

MSCI FIRST QUARTER 2018

Earnings Presentation

May 3, 2018

FORWARD – LOOKING STATEMENTS

- This earnings presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, our full-year 2018 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 our control and that could materially affect our 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, 2017 filed with the Securities and Exchange Commission (“SEC”) on February 26, 2018 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC (herein, referred to as “Public Filings”). If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this earnings 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 earnings presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2017, unless otherwise noted.
- Gross sales include both recurring subscription and non-recurring sales as reported in Table 6: Sales and Aggregate Retention Rate by Segment (unaudited) of the press release reporting MSCI's financial results for first quarter 2018.
- Foreign currency exchange rate fluctuations are calculated to be 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. We do not provide the impact of foreign currency fluctuations on our asset-based fees tied to average AUM, of which approximately two-thirds 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.

Q1 2018 – FINANCIAL RESULTS¹

Exceptional Revenue Growth

Revenue Growth Driven by Asset-Based Fees & Index Subscription

+17%

Subscription Run Rate Growth

+11%

Continued Operational Efficiency

Adj. EBITDA Margin (Expansion) / Operating Margin (Expansion)

**53.1% (+307 bps) /
47.6% (+418 bps)**

Adj. EBITDA Growth / Operating Income Growth

+24% / +28%

Tax / Capital Optimization

Adjusted Tax Rate (ex Tax Reform Impact) / (YoY Reduction)

**18.6%
(961 bps)**

Share Repurchases²

**\$210 million
1.4 million shares**

Outstanding EPS Growth

Adjusted EPS

+49%

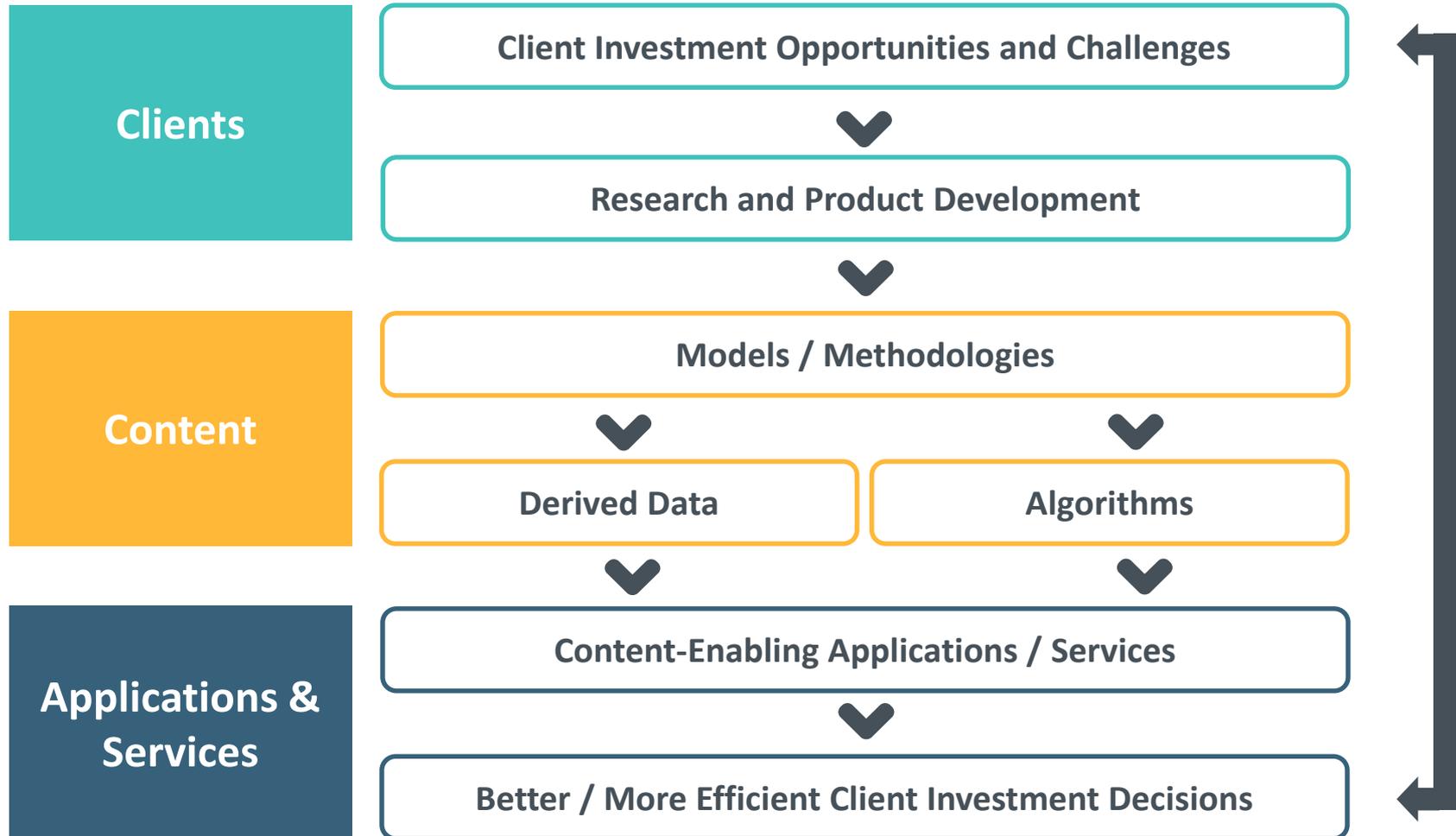
Diluted EPS

+55%

¹Percentage and other changes refer to Q1 2017 unless otherwise noted.

