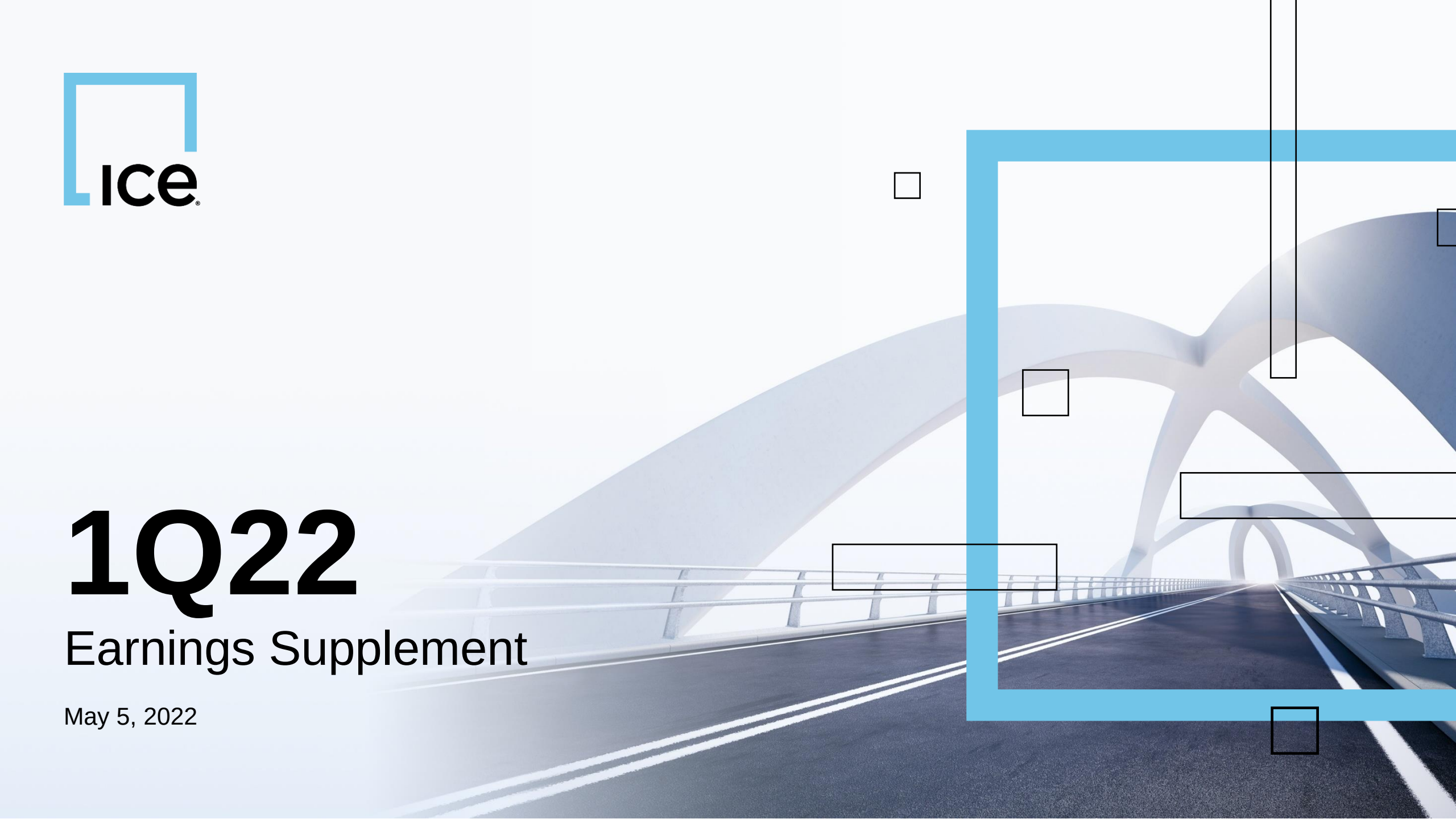
# 1Q22

## Earnings Supplement

May 5, 2022



## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This presentation may contain “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements regarding ICE’s business that are not historical facts are forward-looking statements that involve risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in these forward-looking statements are reasonable, these statements are not guarantees of future results, performance, levels of activity or achievements, and actual results may differ materially from what is expressed or implied in any forward-looking statement. The factors that might affect our performance include, but are not limited to: conditions in global financial markets, domestic and international economic and social conditions, inflation, political uncertainty and discord, geopolitical events or conflicts and international trade policies and sanctions laws; introduction of or any changes in domestic and foreign laws, regulations, rules or government policy with respect to financial markets, climate change or our businesses generally, including increased regulatory scrutiny or enforcement actions and our ability to comply with these requirements; volatility in commodity markets, equity prices and price volatility of financial benchmarks and instruments such as interest rates, credit spreads, equity indices, foreign exchange rates, and mortgage origination trends; impact of climate change and the transition to renewable energy and a net zero economy; our business environment and industry trends, including trading volumes, prevalence of clearing, demand for data services, mortgage lending activity, competition and consolidation; the success of our clearing houses and our ability to minimize the risks associated with operating multiple clearing houses in multiple jurisdictions; the success of our exchanges and clearing houses and their compliance with regulatory and oversight responsibilities; the resilience of our electronic platforms and soundness of our business continuity and disaster recovery plans; changes in renewal rates of subscription-based data revenues; our ability to execute our growth strategy and maintaining our growth effectively; our ability to complete or realize the anticipated cost savings, growth opportunities, synergies and other benefits anticipated from our acquisitions or anticipated growth opportunities or expected benefits of our strategic investments, including our majority investment in Bakkt and the additional risk that its evolving business model may pose to our business; performance and reliability of our technology and the technology of our third party service providers; our ability to keep pace with technological developments and client preferences; our ability to successfully offer new products and technologies and identify opportunities to leverage our risk management capabilities and enhance our technology in a timely and cost-effective manner; our ability to ensure that the technology we utilize is not vulnerable to cyber-attacks, hacking and other cybersecurity risks; our ability to keep information and data relating to the customers of the users of the software and services provided by our ICE Mortgage Technology business confidential; impacts of COVID-19 on our business as well as on the broader business environment; our ability to identify trends and adjust our business to respond to such trends, especially trends in the U.S. mortgage industry; our ability to evolve our benchmarks and indices in a manner that maintains or enhances their reliability and relevance; the