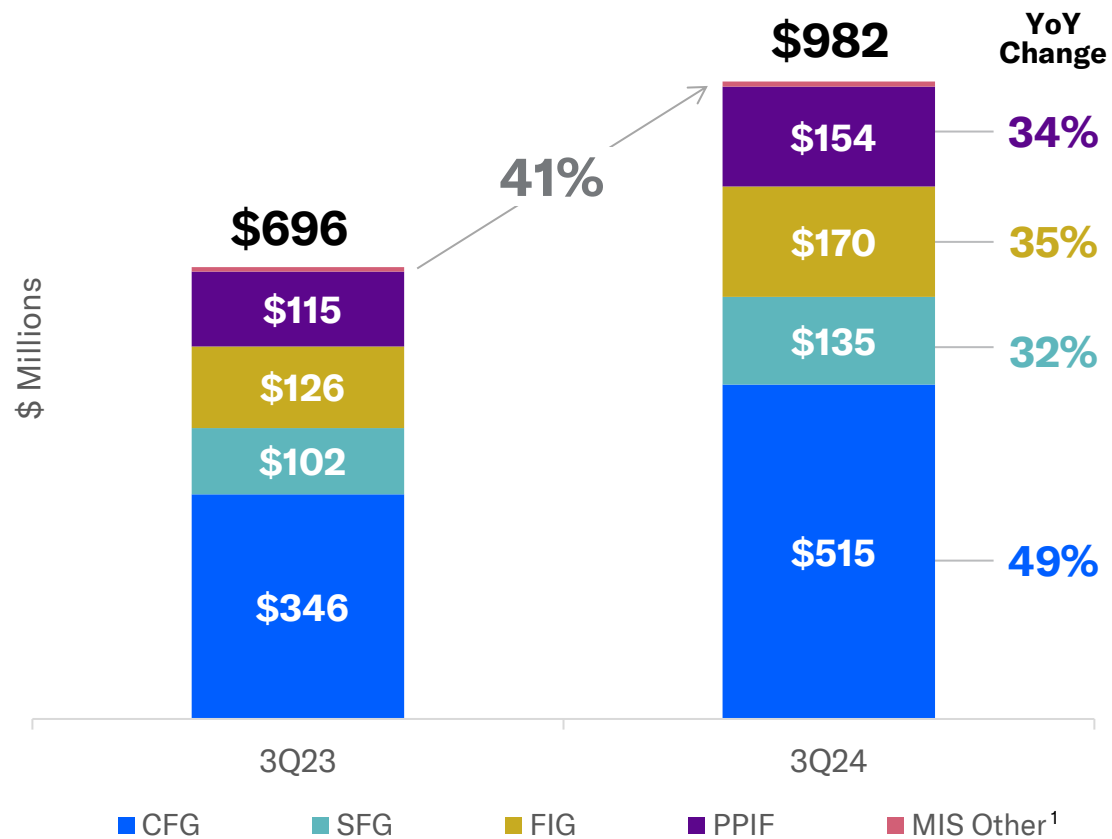
ISSUANCE²



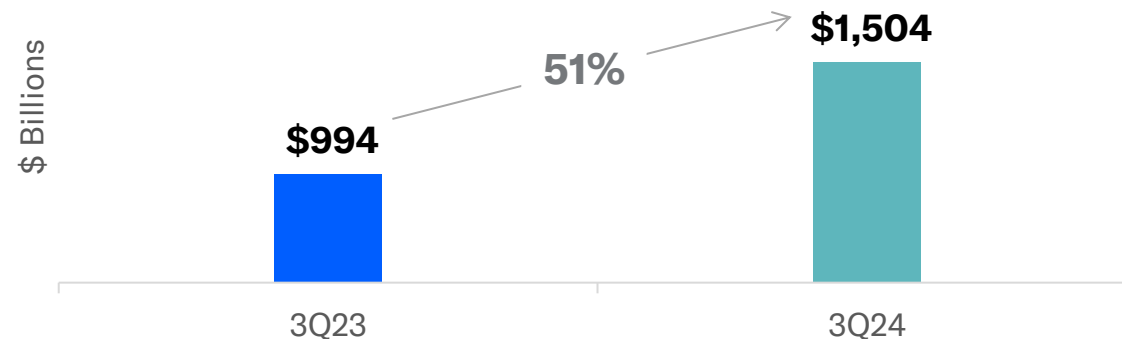
1. MIS Other revenue was approximately \$22 million and \$26 million in the nine months ended September 30, 2023, and September 30, 2024, respectively.
 2. MIS-rated issuance, excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

MIS: quarterly performance

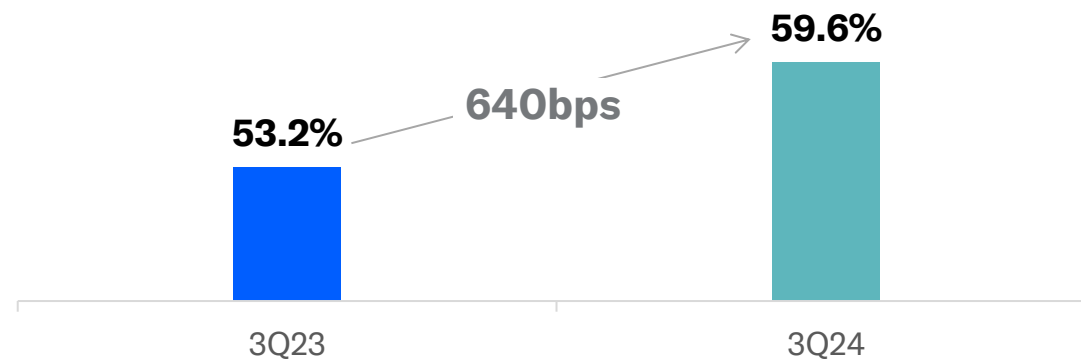
REVENUE



ISSUANCE²



ADJUSTED OPERATING MARGIN



1. MIS Other revenue was approximately \$7 million and \$8 million in the quarters ended September 30, 2023, and September 30, 2024, respectively.

2. MIS-rated issuance, excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

MIS: macroeconomic assumptions underpinning our full year 2024 outlook

MACROECONOMIC ASSUMPTIONS¹

- **Real GDP²**: U.S.: 1.5% - 2.5%; Euro area: 0.5% - 1.5%; Global: 2.0% - 3.0%
- **Global policy rates** to gradually decline through 2024 and 2025
- **U.S. high yield spreads** to fluctuate around 360 – 460 bps, with periodic volatility over the next 12 months
- **U.S. inflation rate** to continue to decline and remain around the Federal Reserve’s target of 2.0% through 2025; **Euro area economies’ inflation rate** to remain around 2.0% through 2024 and 2025
- **U.S. unemployment rate** to average around 4.2% – 4.5% over the next 12 months
- **Global high yield default rate** to decline to around 4.2% by year-end 2024
- **FX rates** of \$1.34 and \$1.12 for GBP/USD and EUR/USD, respectively, for the remainder of the year

TAILWINDS

- ✓ Central banks continue to cut rates as inflation eases
- ✓ ~\$4.9T of refinancing needs between 2025 and 2028
- ✓ Dry powder at private equity firms

HEADWINDS

- ✗ Elevated funding costs pose potential refinancing risks for vulnerable issuers
- ✗ Geopolitical uncertainty, including the prolonged Russia-Ukraine military conflict, and the military conflict in the Middle East
- ✗ Recessionary concerns

Sources: GDP, policy rates, high yield spreads, and inflation assumptions as of October 22, 2024, from Moody’s Investors Service. Unemployment and default rate assumptions sourced from Moody’s Investors Service “September 2024 Default Report”, published October 16, 2024.

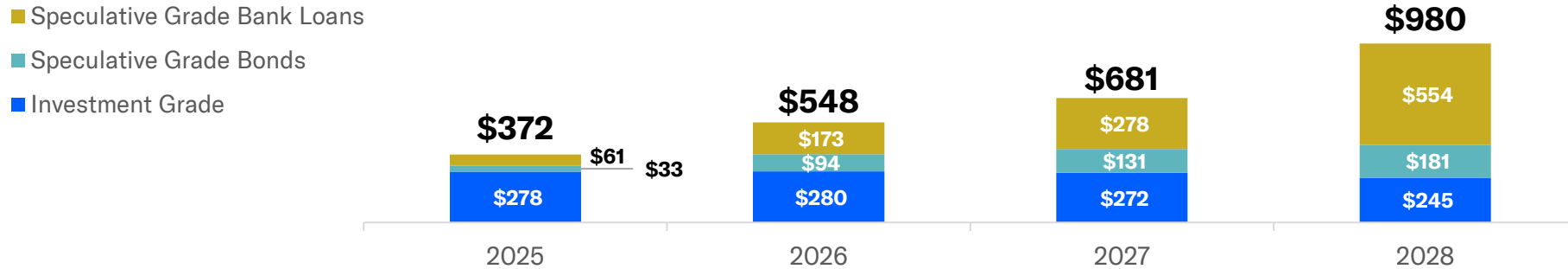
1. Guidance as of October 22, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody’s Corporation Reports Results for Third Quarter 2024” from October 22, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.

2. GDP represents rate of change in real GDP.

Strong refinancing needs support future issuance

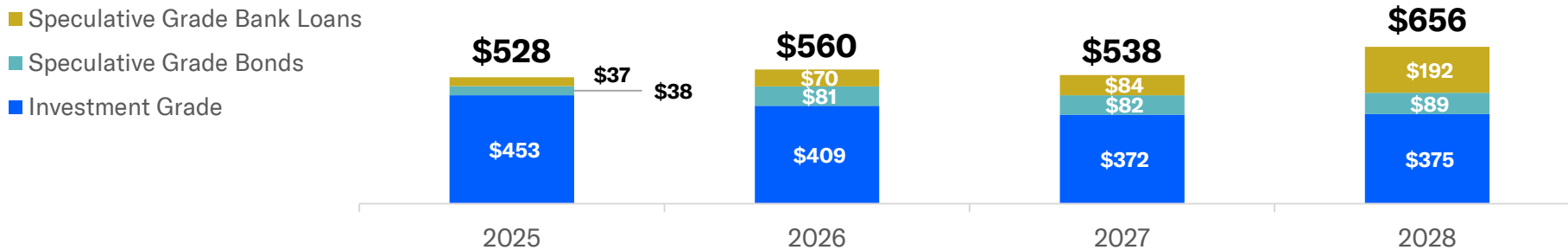
DEBT MATURITIES:

Moody's-rated U.S. Non-Financial Corporate Bonds and Loans (\$B)^{1,2}



DEBT MATURITIES:

Total EMEA Non-Financial Corporate and Infrastructure Bonds and Loans (\$B)^{1,3}



- Refinancing needs up from ~\$4.4T to ~\$4.9T over the next four years
- U.S. refinancing needs grew ~17% and remain weighted towards leveraged finance issuers, with a ~27% increase in U.S. Speculative Grade refinancing needs
- Investment grade and leveraged finance both contributing to growth in EMEA

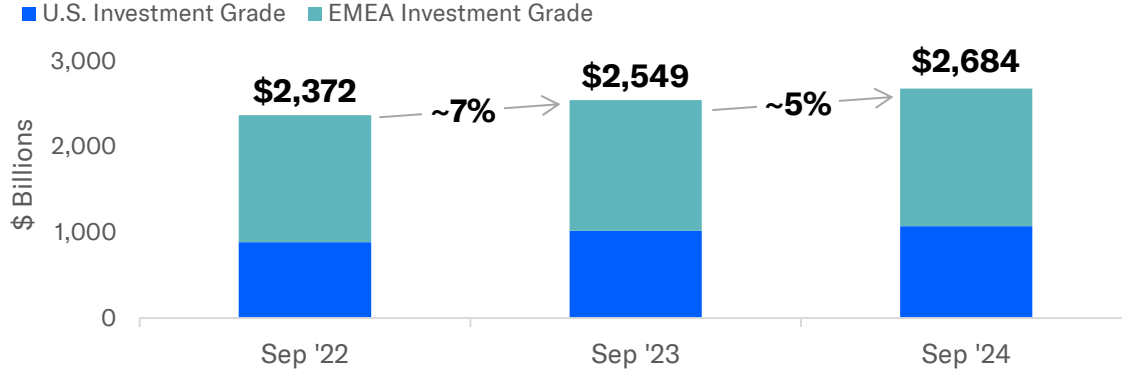
1. Totals may not sum due to rounding.