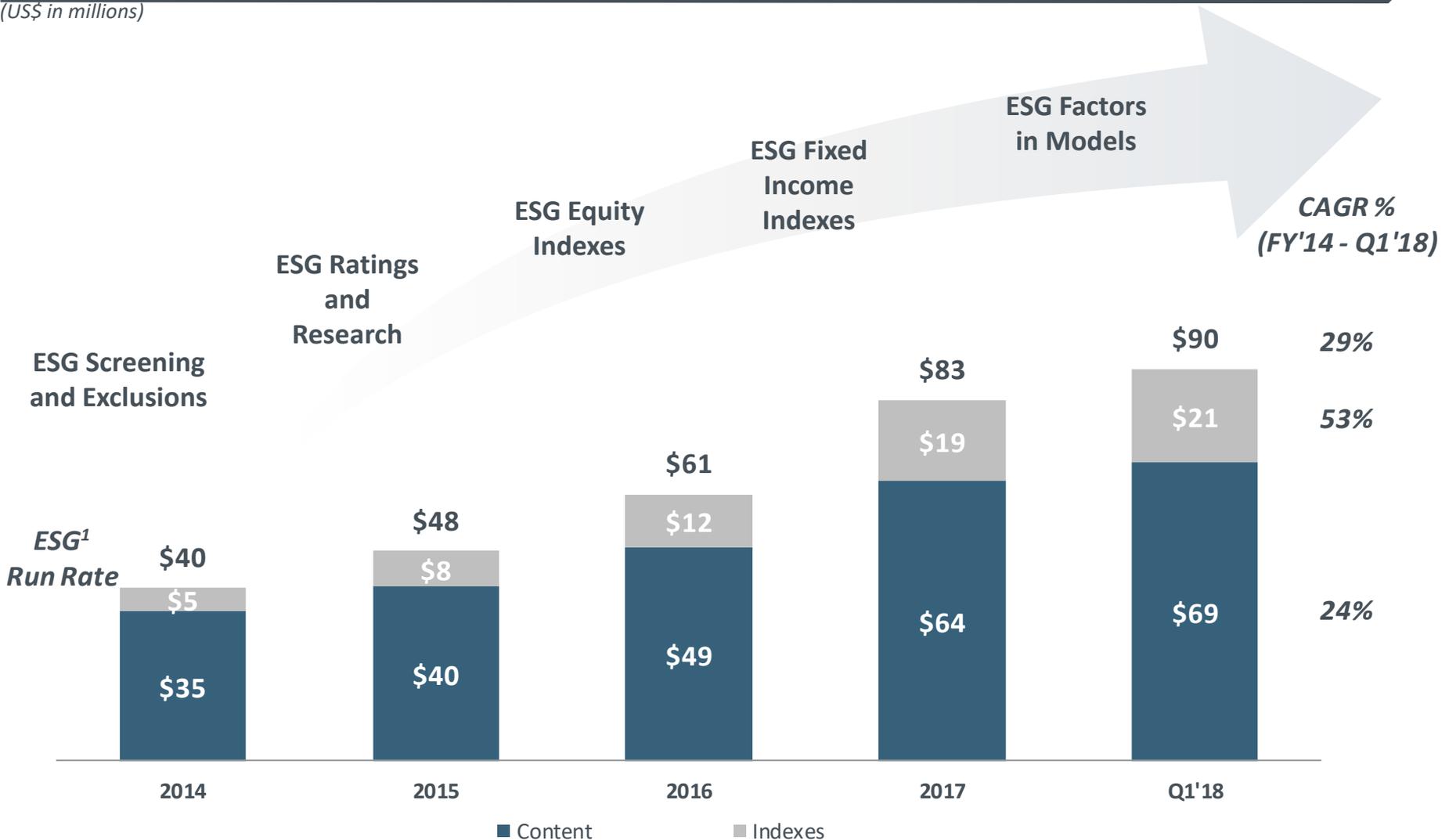
²Represents repurchases from January 1, 2018 through May 2, 2018.

POWER OF INTEGRATED FRANCHISE



ESG EVOLUTION AND PERFORMANCE

(US\$ in millions)



¹Content includes ESG segment Run Rate, and Indexes includes ESG-related index Run Rate recorded in the Index segment.

Q1'18 FINANCIAL SUMMARY

(US\$ in millions)

Operating Revenue

+16.6%
+16.0% ex FX¹



Operating Expenses

Operating Expenses
+8.0%
+4.7% ex FX



Adj. EBITDA Expenses
+9.5%
+5.8% ex FX

▨ = Depreciation and Amortization

Operating Income

Adj. EBITDA
+23.8%
+26.1% ex FX¹



Operating Income
+27.9%
+30.7% ex FX¹

▨ = Depreciation and Amortization
● = Adj. EBITDA Margin
● = Operating Margin

Earnings Per Share

Adj. EPS
+48.9%

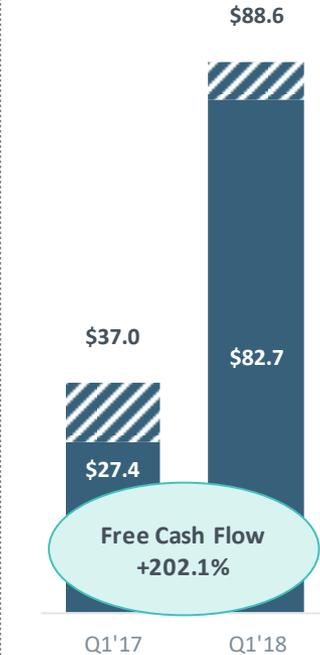


Diluted EPS
+55.0%

▨ = Reflects the per diluted share addback of the after-tax impact of the amortization of acquired intangible assets, the impact of Tax Reform adjustments and, at times, certain other transactions or adjustments.

Cash Generation

Cash from Operations
+139.4%



Free Cash Flow
+202.1%

▨ = Capex

¹MSCI does not provide the impact of foreign currency fluctuations on our asset-based fees tied to average AUM, of which approximately two-thirds are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, the impact of any such fluctuation is excluded from the disclosed foreign currency adjusted variances.

Q1'18 VS. Q1'17 ADJUSTED EPS BRIDGE



SEGMENT RESULTS

Q1'18 SEGMENT RESULTS

	Operating Revenue	Adj. EBITDA	Year-over-Year Commentary
Index	<p>\$201.9m</p> <p>+24% YoY</p> <p>Negligible FX¹</p>	<p>\$145.9m</p> <p>+26% YoY</p> <p>72.3% Margin</p>	<ul style="list-style-type: none"> • 10.8% recurring subscription revenue growth • 48.6% asset-based fee (ABF) revenue growth: <ul style="list-style-type: none"> • 47.0% in equity ETF-related revenue • 50.1% in non-ETF passive products revenue • 66.5% in exchange-traded futures and options revenue
Analytics	<p>\$119.0m</p> <p>+6% YoY</p> <p>Negligible FX</p>	<p>\$33.6m</p> <p>+13% YoY</p> <p>28.2% Margin</p>	<ul style="list-style-type: none"> • Run rate growth translating into revenue • Strong momentum continues with Factor analytics • Strength in asset managers, asset owners and banks
All Other	<p>\$30.4m</p> <p>+20% YoY</p> <p>+15% ex FX</p>	<p>\$7.2m</p> <p>+30% YoY</p> <p>23.6% Margin</p>	<ul style="list-style-type: none"> • ESG rapid growth continues; revenue growth 31.0% • Strength across client segments and geographic regions • Investments in coverage, research and technology • Real Estate revenue growth of 9.1%; (0.9%) ex FX • Adjusted EBITDA margin expansion of 176 bps to 23.6%