accuracy of our estimates and expectations; our belief that cash flows from operations will be sufficient to service our current levels of debt and fund our working capital needs and capital expenditures for the foreseeable future; our ability to secure additional debt and pay off our existing debt in a timely manner; our ability to maintain existing customers and attract new customers; our ability to attract, retain and develop key talent; our ability to protect our intellectual property rights, including the costs associated with such protection, and our ability to operate our business without violating the intellectual property rights of others; and potential adverse results of litigation and regulatory actions and proceedings. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE’s Securities and Exchange Commission (SEC) filings, including, but not limited to ICE’s most recent Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 3, 2022 and ICE's most recent Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, as filed with the SEC on May 5, 2022. These filings are available in the Investors section of our website. We caution you not to place undue reliance on these forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of an unanticipated event. New factors emerge from time to time, and it is not possible for management to predict all factors that may affect our business and prospects. Further, management cannot assess the impact of each factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

## GAAP AND NON-GAAP RESULTS

This presentation includes non-GAAP measures that exclude certain items we do not consider reflective of our cash operations and core business performance. We believe that the presentation of these non-GAAP measures provides investors with greater transparency and supplemental data relating to our financial condition and results of operations. These adjusted non-GAAP measures should be considered in context with our GAAP results. A reconciliation of Adjusted Net Income Attributable to ICE, Adjusted Earnings Per Share, Adjusted Operating Income, Adjusted Operating Margin and Adjusted Operating Expenses to the equivalent GAAP measure and an explanation of why we deem these non-GAAP measures meaningful appears in our Form 10-Q and in the appendix to this presentation. The reconciliation of Adjusted Effective Tax Rate, Free Cash Flow, Adjusted Other Income/Expense and Adjusted Debt-to-EBITDA to the equivalent GAAP results appear in the appendix to this presentation. Our Form 10-Q, earnings press release and this presentation are available in the Investors and Media section of our website at www.theice.com.

## EXPLANATORY NOTES

Throughout this supplement:

- All net revenue figures represent revenues less transaction-based expenses for periods shown.
- All earnings per share figures represent diluted weighted average share count on continuing earnings.
- Constant currency (CC) amounts are calculated holding both the pound sterling and euro at the average exchange rate from 1Q21, 1.3792 and 1.2060, respectively.
- References to Return on Invested Capital, or ROIC, are equal to TTM (Operating Income x (1-Tax Rate)) / (Avg Debt + Avg Shareholders Equity + Avg Non-Controlling Interest - Avg Cash, Cash Equiv, & ST Investments). Adjusted ROIC excludes the gain on sale of Coinbase, net of taxes, and the deferred tax impact from the U.K. tax rate change. References to Weighted Average Cost of Capital, or WACC, are equal to (Cost of Equity * % of Equity) + {(Cost of Debt * (1- Tax Rate)) * % of Debt}. Percent of Debt assumes a capital structure of 2.75x Debt to Adjusted EBITDA.