2. Amounts reflect Moody's-rated U.S. non-financial corporate bond and loan maturities as defined in Moody's refunding needs reports (2024), excludes unrated debt, REITS and public utilities.

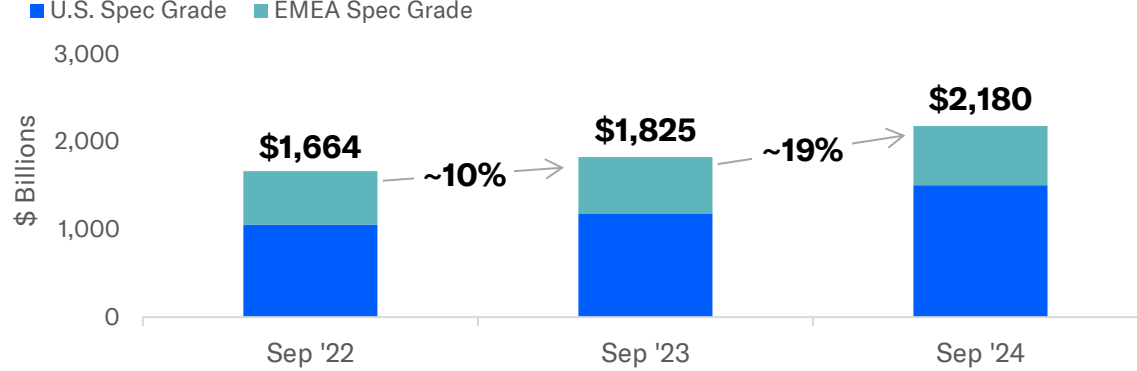
3. Amounts reflect Moody's-rated and unrated EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's refunding needs reports (2024). EMEA data is shown in USD, which appreciated against the EUR and GBP (the main reporting currencies) in the latest period under review.

Overview of recent refunding wall studies^{1,2}

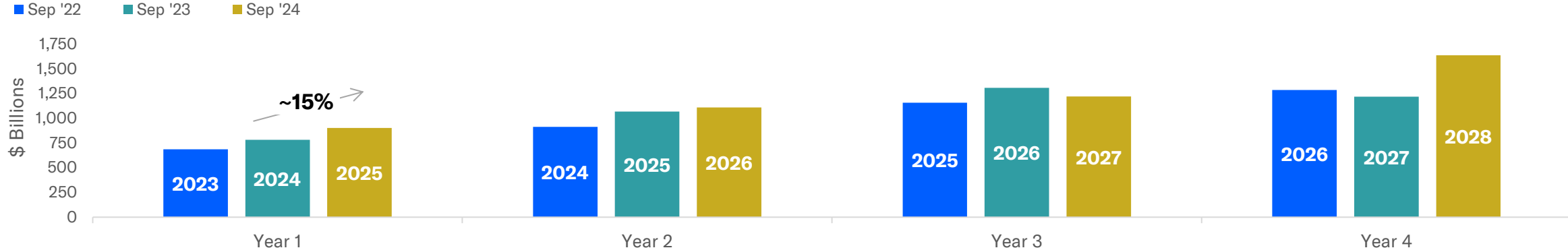
INVESTMENT GRADE 4-YEAR REFUNDING WALL STUDIES



SPECULATIVE GRADE 4-YEAR REFUNDING WALL STUDIES



COMBINED REFUNDING WALLS BY YEAR

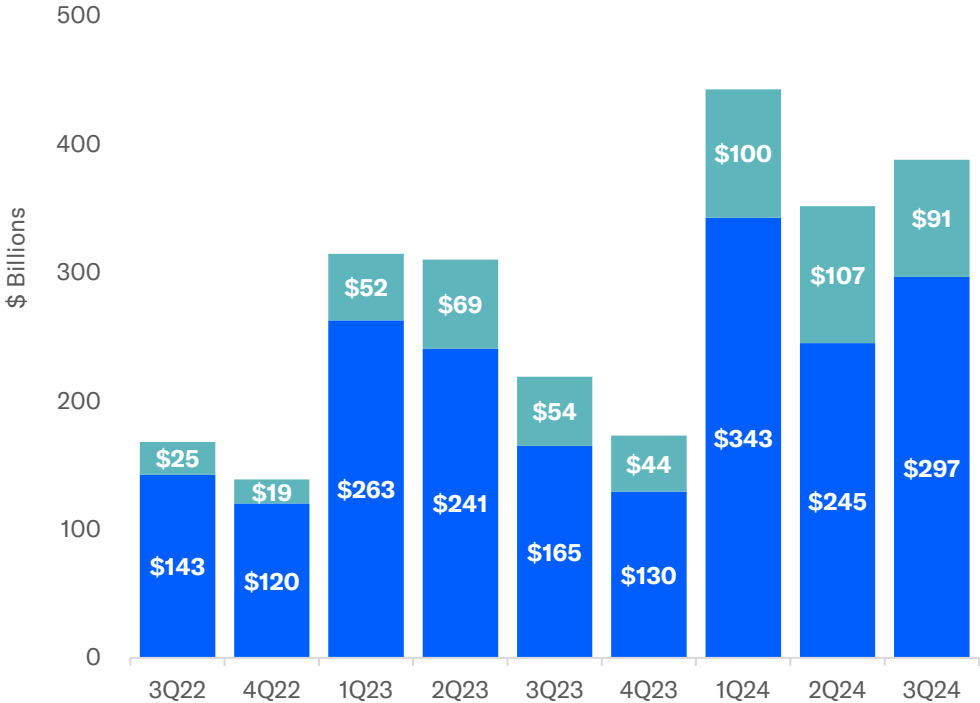


1. Totals may not sum to total due to rounding.
 2. Amounts reflect Moody's-rated U.S. non-financial corporate bond and loan maturities as defined in Moody's refunding needs reports (2022-2024), excludes unrated debt, REITS and public utilities. Amounts also reflect Moody's-rated and unrated EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's refunding needs reports (2022-2024).

Corporate Finance: issuance¹ and revenue

Global Issuance²: Mix by Quarter

- Global Non-Financial Speculative-Grade Bonds
- Global Non-Financial Investment-Grade Bonds

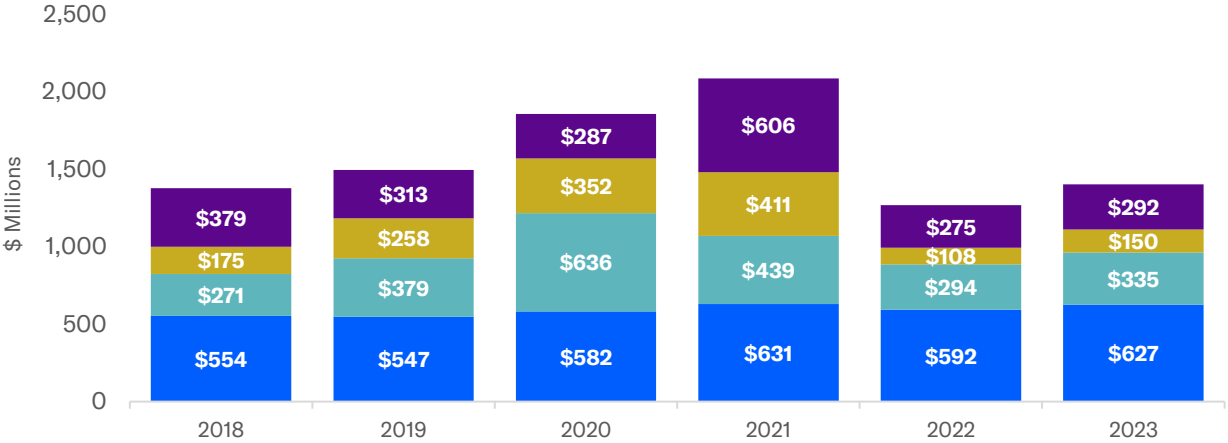


Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

- Total estimated market issuance, unless otherwise noted.
- Historical issuance data has been adjusted as of November 16, 2023, to conform with current information using a single-third party source (Dealogic). Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.
- Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 2018.
- Other includes monitoring, commercial paper, medium term notes and ICRA.