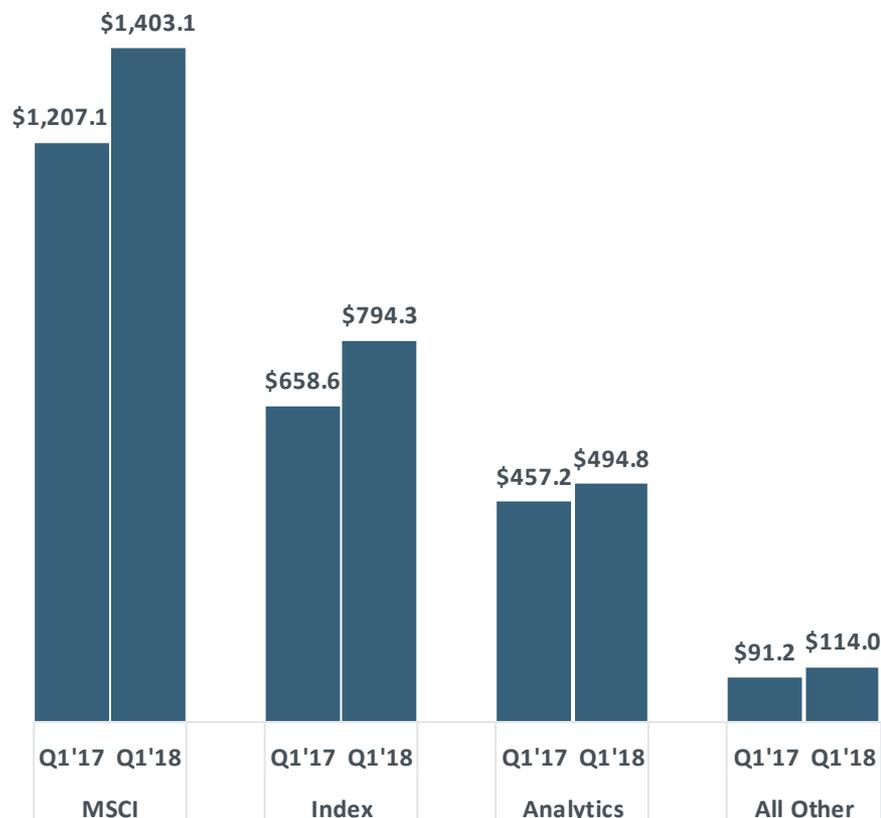
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CONTINUED OPERATING MOMENTUM

(US\$ in millions)

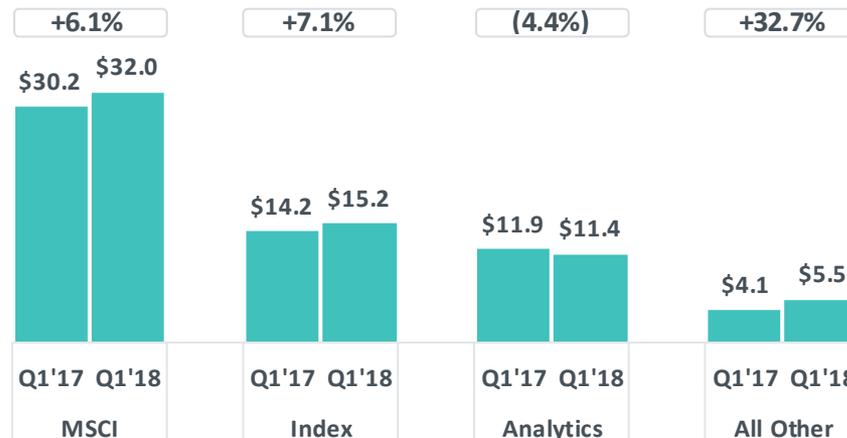
YoY Run Rate Growth

Total RR ¹ (Reported)	+16.2%	+20.6%	+8.2%	+25.0%
Sub. RR ¹ (ex FX)	+9.3%	+10.6%	+6.4%	+18.2%



¹Sub.: Subscription; RR: Run Rate.