# ICE First Quarter 2022 Earnings Call Participants



**Jeff Sprecher**
Chair & CEO



**Ben Jackson**
President



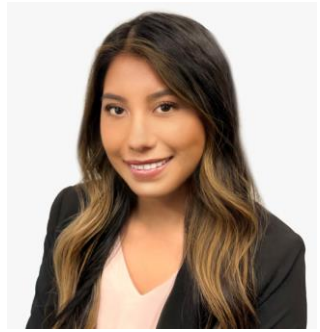
**Warren Gardiner**
Chief Financial Officer



**Joe Tyrrell**
President,
ICE Mortgage Technology



**Mary Caroline O'Neal**
Director, Investor Relations



**Katia Gonzalez**
Senior Analyst, Investor Relations

# 1Q22 ICE Performance

*in millions except per share amounts*

| Income statement highlights | 1Q22 | 1Q21 | % Chg |
|---|---|---|---|
| **Revenues, net[1]** | **$1,899** | **$1,797** | **6%** |
| *Recurring Revenues[1]* | *921* | *845* | *9%* |
| *Transaction Revenues, net[1]* | *978* | *952* | *4%* |
| **Adj. Op Expenses[1]** | **$746** | **$729** | **3%** |
| **Adj. Op Income[1]** | **$1,153** | **$1,068** | **9%** |
| **Adj. Op Margin** | **61%** | **59%** | **+2 pts** |
| **Adj. Diluted EPS** | **$1.43** | **$1.34** | **7%** |
| **Adj. Effective Tax Rate** | **22%** | **23%** | **(1 pt)** |
| **Cash metrics** | **1Q22** | **1Q21** | **% Chg** |
| **Free Cash Flow** | **$660** | **$702** | **(6)%** |
| **Capital Return** | **$689** | **$187** | **269%** |

**+9%** Total recurring revenue, CC

**+9%** Adj. Op Income, CC

**+7%** Adj. Diluted EPS

**$689 million**
**returned to stockholders**

(1) Percentage changes are in constant currency.
Adjusted figures represent non-GAAP measures. Please refer to slides in the appendix for reconciliations to the equivalent GAAP measures.

# 1Q22 Exchanges Performance

*in millions*

| Revenue, net | 1Q22 | 1Q21 | % Chg | Const Curr |
|---|---|---|---|---|
| Energy | $353 | $310 | 14% | 16% |
| Ags | 61 | 59 | 3% | 4% |
| Financials | 130 | 105 | 24% | 26% |
| Cash Equities & Equity Options, net | 99 | 102 | (3)% | (3)% |
| OTC & Other | 97 | 77 | 25% | 28% |
| Data & Connectivity Services | 214 | 207 | 4% | 4% |
| Listings | 129 | 114 | 13% | 13% |
| **Total Revenue, net** | **$1,083** | **$974** | **11%** | **12%** |
| *Recurring Revenue* | *343* | *321* | *7%* | *7%* |
| *Transaction Revenue, net* | *740* | *653* | *13%* | *15%* |
| **Adj. Operating Expenses** | **$283** | **$298** | **(5)%** | |
| **Adj. Operating Income** | **$800** | **$676** | **18%** | |
| **Adj. Operating Margin** | **74%** | **69%** | **+5 pts** | |

**+30%** Global natural gas + Environmentals revenue, CC

**+36%** Interest rate revenue, CC

**+7%** Recurring revenue, CC



Adjusted figures represent non-GAAP measures. Please refer to slides in the appendix for reconciliations to the equivalent GAAP measures.

# 1Q22 Fixed Income & Data Services Performance

*in millions*

| Revenue | 1Q22 | 1Q21 | % Chg | Const Curr |
|---|---|---|---|---|
| **Fixed Income Execution** | **$15** | **$14** | **9%** | **9%** |
| **CDS Clearing** | **72** | **55** | **32%** | **33%** |
| **Fixed Income Data & Analytics** | **277** | **264** | **5%** | **5%** |
| **Other Data & Network Services** | **145** | **135** | **7%** | **8%** |
| **Total Revenue** | **$509** | **$468** | **9%** | **9%** |
| *Recurring Revenue* | *422* | *399* | *6%* | *6%* |
| *Transaction Revenue* | *87* | *69* | *27%* | *28%* |
| **Adj. Operating Expenses** | **$305** | **$290** | **5%** | |
| **Adj. Operating Income** | **$204** | **$178** | **14%** | |
| **Adj. Operating Margin** | **40%** | **38%** | **+2 pts** | |

**+6.2%** Annual subscription value (ASV), CC

**Double-digit** Index revenue growth

**+6%** Recurring revenue, CC



Adjusted figures represent non-GAAP measures. Please refer to slides in the appendix for reconciliations to the equivalent GAAP measures.