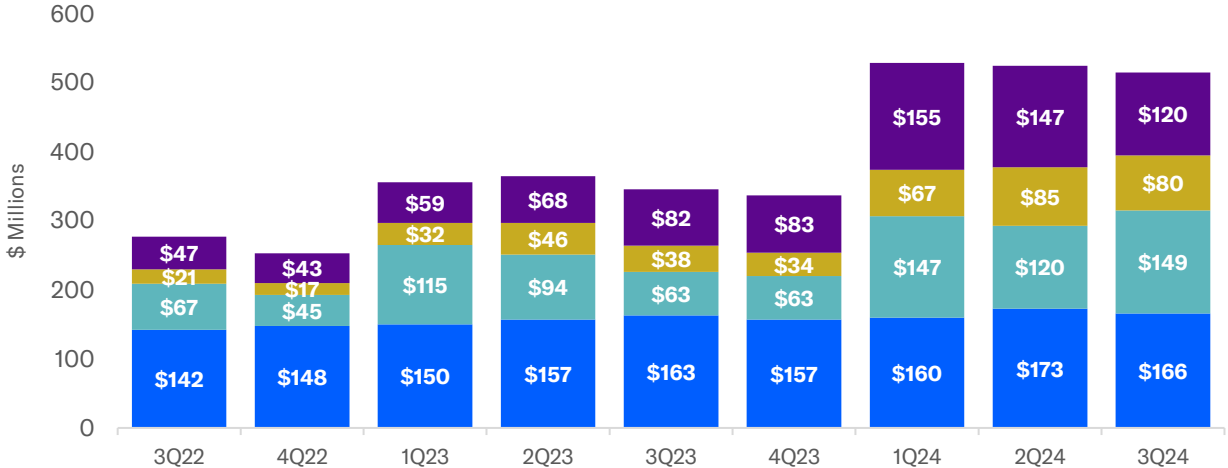
MIS Revenue³: Mix by Year

- Other⁴
- Investment Grade
- Speculative Grade
- Bank Loans



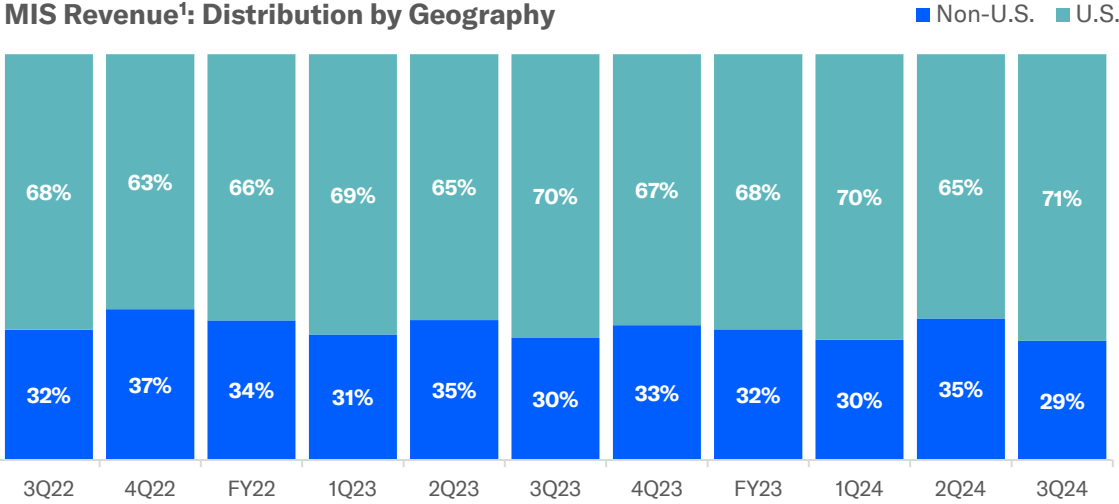
MIS Revenue³: Mix by Quarter

- Other⁴
- Investment Grade
- Speculative Grade
- Bank Loans

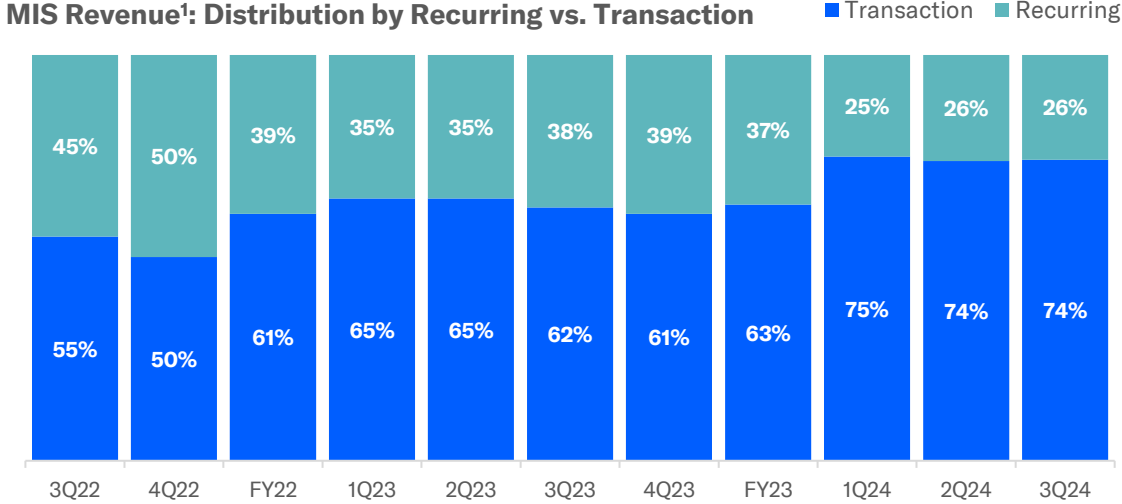


Corporate Finance: revenue

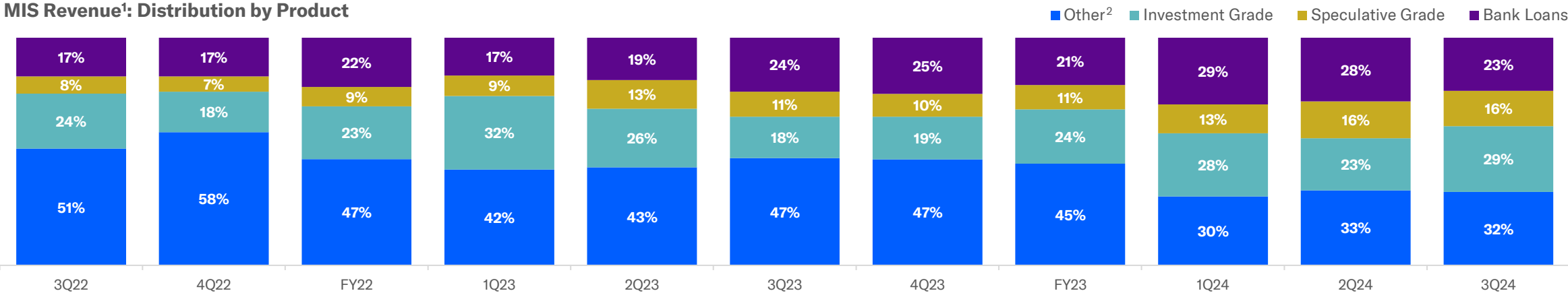
MIS Revenue¹: Distribution by Geography



MIS Revenue¹: Distribution by Recurring vs. Transaction



MIS Revenue¹: Distribution by Product

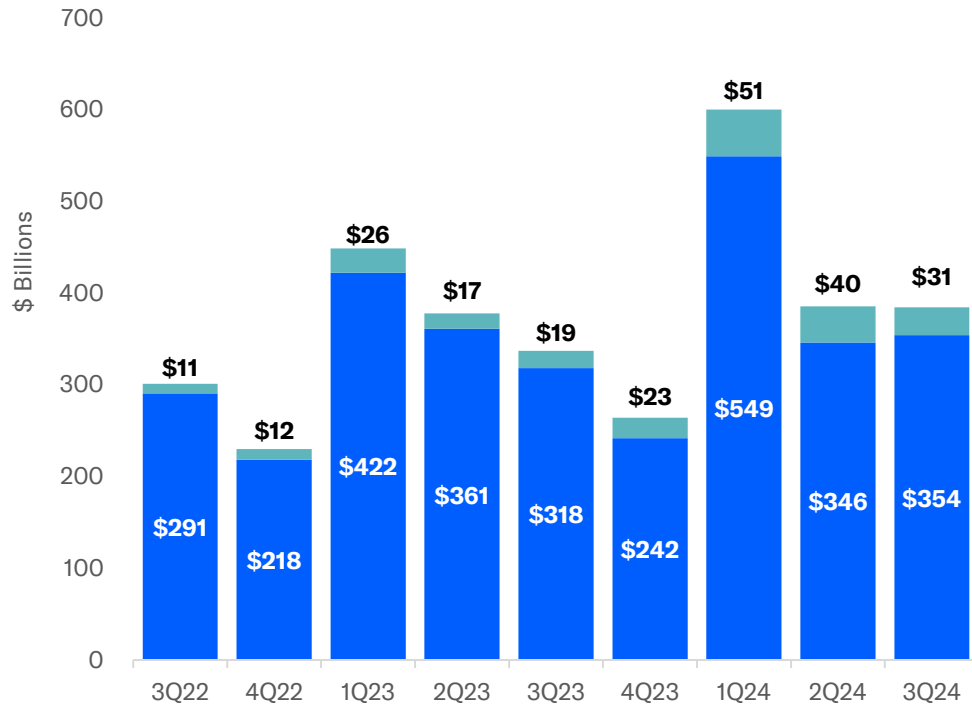


Note: Percentages have been rounded and may not total to 100%.
 1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.
 2. Other includes monitoring, commercial paper, medium term notes and ICRA.

Financial Institutions: issuance¹ and revenue

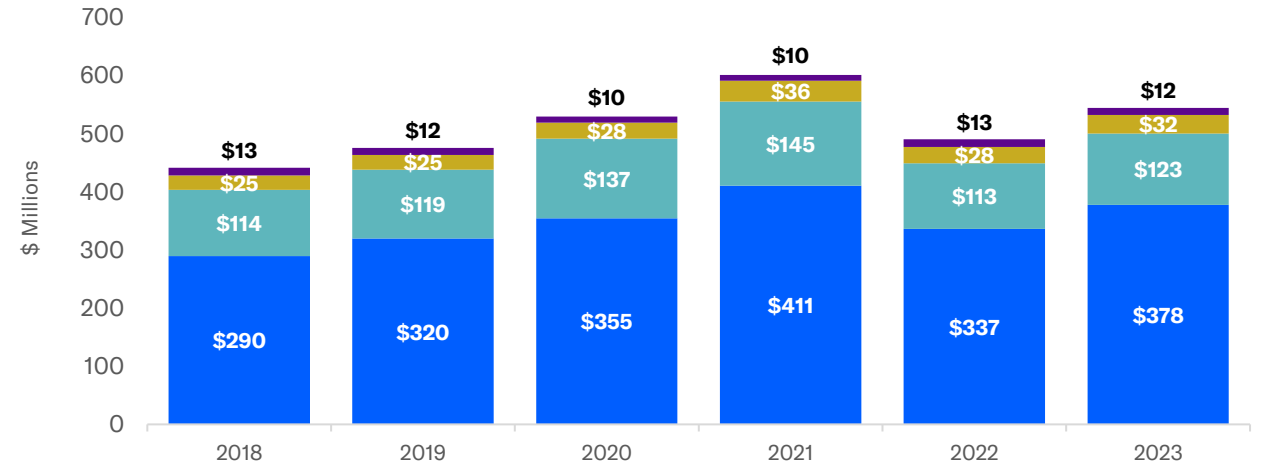
Global Issuance²: Mix by Quarter

- Global Speculative Grade Financial Corporate Bonds
- Global Investment Grade Financial Corporate Bonds