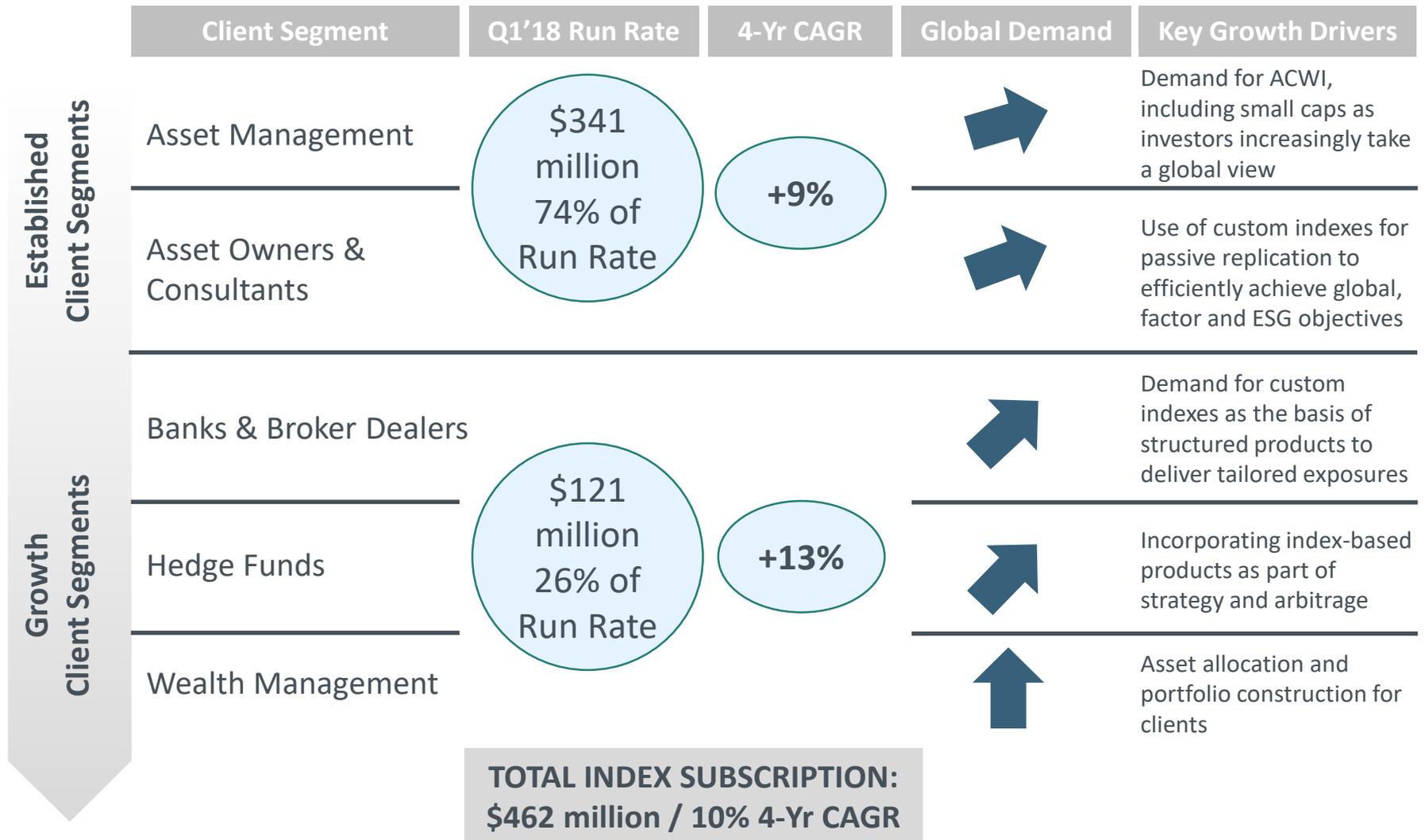
YoY Recurring Sales Growth



YoY Recurring Net New Sales Growth



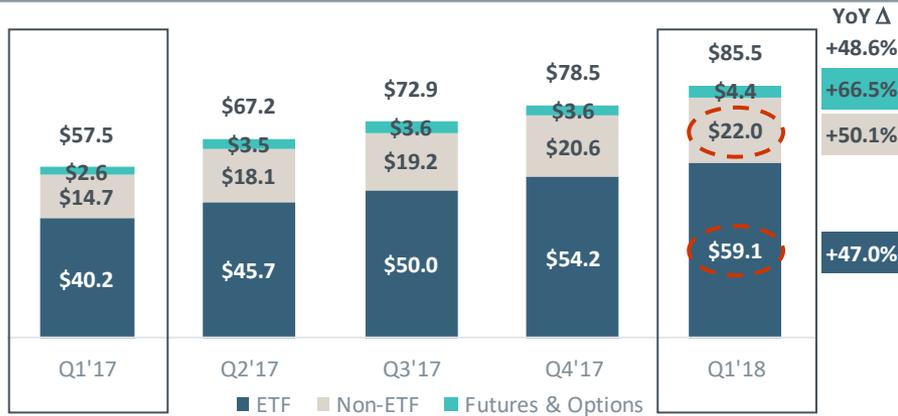
INDEX SUBSCRIPTION RUN RATE GROWTH



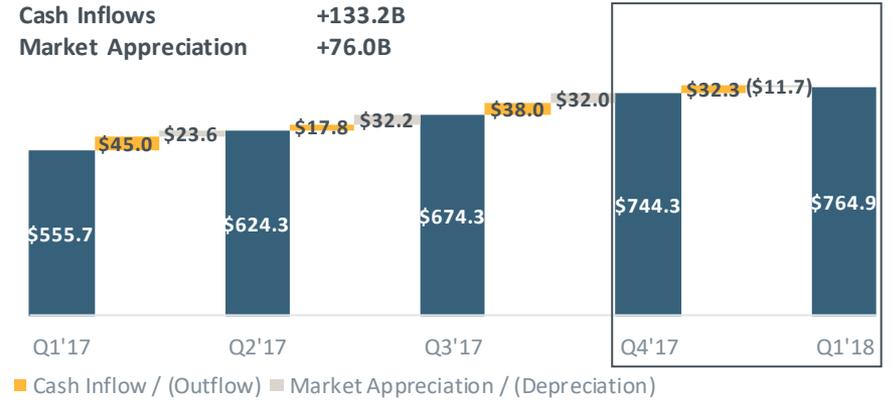
INDEX SEGMENT – ASSET-BASED FEES DETAIL

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

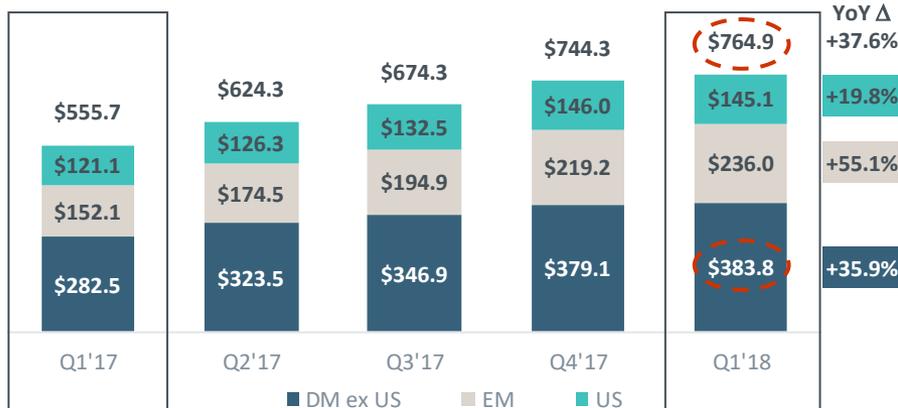
Quarterly Asset-Based Fees Revenue Trend



Quarter-End AUM & Market Movement of ETFs Linked to MSCI Indexes



Quarter-End AUM by Market Exposure¹ of ETFs Linked to MSCI Indexes



Quarterly Avg. AUM and Avg. BPS² of ETFs Linked to MSCI Indexes



²Average BPS based on Run Rate and period-end AUM in ETFs linked to MSCI Indexes.

¹US = ETFs linked to MSCI 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 indexes, the majority of whose weight is comprised of securities in MSCI DM countries other than the US.

EM = ETFs linked to MSCI indexes, the majority of whose weight is comprised of securities that are not in MSCI DM countries.