# 1Q22 Mortgage Technology Performance

*in millions*

| Revenue | 1Q22 | 1Q21 | % Chg |
|---|---|---|---|
| **Origination Tech** | **$203** | **$254** | **(20)%** |
| **Closing Solutions** | **70** | **70** | **—%** |
| **Data & Analytics** | **20** | **18** | **6%** |
| **Other** | **14** | **13** | **13%** |
| **Total Revenue** | **$307** | **$355** | **(13)%** |
| *Recurring Revenue* | *156* | *125* | *24%* |
| *Transaction Revenue* | *151* | *230* | *(34)%* |
| **Adj. Operating Expenses** | **$158** | **$141** | **11%** |
| **Adj. Operating Income** | **$149** | **$214** | **(30)%** |
| **Adj. Operating Margin** | **49%** | **60%** | **(11 pts)** |

**+24%** Recurring revenue

**~51%** Mix of recurring revenue

**Increased adoption and new customers driving market outperformance**



Adjusted figures represent non-GAAP measures. Please refer to slides in the appendix for reconciliations to the equivalent GAAP measures.

# Consistent Track Record of Growth

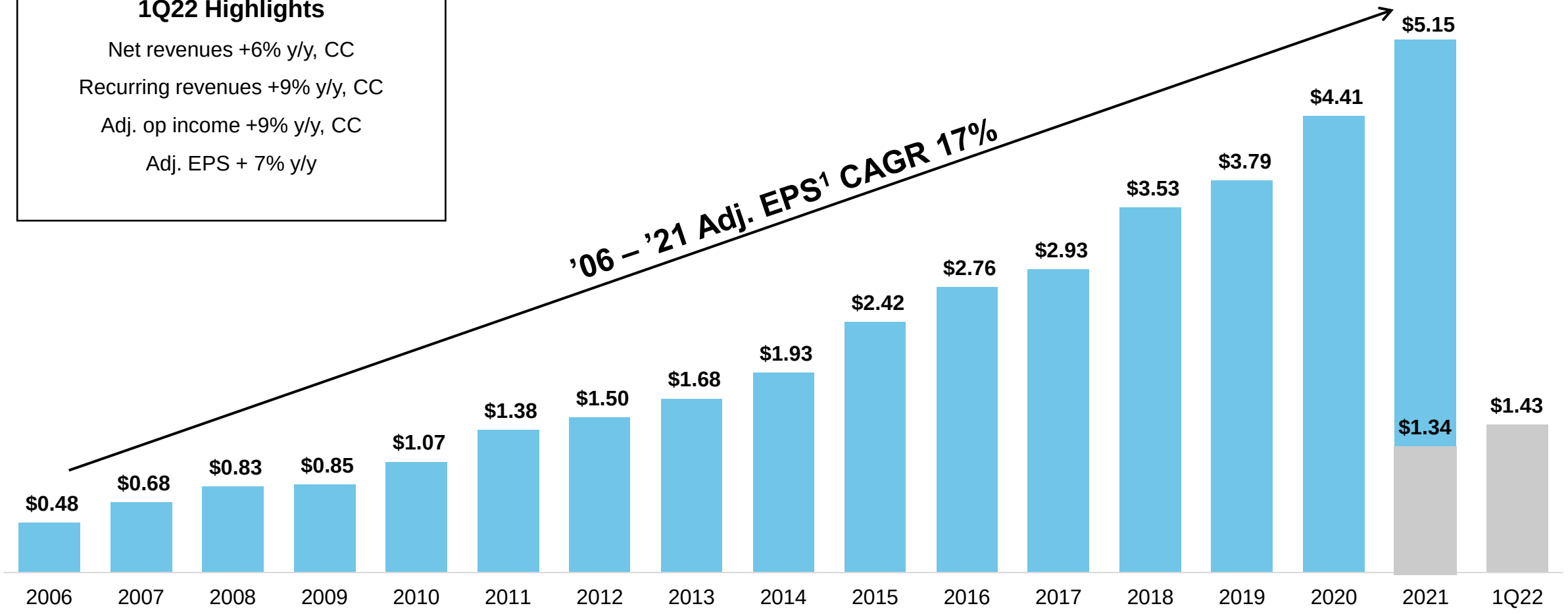
**1Q22 Highlights**

Net revenues +6% y/y, CC

Recurring revenues +9% y/y, CC

Adj. op income +9% y/y, CC

Adj. EPS + 7% y/y




(1) 2013-2021 are adjusted figures which represent non-GAAP measures and exclude the net income of our unconsolidated investees. Please refer to slides in the appendix for reconciliations to the equivalent GAAP measures for 1Q22 and 1Q21. For all other periods, please refer to our Q4 2021 earnings supplement available at www.ir.theice.com.

# Appendix

# Adjusted Operating Expense

| in millions | Three Months Ended March 31, 2022 | | Three Months Ended March 31, 2021 | |
|---|---|---|---|---|
| | GAAP | Adjusted | GAAP | Adjusted |
| Compensation and benefits | $ 359 | $ 359 | $ 354 | $ 354 |
| Technology and communication | 175 | 175 | 162 | 162 |
| Professional services | 34 | 34 | 44 | 44 |
| Rent and occupancy | 21 | 21 | 21 | 21 |
| Acquisition-related transaction and integration costs | 9 | 1 | 18 | — |
| Selling, general and administrative | 55 | 55 | 51 | 51 |
| Depreciation and amortization | 254 | 101 | 255 | 97 |
| **Total operating expenses** | **$ 907** | **$ 746** | **$ 905** | **$ 729** |

# Adjusted Non-Operating Income/Expense Reconciliation

| in millions | 1Q22 | 4Q21 | 3Q21 | 2Q21 | 1Q21 |
|---|---|---|---|---|---|
| **Other Income / (Expense)** | **$(58)** | **$1,330** | **$54** | **$1,239** | **$48** |