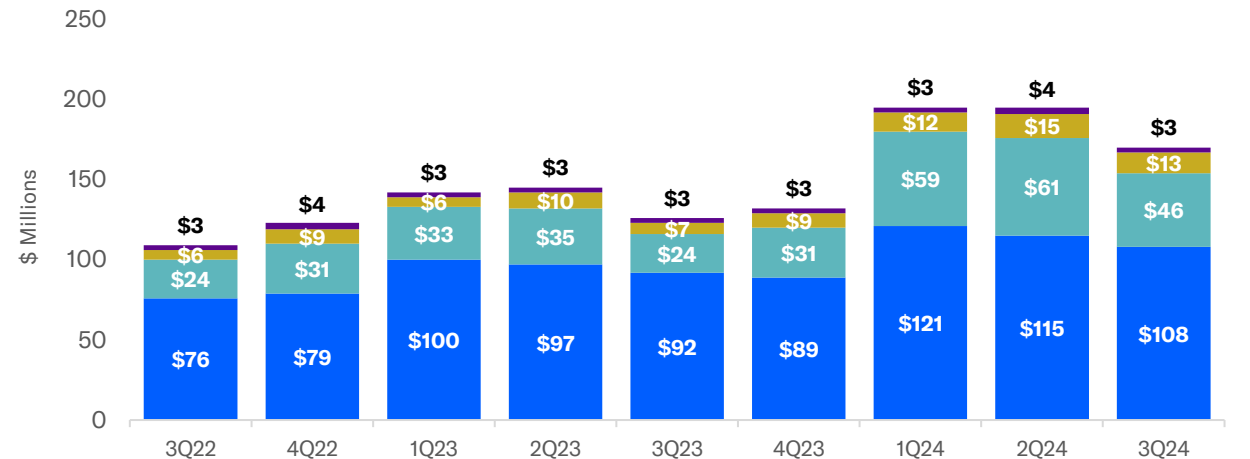
MIS Revenue³: Mix by Year

- Banking
- Insurance
- Managed Investments
- Other⁴



MIS Revenue³: Mix by Quarter

- Banking
- Insurance
- Managed Investments
- Other⁴

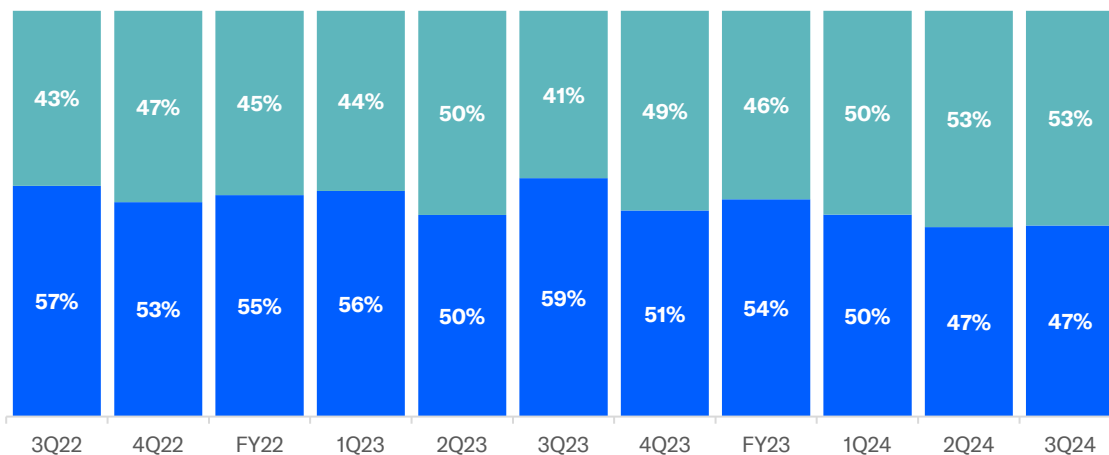


- Total estimated market issuance, unless otherwise noted.
- Historical issuance data has been adjusted as of November 16, 2023, to conform with current information using a single-third party source (Dealogic). Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle. Debt issuance categories do not directly correspond to Moody's revenue categorization.
- Historical data has been adjusted to conform with current information and excludes intercompany revenue.
- Other includes monitoring, commercial paper, medium term notes and ICRA.

Financial Institutions: revenue

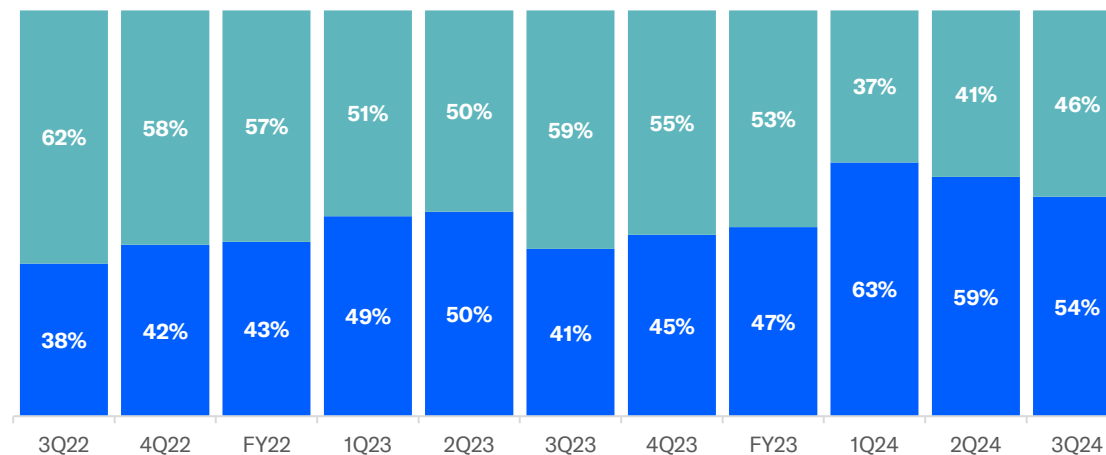
MIS Revenue¹: Distribution by Geography

■ Non-U.S. ■ U.S.



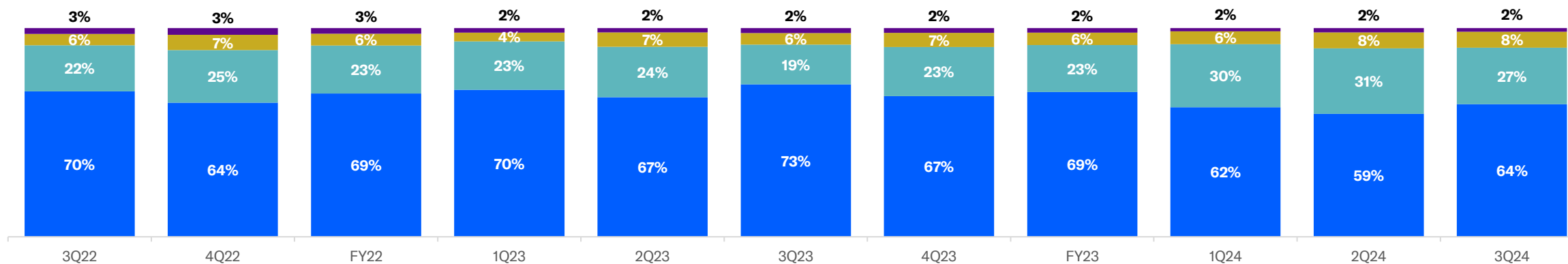
MIS Revenue¹: Distribution by Recurring vs. Transaction

■ Transaction ■ Recurring



MIS Revenue¹: Distribution by Product

■ Banking ■ Insurance ■ Managed Investments ■ Other²



Note: Percentages have been rounded and may not total to 100%.

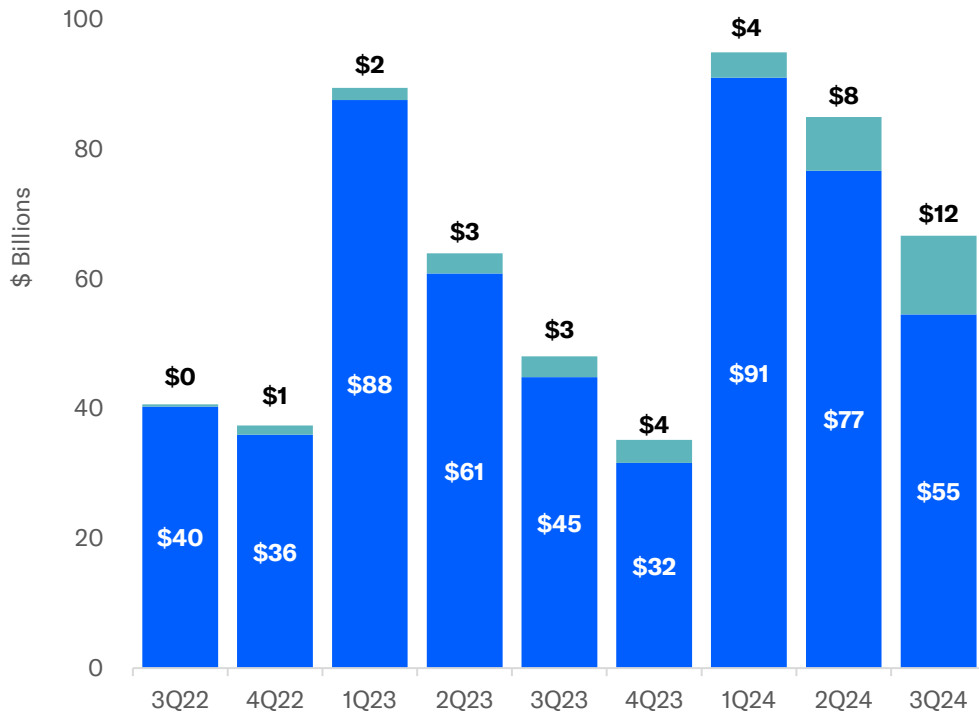
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

2. Other includes monitoring, commercial paper, medium term notes and ICRA.

Infrastructure Issuance¹; Public, Project & Infrastructure revenue

Global Issuance²: Mix by Quarter

- Global Infrastructure Finance Speculative-Grade Bonds
- Global Infrastructure Finance Investment-Grade Bonds

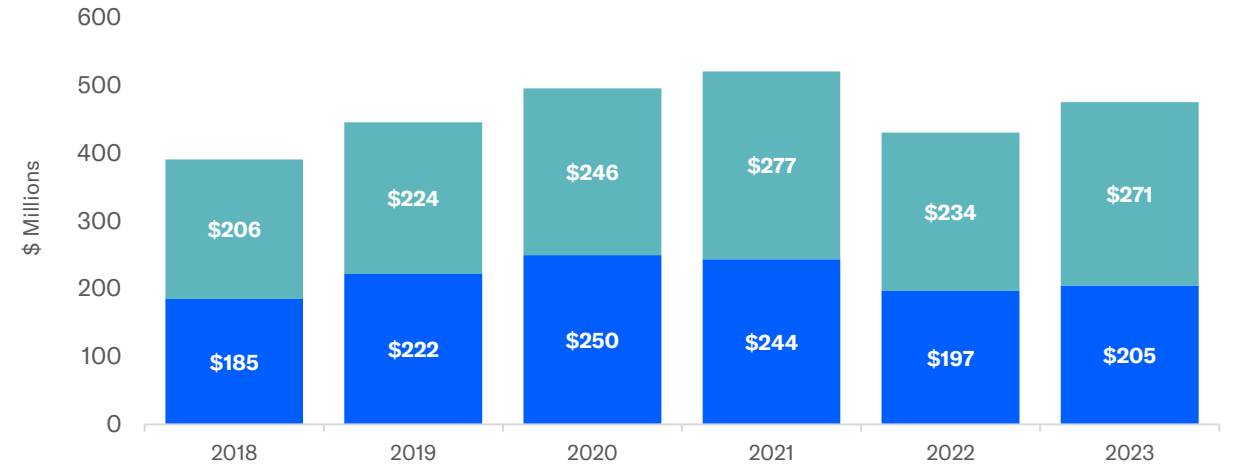


Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

- Total estimated market issuance, unless otherwise noted.
- Historical issuance data has been adjusted as of November 16, 2023, to conform with current information using a single-third party source (Dealogic). Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.
- Historical data has been adjusted to conform with current information and excludes intercompany revenue.