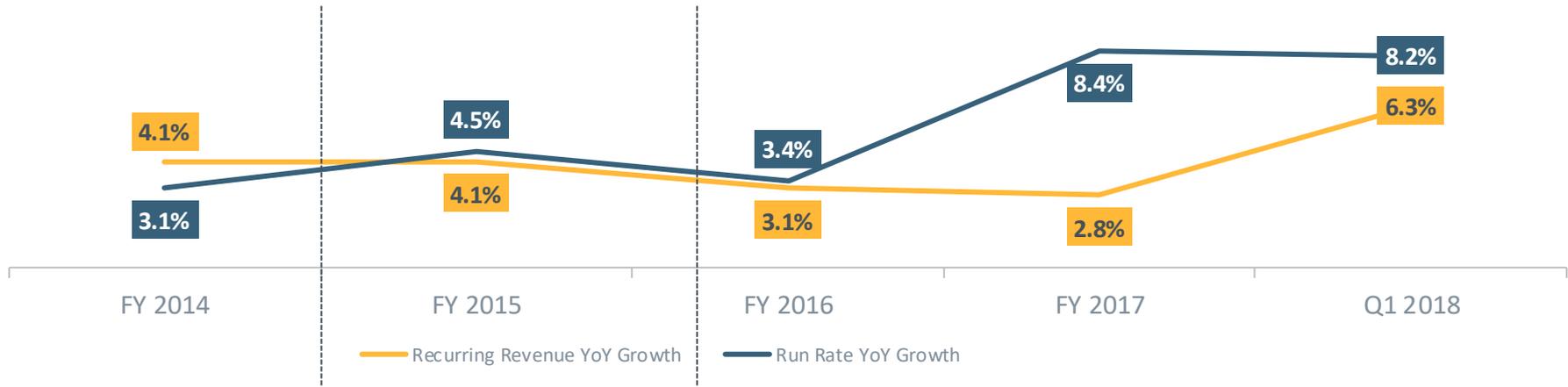
Prior periods have been reclassified to conform to the current period classification.

Note: The AUM in ETFs also include AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

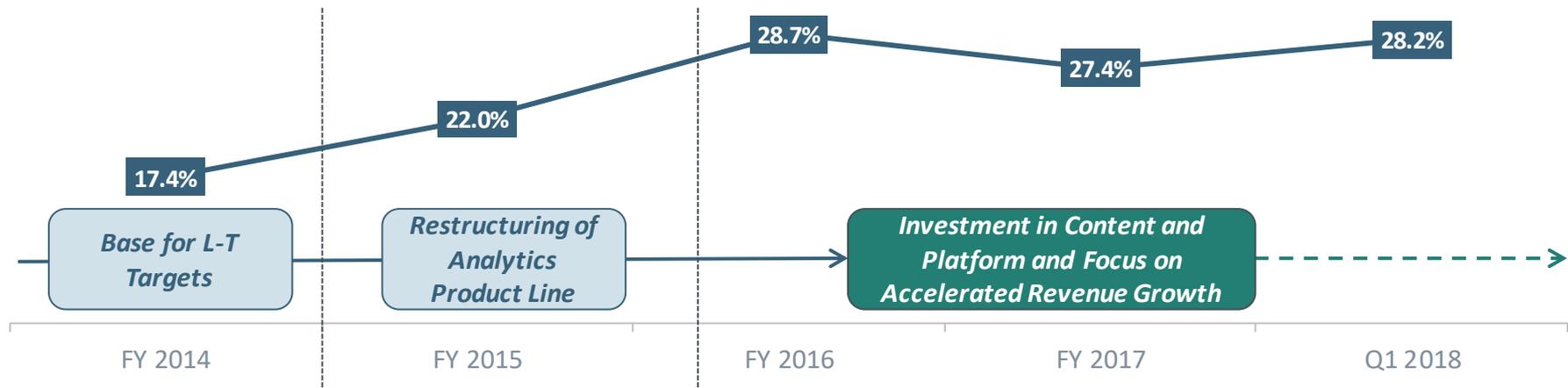
ANALYTICS KEY METRICS

(US\$ in millions)

YoY Recurring Revenue and Run Rate Growth



Adjusted EBITDA Margin Progression



CAPITAL, LIQUIDITY AND GUIDANCE

CAPITAL AND LIQUIDITY

(US\$ in millions)

Capital Position (As of 3/31/18)

Continued Capital Discipline

Total Cash

\$850

Total Debt¹

\$2,100

Net Debt¹

\$1,250

Total Debt / Adj. EBITDA

3.0x

Net Debt / Adj. EBITDA

1.8x

**Return of
Capital**

- 1.4 million shares repurchased for a total of \$210 million, through May 2, 2018
- Additional \$35 million returned through quarterly dividend
- Additional Board repurchase authorization of \$1 billion