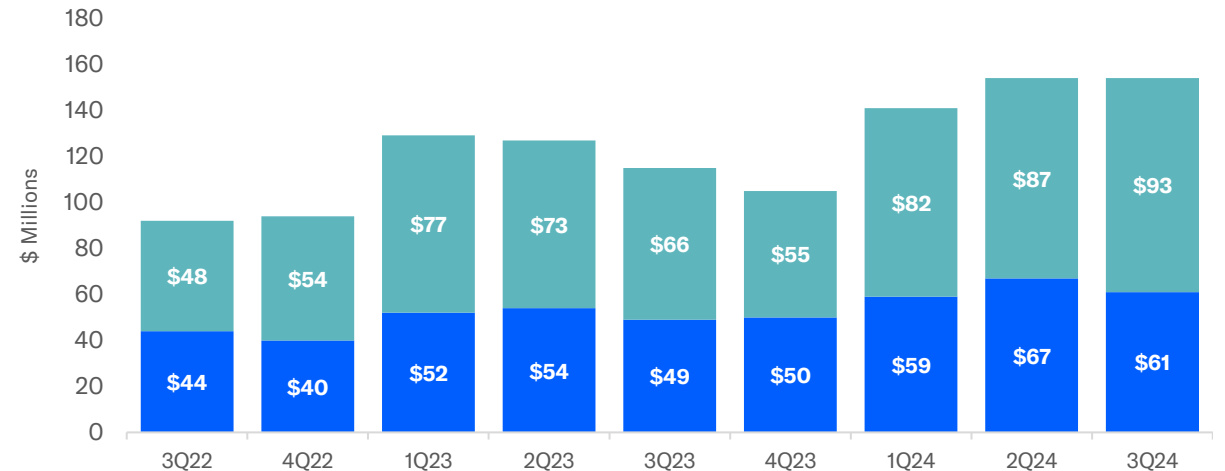
MIS Revenue³: Mix by Year

- Public Finance and Sovereign
- Project & Infrastructure Finance



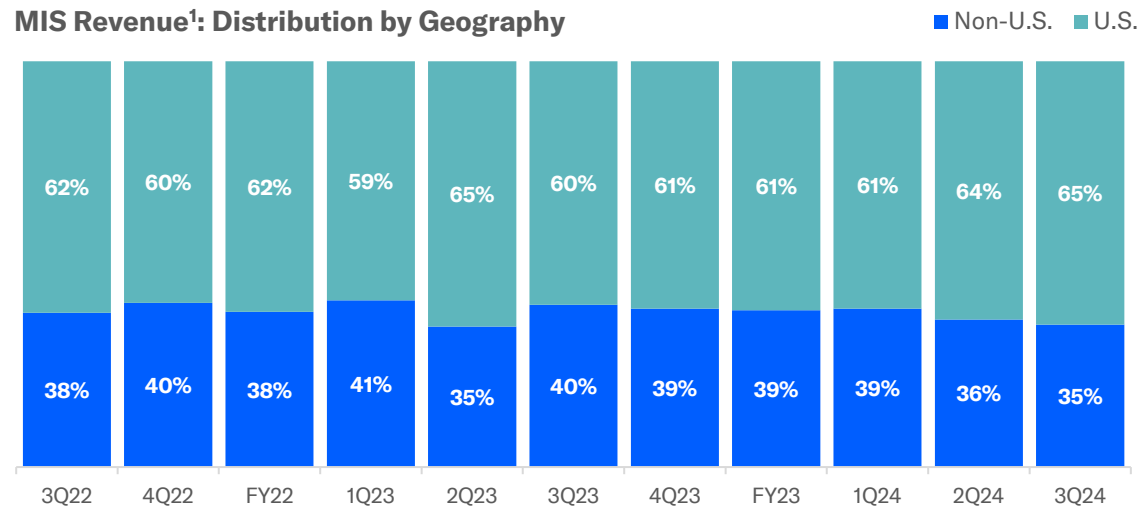
MIS Revenue³: Mix by Quarter

- Public Finance and Sovereign
- Project & Infrastructure Finance

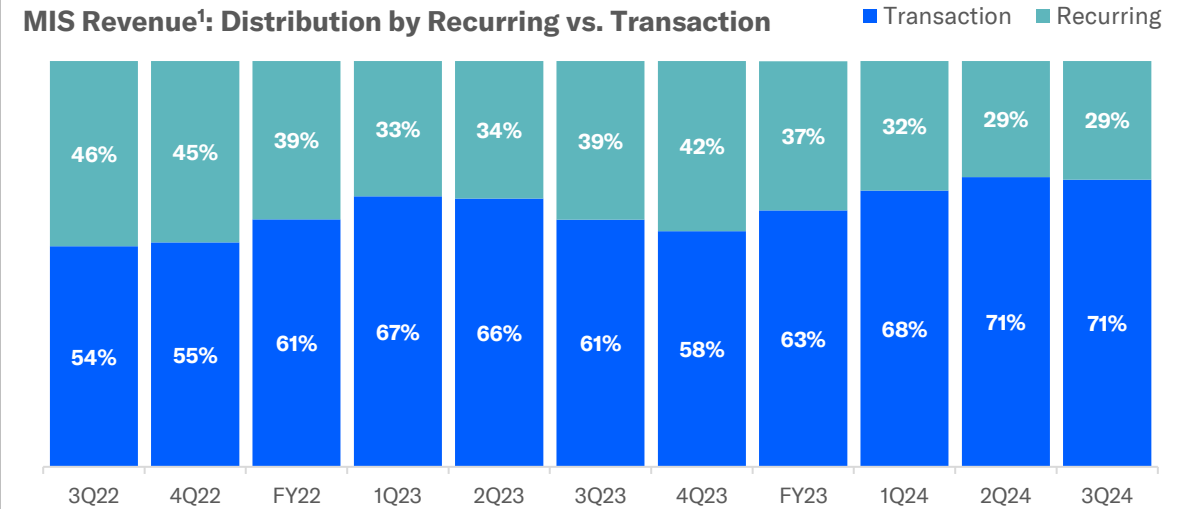


Public, Project & Infrastructure: revenue

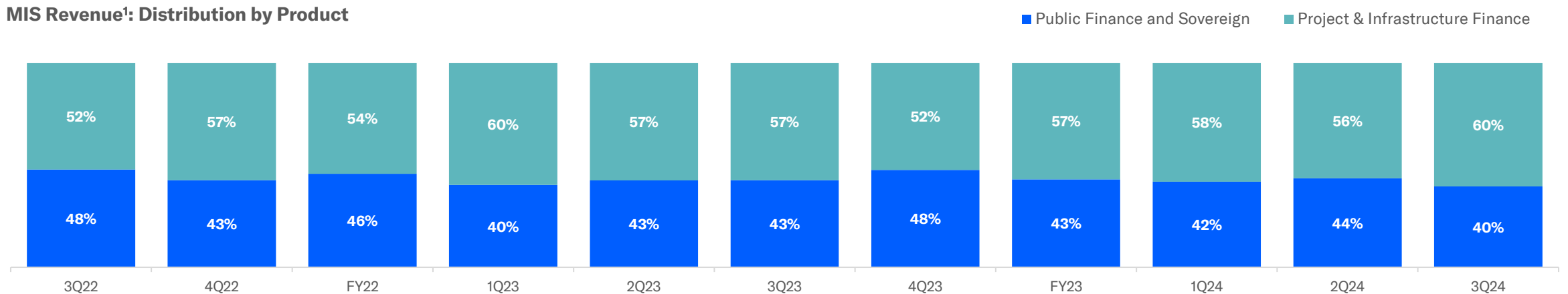
MIS Revenue¹: Distribution by Geography



MIS Revenue¹: Distribution by Recurring vs. Transaction



MIS Revenue¹: Distribution by Product

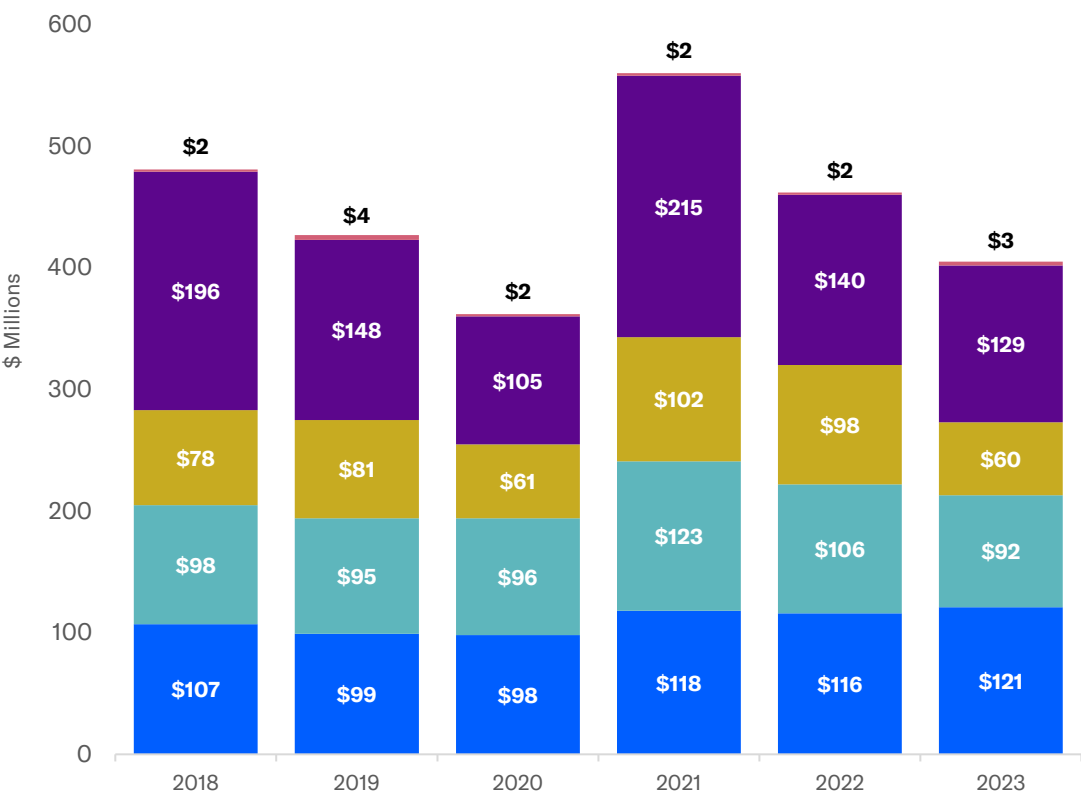


Note: Percentages have been rounded and may not total to 100%.