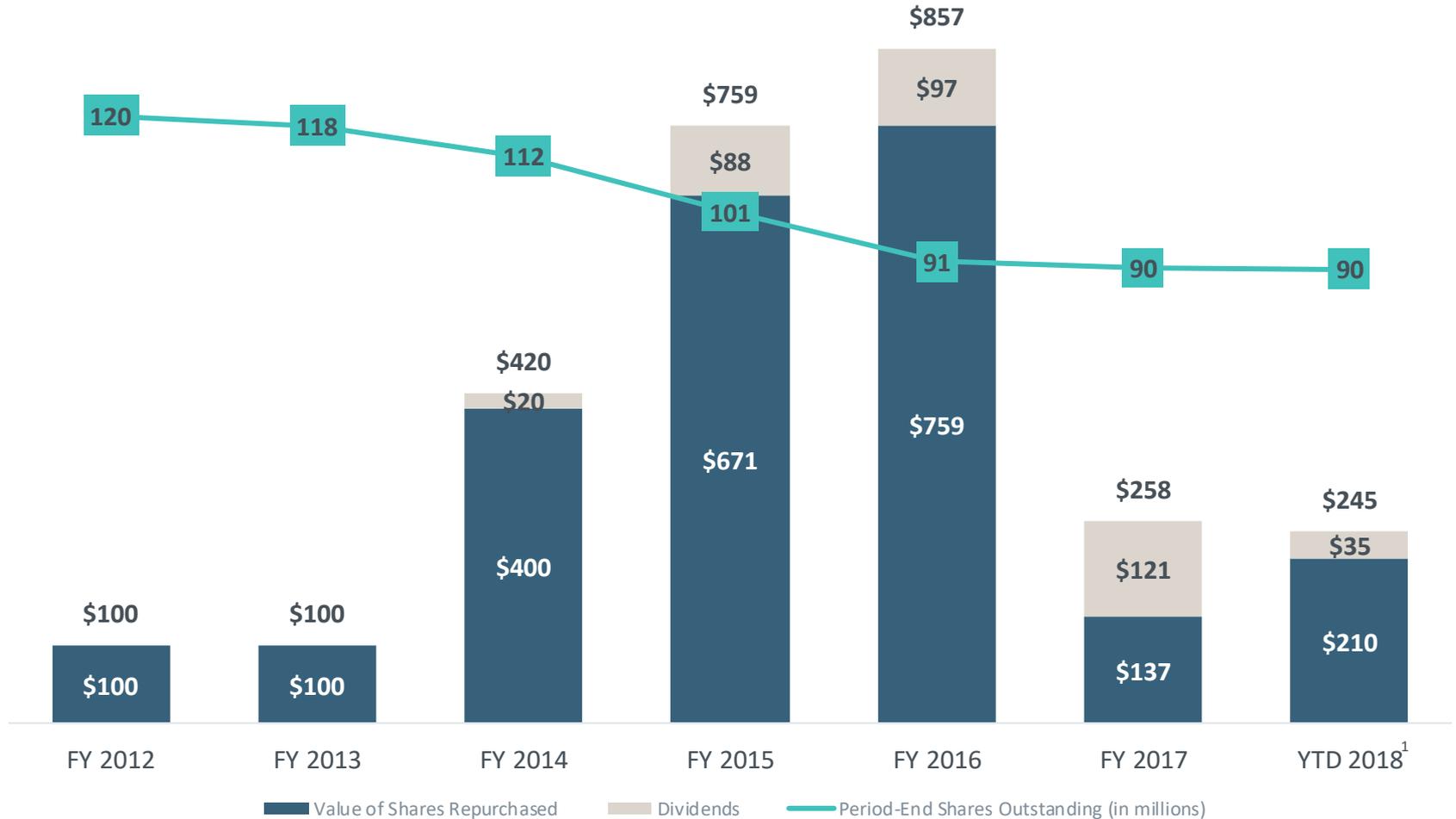
**Excess
Cash**

- Maintain \$200-250 million for operating purposes
- ~\$600 million of excess cash

¹Excludes deferred financing fees of \$21.2 million as of March 31, 2018.

STRONG TRACK RECORD OF RETURNING CAPITAL

(US\$ in millions, except period-end shares)



¹From January 1, 2018 through May 2, 2018.

FULL YEAR 2018 GUIDANCE

(US\$ in millions)

	Full Year 2018 Guidance
Operating Expenses	\$725 - \$750
Adjusted EBITDA Expenses	\$645 - \$665
Interest Expense ¹	\$116
Effective Tax Rate	21.0% - 24.0%
Net Cash Provided by Operating Activities	\$490 - \$540
Capex	(\$50 - \$40)
Free Cash Flow	\$440 - \$500
Dividend Payout	30.0% - 40.0%

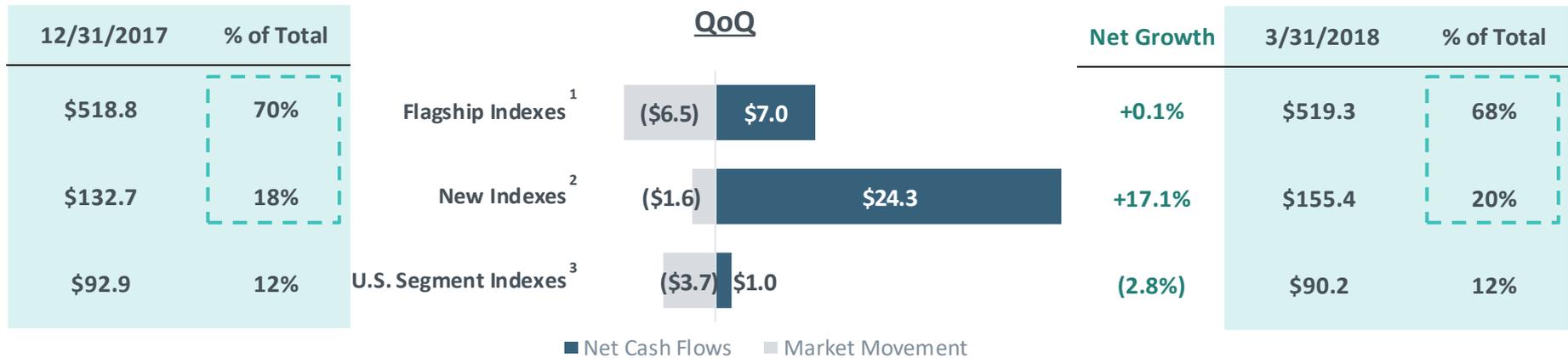
¹Interest expense, including the amortization of financing fees, is expected to be approximately \$116 million, assuming no additional financings.

APPENDIX

ETFs LINKED TO MSCI INDEXES – DIFFERENTIATED LICENSING

(US\$ in billions)

Growth in AUM in ETFs Linked to MSCI Indexes



¹Flagship Indexes, e.g., ACWI, EM, EAFE, Japan etc.

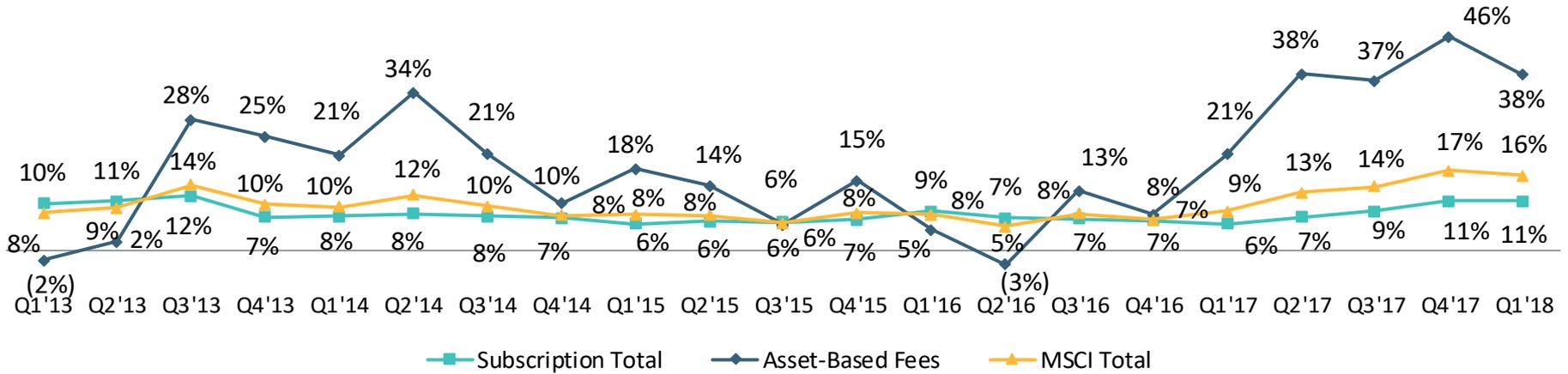
²New Indexes, e.g., Developed Market IMI (all market cap sizes), US Minimum Volatility etc.

³U.S. Segment Indexes, e.g., US REIT, US Sectors etc.

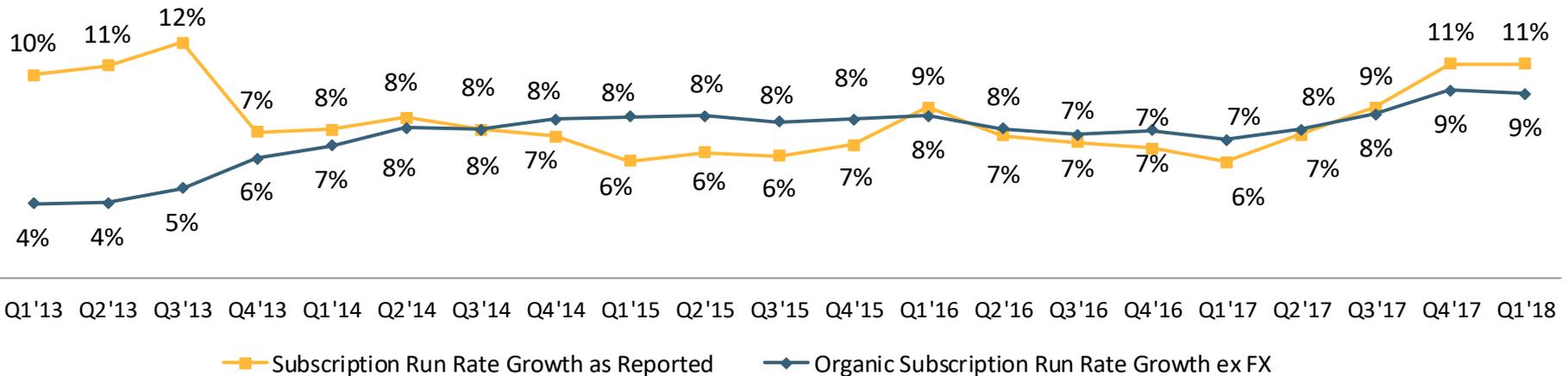
Note: The AUM in ETFs numbers also include AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

Q1'13 – Q1'18 YoY RUN RATE GROWTH TREND

YoY Run Rate Growth as Reported

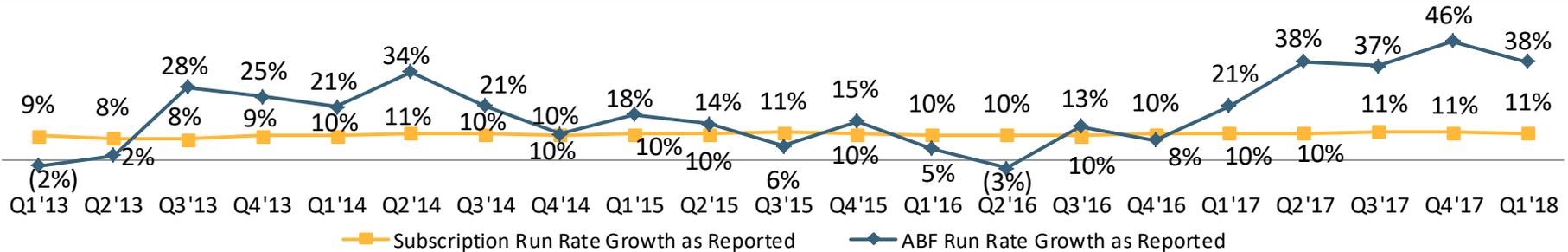


YoY Subscription Run Rate Growth as Reported vs. Organic Growth (excluding FX Impact and Acquisitions/Divestitures)