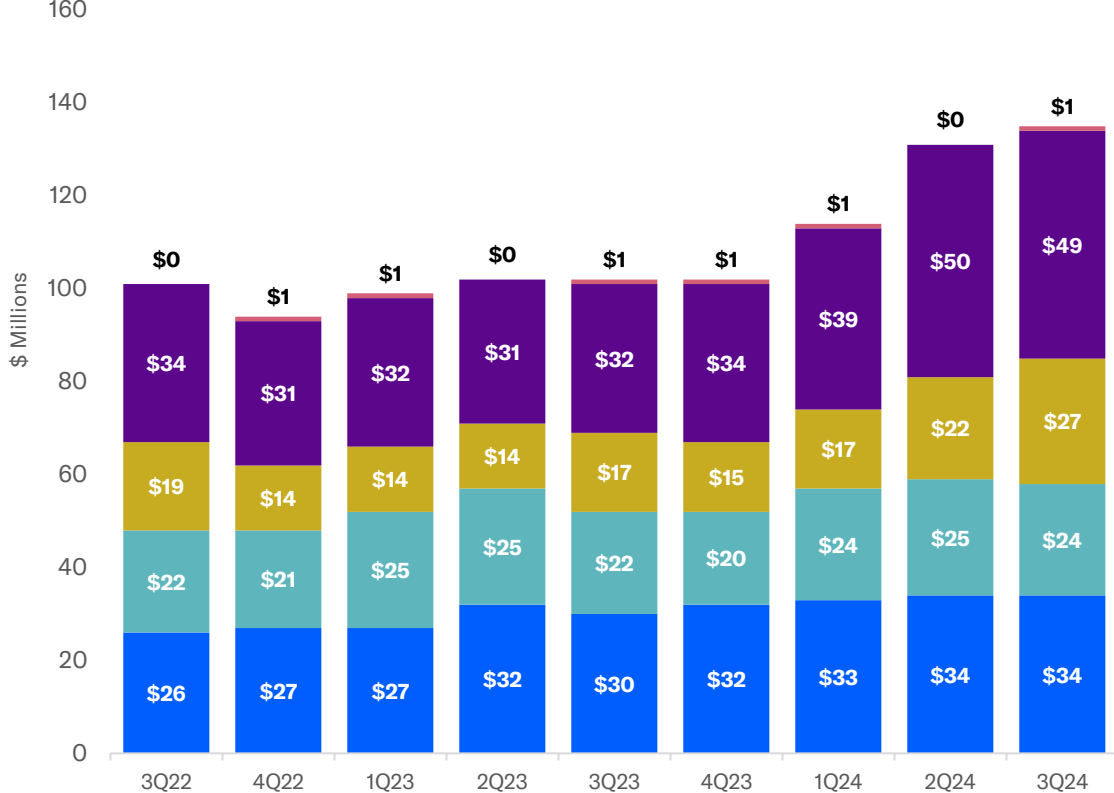
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

Structured Finance: revenue

MIS Revenue¹: Mix by Year



MIS Revenue¹: Mix by Quarter

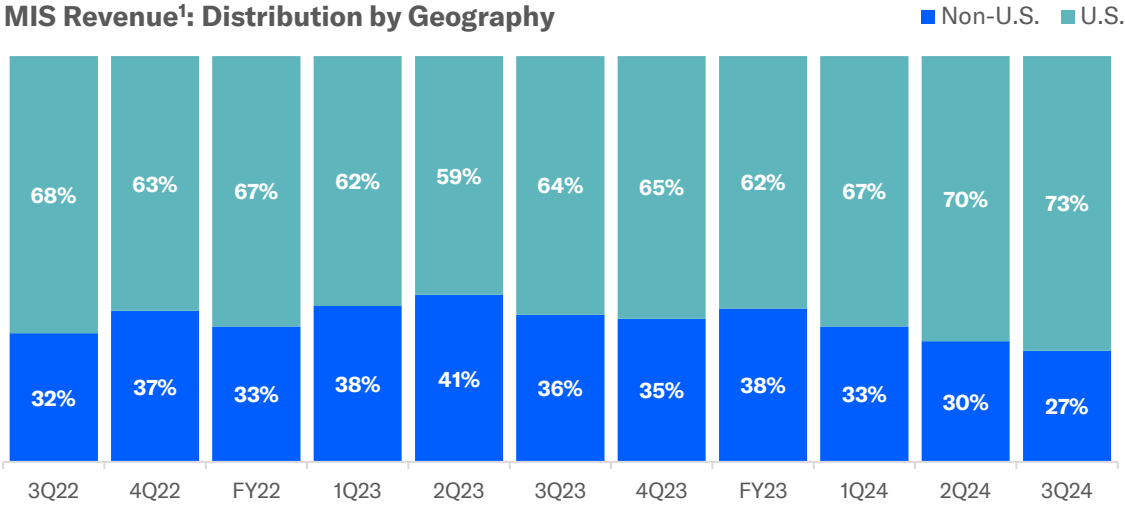


Notes: ABS (asset-backed securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (residential mortgage-backed securitization) includes covered bonds. CMBS (commercial mortgage-backed securities) includes commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

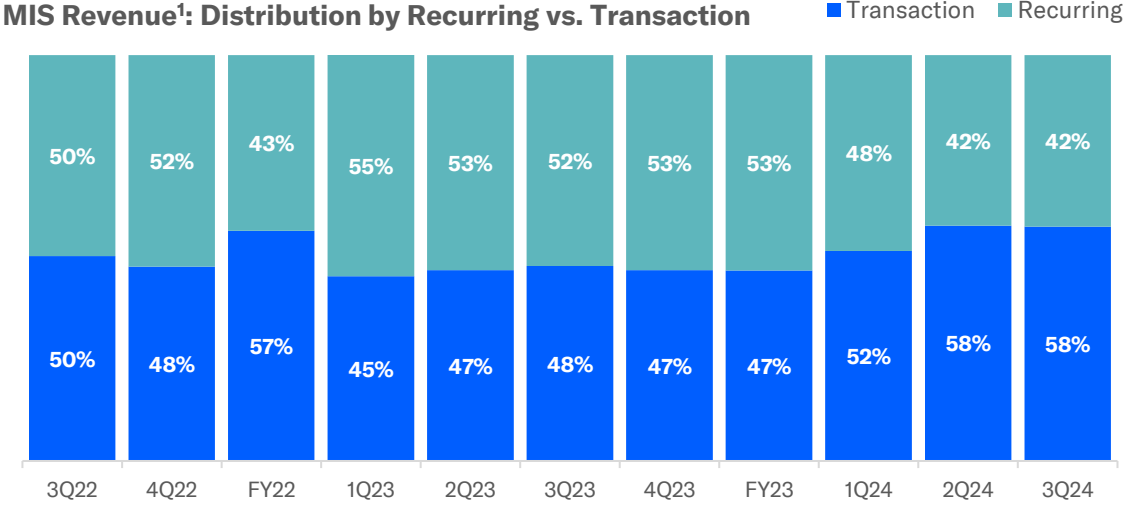
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 2018.

Structured Finance: revenue

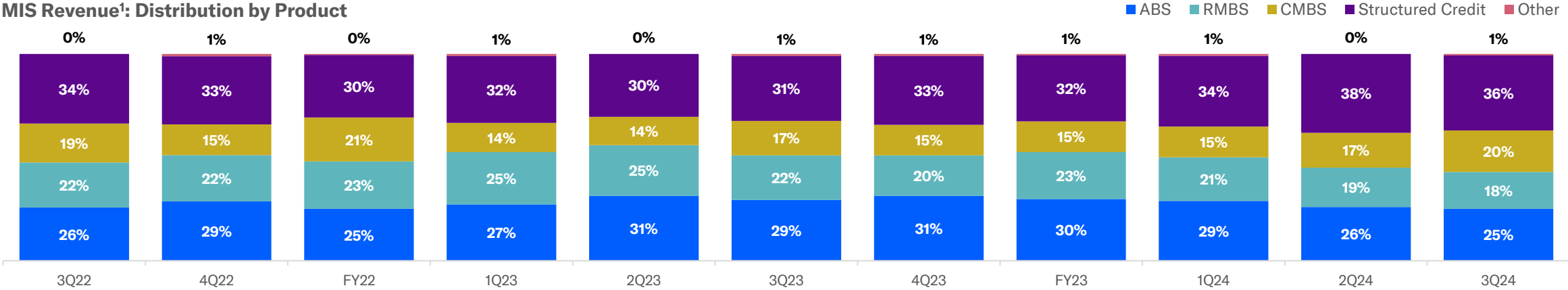
MIS Revenue¹: Distribution by Geography



MIS Revenue¹: Distribution by Recurring vs. Transaction



MIS Revenue¹: Distribution by Product

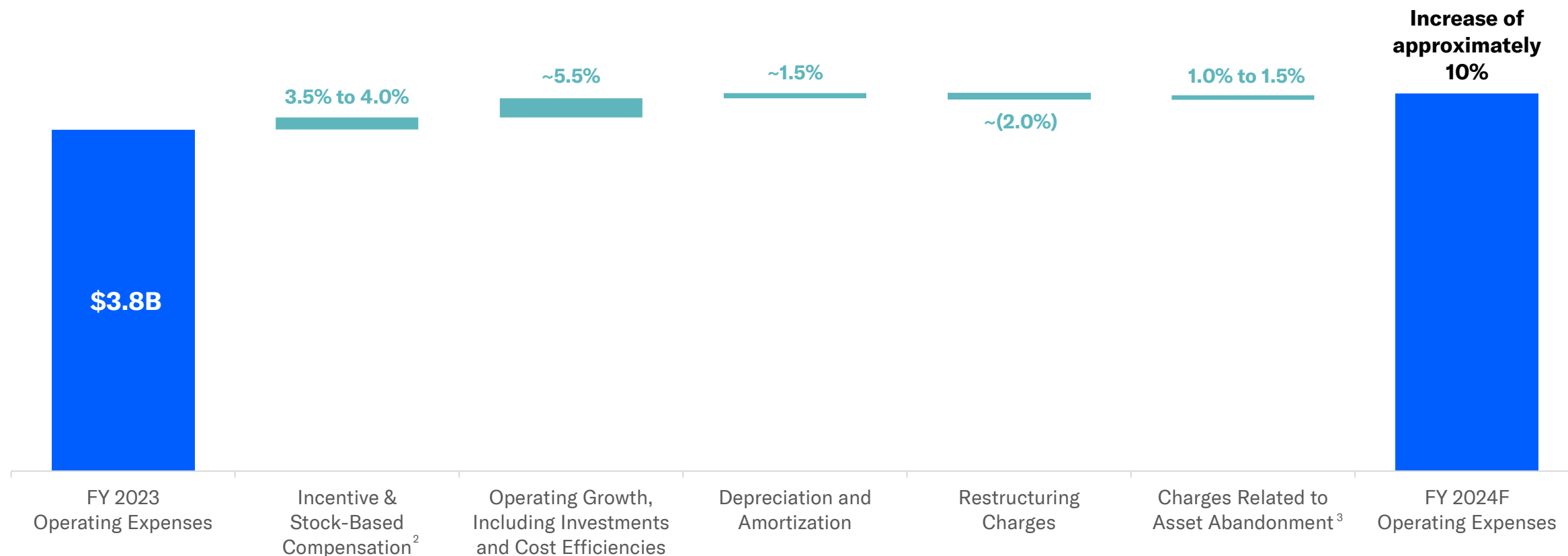


Notes: ABS (asset-backed securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (residential mortgage-backed securitization) includes covered bonds. CMBS (commercial mortgage-backed securities) includes commercial real estate CDOs. Structured Credit includes CLOs and CDOs. Percentages have been rounded and may not total to 100%.

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

MCO: balancing strategic investments and expense management

FY 2023 vs. FY 2024F¹



Note: No material impact on FY 2024 expense forecast resulting from FX.

- Guidance as of October 22, 2024. Refer to Table 12 – “2024 Outlook” in the press release titled “Moody's Corporation Reports Results for Third Quarter 2024” from October 22, 2024, for a complete list of guidance, as well as assumptions used by the Company with respect to its guidance.
- Incentive Compensation primarily consists of annual bonuses and commissions.
- Refer to Table 5 – “Financial Information by Segment (Unaudited)” in the press release titled “Moody's Corporation Reports Results for Third Quarter 2024” from October 22, 2024, for the definition of and further information on “Charges related to Asset Abandonment.”

Teleconference details

DIAL IN REPLAY AVAILABLE FROM

October 22, 2024, through November 21, 2024.