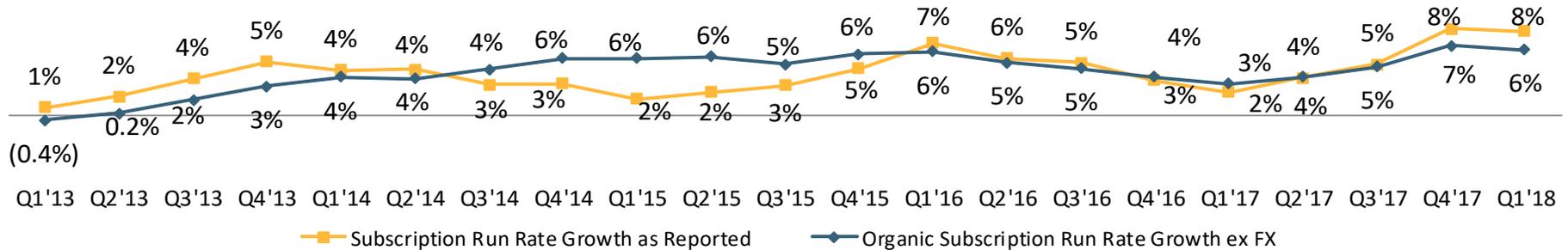


Q1'13 – Q1'18 YoY SEGMENT RUN RATE GROWTH TREND

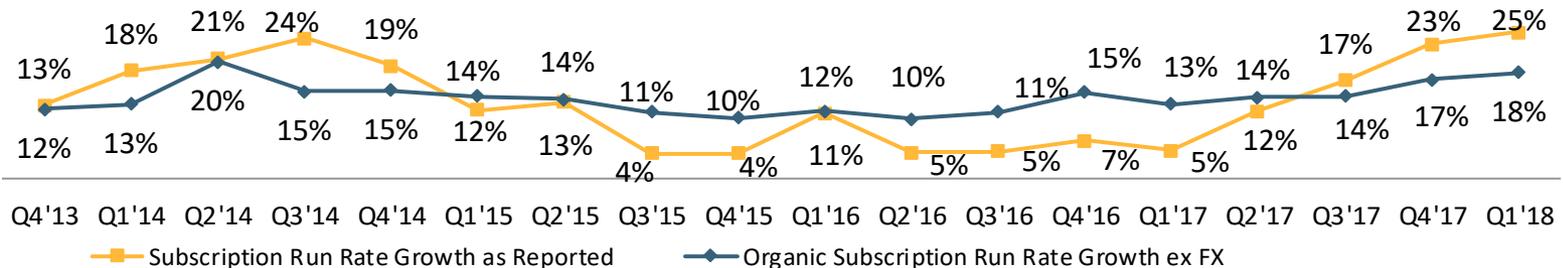
Index



Analytics



All Other



RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

In thousands	Three Months Ended		
	Mar. 31, 2018	Mar. 31, 2017 (1)	Dec. 31, 2017 (1)
Index adjusted EBITDA	\$ 145,929	\$ 115,677	\$ 142,702
Analytics adjusted EBITDA	33,593	29,600	31,141
All Other adjusted EBITDA	7,187	5,544	(26)
Consolidated adjusted EBITDA	186,708	150,821	173,817
Amortization of intangible assets	11,338	11,251	11,560
Depreciation and amortization of property, equipment and leasehold improvements	8,205	8,838	8,118
Operating income	167,166	130,732	154,139
Other expense (income), net	27,728	29,107	27,179
Provision for income taxes	24,346	28,674	62,358
Net income	\$ 115,092	\$ 72,951	\$ 64,602

¹As a result of the adoption of recent accounting guidance, the Company has restated its adjusted EBITDA by reclassing \$0.1 million and \$0.2 million of non-service related pension costs out of adjusted EBITDA expenses for the three months ended Mar. 31, 2017 and Dec. 31, 2017, respectively.

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED EPS TO NET INCOME AND EPS

	Three Months Ended		
	Mar. 31, 2018	Mar. 31, 2017	Dec. 31, 2017
In thousands, except per share data			
Net income	\$ 115,092	\$ 72,951	\$ 64,602
Plus: Amortization of acquired intangible assets	9,207	10,530	9,238
Plus: Tax Reform adjustments	(1,601)	—	34,500
Less: Income tax effect	(1,608)	(2,972)	(1,922)
Adjusted net income	\$ 121,090	\$ 80,509	\$ 106,418
Diluted EPS	\$ 1.24	\$ 0.80	\$ 0.70
Plus: Amortization of acquired intangible assets	0.10	0.11	0.10
Plus: Tax Reform adjustments	(0.02)	—	0.37
Less: Income tax effect	(0.01)	(0.03)	(0.02)
Adjusted EPS	\$ 1.31	\$ 0.88	\$ 1.15

RECONCILIATION OF ADJUSTED EBITDA EXPENSES TO OPERATING EXPENSES

In thousands	Three Months Ended			Full-Year
	Mar. 31, 2018	Mar. 31, 2017 (1)	Dec. 31, 2017 (1)	2018 Outlook (2)
Index adjusted EBITDA expenses	\$ 55,984	\$ 47,758	\$ 51,072	
Analytics adjusted EBITDA expenses	85,395	82,820	86,369	
All Other adjusted EBITDA expenses	23,228	19,808	23,521	
Consolidated adjusted EBITDA expenses	164,607	150,386	160,962	\$645,000 - \$665,000
Amortization of intangible assets	11,338	11,251	11,560	
Depreciation and amortization of property, equipment and leasehold improvements	8,205	8,838	8,118	82,000
Total operating expenses	\$ 184,150	\$ 170,475	\$ 180,640	\$725,000 - \$750,000

¹As a result of the adoption of recent accounting guidance, the Company has restated its adjusted EBITDA by reclassing \$0.1 million and \$0.2 million of non-service related pension costs out of adjusted EBITDA expenses for the three months ended Mar. 31, 2017 and Dec. 31, 2017, respectively.

²We 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 FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES

In thousands	Three Months Ended			Full-Year
	Mar. 31, 2018	Mar. 31, 2017	Dec. 31, 2017	2018 Outlook (1)
Net cash provided by operating activities	\$ 88,597	\$ 37,015	\$ 143,153	\$490,000 - \$540,000
Capital expenditures	(1,512)	(7,322)	(15,736)	
Capitalized software development costs	(4,360)	(2,307)	(4,863)	
Capex	(5,872)	(9,629)	(20,599)	(50,000 - 40,000)
Free cash flow	\$ 82,725	\$ 27,386	\$ 122,554	\$440,000 - \$500,000

¹We 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.

RECONCILIATION OF EFFECTIVE TAX RATE TO ADJUSTED TAX RATE

	Three Months Ended		
	Mar. 31, 2018	Mar. 31, 2017	Dec. 31, 2017
Effective tax rate	17.46%	28.22%	49.12%
Less: Tax Reform impact on effective tax rate	1.15%	—%	(27.18%)
Adjusted tax rate	<u>18.61%</u>	<u>28.22%</u>	<u>21.94%</u>

USE OF NON-GAAP FINANCIAL MEASURES

- MSCI has presented supplemental non-GAAP financial measures as part of this earnings presentation. Reconciliations are provided in slides 23-27 above that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this earnings presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this earnings 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 provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.
- “Adjusted EBITDA expenses” is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets.
- “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, the impact of Tax Reform adjustments and, at times, certain other transactions or adjustments.
- “Adjusted tax rate” is defined as the effective tax rate excluding the impact of Tax Reform.
- “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.
- 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 capital spending and acquisitions that do not directly affect what management considers to be our core 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 accounting effects of acquisitions that do not directly affect what management considers to be our core 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 adjusted tax rate is useful to investors because it increases the comparability of period-to-period results by adjusting for the estimated net impact of Tax Reform.
- We believe that the non-GAAP financial measures presented in this earnings 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 and free cash flow 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.

USE OF OPERATING METRICS

- MSCI has presented supplemental key operating metrics as part of this earnings presentation, including Run Rate, subscription sales and cancellations, non-recurring sales and Aggregate Retention Rate.
- The Aggregate Retention Rate for a 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 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 year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Aggregate Retention Rate for the period. The Aggregate Retention Rate is computed on a product-by-product basis. Therefore, if a client reduces the number of products to which it subscribes or switches between our products, we treat it as a cancellation. In addition, we treat any reduction in fees resulting from renegotiated contracts as a cancellation in the calculation to the extent of the reduction.
- 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 elsewhere in our Public Filings. For any Client Contract where fees are linked to an investment product's assets or trading volume, 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 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 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 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 or revenue growth is defined as the period over period Run Rate or revenue 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 or revenue.

MSCI