Webcast

- Go to ir.moody's.com
- Click on “**Events & Presentations**”
- Click on the link for “**3Q 2024 Earnings Conference Call**”



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Moody's attendance at upcoming conferences

Nov 14

J.P. Morgan

Ultimate Services Investor Conference

Dec 3

UBS

Global Technology Conference

Dec 4

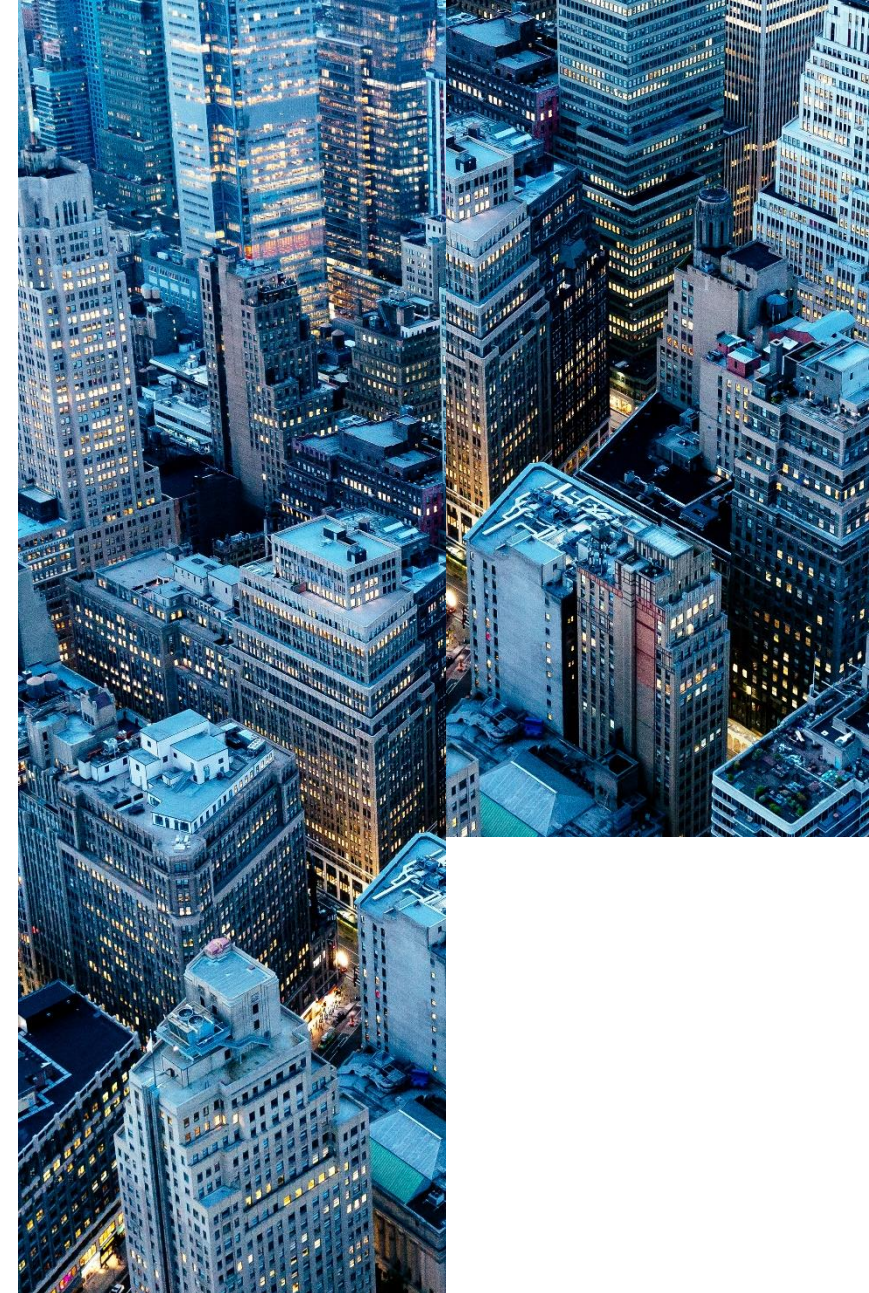
Redburn Atlantic

CEO Conference

Dec 10

Goldman Sachs

Global Financial Services Conference



The background of the slide is a dark blue color. It features several large, abstract, wavy patterns made of thin, light blue lines. These patterns resemble sound waves or data visualizations, creating a sense of movement and depth. The lines are most prominent in the upper left and right areas, with some overlapping to create a grid-like effect in certain spots.

Appendix

Glossary of terms and abbreviations

Term	Definition
CFG	Corporate finance group; an LOB within MIS
D&I	The Data & Information LOB within MA, which provides vast data sets on companies and securities via data feeds and data applications products
DS	The Decision Solutions LOB within MA that provides SaaS solutions supporting banking, insurance, and KYC workflows. This LOB utilizes components from the Data & Information and Research & Insights LOBs to provide risk assessment solutions
FIG	Financial institutions group; an LOB within MIS
FTM	First Time Mandates
FX	Foreign exchange
LOB	Line of business
M&A	Mergers & Acquisitions
MA	Moody's Analytics - a reportable segment of MCO; a global provider of: i) data and information; ii) research and insights; and iii) decision solutions, which help companies make better and faster decisions. MA leverages its unique assets and specialized industry knowledge across multiple risks such as credit, market, financial crime, supply chain, catastrophe and climate to deliver integrated risk assessment solutions that enable business leaders to identify, measure and manage the implications of interrelated risks and opportunities
MIS	Moody's Investors Service - a reportable segment of MCO; MIS publishes credit ratings and provides assessment services on a wide range of debt obligations, programs and facilities, and the entities that issue such obligations in markets worldwide, including various corporate, financial institution and governmental obligations, and structured finance securities; consists of five LOBs - SFG; CFG; FIG; PPIF; and MIS Other
MIS Other	Consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue and revenue from professional services. These businesses are components of MIS; MIS Other is an LOB of MIS
PPIF	Public, project and infrastructure finance; an LOB within MIS
R&I	The Research & Insights LOB within MA, which provides models, scores, expert insights and commentary. This LOB includes credit research; credit models and analytics; economics data and models; and structured finance solutions
SFG	Structured finance group; an LOB within MIS
YoY	Year-over-year

Annualized Recurring Revenue (ARR)

The Company presents Annualized Recurring Revenue (“ARR”) on a constant currency organic basis for its MA business as a supplemental performance metric to provide additional insight on the estimated value of MA's recurring revenue contracts at a given point in time. The Company uses ARR to manage and monitor performance of its MA operating segment and believes that this metric is a key indicator of the trajectory of MA's recurring revenue base.

The Company calculates ARR by taking the total recurring contract value for each active renewable contract as of the reporting date, divided by the number of days in the contract and multiplied by 365 days to create an annualized value. The Company defines renewable contracts as subscriptions, term licenses, maintenance and renewable services. ARR excludes transaction sales including one-time training, services and perpetual licenses. In order to compare period-over-period ARR excluding the effects of foreign currency translation, the Company bases the calculation on currency rates utilized in its current year operating budget and holds these FX rates constant for the duration of all current and prior periods being reported. Additionally, ARR excludes contracts related to acquisitions to provide additional perspective in assessing growth excluding the impacts from certain acquisition activity.

The Company's definition of ARR may differ from definitions utilized by other companies reporting similarly named measures, and this metric should be viewed in addition to, and not as a substitute for, financial measures presented in accordance with U.S. GAAP.

<i>Amounts in millions</i>	September 30, 2024	September 30, 2023	Change	Growth
MA ARR				
Decision Solutions				
Banking	\$ 439	\$ 400	\$ 39	10%
Insurance	579	514	65	13%
KYC	360	316	44	14%
Total Decision Solutions	\$ 1,378	\$ 1,230	\$ 148	12%
Research and Insights	910	860	50	6%
Data and Information	859	796	63	8%
Total MA ARR	\$ 3,147	\$ 2,886	\$ 261	9%

Financial information by segment

The table below shows revenue and Adjusted Operating Income by reportable segment. Adjusted Operating Income is a financial metric utilized by the Company's chief operating decision maker to assess the profitability of each reportable segment.

Amounts in millions	Three Months Ended September 30,							
	2024				2023			
	MA	MIS	Eliminations	Consolidated	MA	MIS	Eliminations	Consolidated
Total external revenue	\$831	\$982	\$ —	\$ 1,813	\$776	\$696	\$ —	\$ 1,472
Intersegment revenue	3	48	(51)	—	3	47	(50)	—
Total revenue	834	1,030	(51)	1,813	779	743	(50)	1,472
Operating, SG&A	581	416	(51)	946	517	348	(50)	815
Adjusted Operating Income	\$253	\$614	\$ —	\$ 867	\$262	\$395	\$ —	\$ 657
<i>Adjusted Operating Margin</i>	30.3 %	59.6 %		47.8 %	33.6 %	53.2 %		44.6 %
Depreciation and amortization	88	20	—	108	76	19	—	95
Restructuring	4	2	—	6	22	5	—	27
Charges related to asset abandonment ⁽¹⁾	15	—	—	15	—	—	—	—
Operating income				\$ 738				\$ 535
<i>Operating margin</i>				40.7 %				36.3 %

Amounts in millions	Nine Months Ended September 30,							
	2024				2023			
	MA	MIS	Eliminations	Consolidated	MA	MIS	Eliminations	Consolidated
Total external revenue	\$2,432	\$2,984	\$ —	\$ 5,416	\$2,260	\$2,176	\$ —	\$ 4,436
Intersegment revenue	10	144	(154)	—	10	138	(148)	—
Total revenue	2,442	3,128	(154)	5,416	2,270	2,314	(148)	4,436
Operating, SG&A	1,721	1,174	(154)	2,741	1,584	1,034	(148)	2,470
Adjusted Operating Income	\$721	\$1,954	\$ —	\$ 2,675	\$686	\$1,280	\$ —	\$ 1,966
<i>Adjusted Operating Margin</i>	29.5 %	62.5 %		49.4 %	30.2 %	55.3 %		44.3 %
Depreciation and amortization	260	58	—	318	220	56	—	276
Restructuring	7	6	—	13	38	13	—	51
Charges related to asset abandonment ⁽¹⁾	30	—	—	30	—	—	—	—
Operating income				\$ 2,314				\$ 1,639
<i>Operating margin</i>				42.7 %				36.9 %

- During the nine months ended September 30, 2024, the Company recorded charges related to asset abandonment of \$30 million. Costs of \$15 million were recorded in the second quarter of 2024 related to severance incurred pursuant to a reduction in staff due to the Company's decision to outsource the production of certain sustainability content utilized in our product offerings. Additionally, the Company has reduced the estimated useful lives of certain internally developed software and amortizable intangible assets that are associated with the sustainability content offerings for which production is being outsourced. During the third quarter of 2024, the Company incurred \$15 million in incremental amortization expense related to the change in estimated useful lives of these assets and expects to incur an additional \$15 million of incremental amortization expense in the fourth quarter of 2024.

Adjusted Operating Income and Adjusted Operating Margin

The Company presents Adjusted Operating Income and Adjusted Operating Margin because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Operating Income excludes the impact of: i) depreciation and amortization; ii) restructuring charges/adjustments; and iii) charges related to asset abandonment. Depreciation and amortization are excluded because companies utilize productive assets of different estimated useful lives and use different methods of acquiring and depreciating productive assets. Restructuring charges/adjustments and charges related to asset abandonment are excluded as the frequency and magnitude of these charges may vary widely across periods and companies.

Management believes that the exclusion of the aforementioned items, as detailed in the reconciliation below, allows for an additional perspective on the Company's operating results from period to period and across companies. The Company defines Adjusted Operating Margin as Adjusted Operating Income divided by revenue.

Below is a reconciliation of these measures to their most directly comparable U.S. GAAP measures:

<i>Amounts in millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating income	\$ 738	\$ 535	\$ 2,314	\$ 1,639
Depreciation and amortization	108	95	318	276
Restructuring	6	27	13	51
Charges related to asset abandonment	15	—	30	—
Adjusted Operating Income	\$ 867	\$ 657	\$ 2,675	\$ 1,966
Operating margin	40.7 %	36.3 %	42.7 %	36.9 %
Adjusted Operating Margin	47.8 %	44.6 %	49.4 %	44.3 %

Free Cash Flow

The Company defines Free Cash Flow as net cash provided by operating activities minus cash paid for capital additions. Management believes that Free Cash Flow is a useful metric in assessing the Company's cash flows to service debt, pay dividends and to fund acquisitions and share repurchases. Management deems capital expenditures essential to the Company's product and service innovations and maintenance of Moody's operational capabilities. Accordingly, capital expenditures are deemed to be a recurring use of Moody's cash flow.

Below is a reconciliation of the Company's net cash flows from operating activities to Free Cash Flow:

<i>Amounts in millions</i>	Nine Months Ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 2,164	\$ 1,674
Capital additions	(243)	(198)
Free Cash Flow	\$ 1,921	\$ 1,476
Net cash used in investing activities	\$ (875)	\$ (193)
Net cash used in financing activities	\$ (812)	\$ (1,231)

Adjusted Net Income and Adjusted Diluted EPS attributable to Moody's common shareholders

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges/adjustments; iii) charges related to asset abandonment; and iv) gains on previously held equity method investments.

The Company excludes the impact of amortization of acquired intangible assets as companies utilize intangible assets with different estimated useful lives and have different methods of acquiring and amortizing intangible assets. These intangible assets were recorded as part of acquisition accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized. Furthermore, the timing and magnitude of business combination transactions are not predictable and the purchase price allocated to amortizable intangible assets and the related amortization period are unique to each acquisition and can vary significantly from period to period and across companies. Restructuring charges/adjustments, charges related to asset abandonment, and gains on previously held equity method investments are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

The Company excludes the aforementioned items to provide additional perspective when comparing net income and diluted EPS from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

Below is a reconciliation of these measures to their most directly comparable U.S. GAAP measures:

<i>Amounts in millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income attributable to Moody's common shareholders	\$ 534	\$ 389	\$ 1,663	\$ 1,267
Pre-tax Acquisition-Related Intangible Amortization Expenses	\$ 51	\$ 49	\$ 148	\$ 150
Tax on Acquisition-Related Intangible Amortization Expenses	(12)	(12)	(36)	(36)
Net Acquisition-Related Intangible Amortization Expenses	39	37	112	114
Pre-tax restructuring	\$ 6	\$ 27	\$ 13	\$ 51
Tax on restructuring	(1)	(6)	(3)	(12)
Net restructuring	5	21	10	39
Pre-tax charges related to asset abandonment	\$ 15	\$ —	\$ 30	\$ —
Tax on charges related to asset abandonment	(3)	—	(7)	—
Net charges related to asset abandonment	12	—	23	—
Pre-tax gain on previously held equity method investments	\$ (7)	\$ —	\$ (7)	\$ —
Tax on gain on previously held equity method investments	2	—	2	—
Net gain on previously held equity method investments	(5)	—	(5)	—
Adjusted Net Income	\$ 585	\$ 447	\$ 1,803	\$ 1,420

Note: The tax impacts in the tables above were calculated using tax rates in effect in the jurisdiction for which the item relates.

Adjusted Net Income and Adjusted Diluted EPS attributable to Moody's common shareholders (Cont'd)

The Company presents Adjusted Net Income and Adjusted Diluted EPS because management deems these metrics to be useful measures to provide additional perspective on Moody's operating performance. Adjusted Net Income and Adjusted Diluted EPS exclude the impact of: i) amortization of acquired intangible assets; ii) restructuring charges/adjustments; iii) charges related to asset abandonment; and iv) gains on previously held equity method investments.

The Company excludes the impact of amortization of acquired intangible assets as companies utilize intangible assets with different estimated useful lives and have different methods of acquiring and amortizing intangible assets. These intangible assets were recorded as part of acquisition accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized. Furthermore, the timing and magnitude of business combination transactions are not predictable and the purchase price allocated to amortizable intangible assets and the related amortization period are unique to each acquisition and can vary significantly from period to period and across companies. Restructuring charges/adjustments, charges related to asset abandonment, and gains on previously held equity method investments are excluded as the frequency and magnitude of these items may vary widely across periods and companies.

The Company excludes the aforementioned items to provide additional perspective when comparing net income and diluted EPS from period to period and across companies as the frequency and magnitude of similar transactions may vary widely across periods.

Below is a reconciliation of these measures to their most directly comparable U.S. GAAP measures:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Diluted earnings per share attributable to Moody's common shareholders	\$ 2.93	\$ 2.11	\$ 9.09	\$ 6.88
Pre-tax Acquisition-Related Intangible Amortization Expenses	\$ 0.28	\$ 0.27	\$ 0.81	\$ 0.81
Tax on Acquisition-Related Intangible Amortization Expenses	(0.07)	(0.06)	(0.20)	(0.19)
Net Acquisition-Related Intangible Amortization Expenses	0.21	0.21	0.61	0.62
Pre-tax restructuring	\$ 0.03	\$ 0.15	\$ 0.07	\$ 0.28
Tax on restructuring	—	(0.04)	(0.02)	(0.07)
Net restructuring	0.03	0.11	0.05	0.21
Pre-tax charges related to asset abandonment	\$ 0.08	\$ —	\$ 0.16	\$ —
Tax on charges related to asset abandonment	(0.01)	—	(0.03)	—
Net charges related to asset abandonment	0.07	—	0.13	—
Pre-tax gain on previously held equity method investments	\$ (0.04)	\$ —	\$ (0.04)	\$ —
Tax on gain on previously held equity method investments	0.01	—	0.01	—
Net gain on previously held equity method investments	(0.03)	—	(0.03)	—
Adjusted Diluted EPS	\$ 3.21	\$ 2.43	\$ 9.85	\$ 7.71

Note: The tax impacts in the tables above were calculated using tax rates in effect in the jurisdiction for which the item relates.

Constant currency revenue growth

The Company presents constant currency revenue growth (decline) as its non-GAAP measure of revenue growth (decline). Management deems this measure to be useful in providing additional perspective in assessing the Company's revenue growth (decline) excluding the impacts of changes in foreign exchange rates. The Company calculates the dollar impact of foreign exchange as the difference between the translation of its current period non-USD functional currency results using comparative prior period weighted average foreign exchange translation rates and current year reported results.

Below is a reconciliation of the Company's reported revenue and growth (decline) rates to its constant currency revenue growth (decline) measures:

Amounts in millions	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	Change	Growth	2024	2023	Change	Growth
MCO revenue	\$ 1,813	\$ 1,472	\$ 341	23%	\$ 5,416	\$ 4,436	\$ 980	22%
FX impact	(8)	—	(8)		(5)	—	(5)	
Constant currency MCO revenue	\$ 1,805	\$ 1,472	\$ 333	23%	\$ 5,411	\$ 4,436	\$ 975	22%
MA revenue	\$ 831	\$ 776	\$ 55	7%	\$ 2,432	\$ 2,260	\$ 172	8%
FX impact	(5)	—	(5)		(6)	—	(6)	
Constant currency MA revenue	\$ 826	\$ 776	\$ 50	6%	\$ 2,426	\$ 2,260	\$ 166	7%
Decision Solutions revenue	\$ 383	\$ 354	\$ 29	8%	\$ 1,114	\$ 1,022	\$ 92	9%
FX impact	(1)	—	(1)		(2)	—	(2)	
Constant currency Decision Solutions revenue	\$ 382	\$ 354	\$ 28	8%	\$ 1,112	\$ 1,022	\$ 90	9%
Research and Insights revenue	\$ 235	\$ 222	\$ 13	6%	\$ 683	\$ 654	\$ 29	4%
FX impact	(2)	—	(2)		(2)	—	(2)	
Constant currency Research and Insights revenue	\$ 233	\$ 222	\$ 11	5%	\$ 681	\$ 654	\$ 27	4%
Data and Information revenue	\$ 213	\$ 200	\$ 13	7%	\$ 635	\$ 584	\$ 51	9%
FX impact	(2)	—	(2)		(2)	—	(2)	
Constant currency Data and Information revenue	\$ 211	\$ 200	\$ 11	6%	\$ 633	\$ 584	\$ 49	8%
MIS revenue	\$ 982	\$ 696	\$ 286	41%	\$ 2,984	\$ 2,176	\$ 808	37%
FX impact	(3)	—	(3)		1	—	1	
Constant currency MIS revenue	\$ 979	\$ 696	\$ 283	41%	\$ 2,985	\$ 2,176	\$ 809	37%
CFG revenue	\$ 515	\$ 346	\$ 169	49%	\$ 1,569	\$ 1,067	\$ 502	47%
FX impact	(2)	—	(2)		—	—	—	
Constant currency CFG revenue	\$ 513	\$ 346	\$ 167	48%	\$ 1,569	\$ 1,067	\$ 502	47%
SFG revenue	\$ 135	\$ 102	\$ 33	32%	\$ 380	\$ 303	\$ 77	25%
FX impact	—	—	—		1	—	1	
Constant currency SFG revenue	\$ 135	\$ 102	\$ 33	32%	\$ 381	\$ 303	\$ 78	26%
FIG revenue	\$ 170	\$ 126	\$ 44	35%	\$ 560	\$ 413	\$ 147	36%
FX impact	(1)	—	(1)		—	—	—	
Constant currency FIG revenue	\$ 169	\$ 126	\$ 43	34%	\$ 560	\$ 413	\$ 147	36%
PPIF revenue	\$ 154	\$ 115	\$ 39	34%	\$ 449	\$ 371	\$ 78	21%
FX impact	(1)	—	(1)		(1)	—	(1)	
Constant currency PPIF revenue	\$ 153	\$ 115	\$ 38	33%	\$ 448	\$ 371	\$ 77	21%
MA recurring revenue	\$ 793	\$ 728	\$ 65	9%	\$ 2,313	\$ 2,120	\$ 193	9%
FX impact	(5)	—	(5)		(6)	—	(6)	
Constant currency MA recurring revenue	\$ 788	\$ 728	\$ 60	8%	\$ 2,307	\$ 2,120	\$ 187	9%

2024 Outlook Reconciliations

The following are reconciliations of the Company's adjusted forward looking measures to their comparable U.S. GAAP measure:

Projected for the Year Ended December 31, 2024	
Operating margin guidance	40% to 41%
Depreciation and amortization	Approximately 6.1%
Restructuring	Approximately 0.2%
Charges Related to Asset Abandonment	Approximately 0.7%
Adjusted Operating Margin guidance	47% to 48%
Projected for the Year Ended December 31, 2024	
Operating cash flow guidance	Approximately \$2.7 billion
Less: Capital expenditures	Approximately \$350 million
Free Cash Flow guidance	Approximately \$2.3 billion
Projected for the Year Ended December 31, 2024	
Diluted EPS guidance	\$10.85 to \$11.05
Acquisition-Related Intangible Amortization	Approximately \$0.83
Restructuring	Approximately \$0.05
Charges Related to Asset Abandonment	Approximately \$0.20
Gain on Previously Held Equity Method Investments	(\$0.03)
Adjusted Diluted EPS guidance	\$11.90 to \$12.10

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