| Less: Gain on deconsolidation of Bakkt | — | (1,419) | — | — | — |
| Less: Gain on value of Euroclear equity investment | — | — | (34) | — | — |
| Less: Gain on sale of Coinbase equity investment | — | — | — | (1,227) | — |
| Add: Accrual related to legal settlements | 9 | — | 16 | — | — |
| Less: Gain related to the settlement of an acquisition-related indemnification claim | — | — | — | (7) | — |
| Add/(Less): Net losses/(income) from unconsolidated investees | 42 | 84 | (8) | (9) | (25) |
| **Total Adjusted Other Income / (Expense)** | **$(7)** | **$(5)** | **$28** | **$(4)** | **$23** |
| **Interest Income / (Expense)** | **$(102)** | **$(101)** | **$(108)** | **$(106)** | **$(107)** |
| Accelerated unamortized costs related to the early payoff of the June 2023 floating rate senior notes | — | — | 4 | — | — |
| **Total Adjusted Interest Income / (Expense)** | **$(102)** | **$(101)** | **$(104)** | **$(106)** | **$(107)** |
| **Total Adjusted Other Income / (Expense)** | **$(109)** | **$(106)** | **$(76)** | **$(110)** | **$(84)** |

# Adjusted Effective Tax Rate Reconciliation

| in millions | Three Months Ended 3/31/2022 | Three Months Ended 3/31/2021 |
|---|---|---|
| **Income before income taxes** | **$832** | **$833** |
| **Income tax expense** | **165** | **183** |
| **Effective tax rate** | **20%** | **22%** |
| | | |
| **Income before income taxes** | $832 | $833 |
| Add: Amortization of acquisition-related intangibles | 153 | 158 |
| Add: Transaction and integration costs | 8 | 18 |
| Add: Accrual relating to legal settlement | 9 | — |
| Add/(Less): Net losses/(income) from unconsolidated investees | 42 | (25) |
| **Adjusted income before income taxes** | $1,044 | $984 |
| **Income tax expense** | $165 | $183 |
| Add: Income tax effect for the above items | 58 | 40 |
| Add/(Less): Deferred tax adjustments on acquisition related intangibles | 7 | (1) |
| **Adjusted income tax expense** | $230 | $222 |
| **Adjusted effective tax rate** | **22%** | **23%** |

# Free Cash Flow Calculation

| in millions | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| Cash flow from operations | $756 | $734 |
| Less: Capital expenditures and capitalized software development costs | (103) | (116) |
| Add: Section 31 fees, net | 7 | 84 |
| Free cash flow | $660 | $702 |

# Adjusted EBITDA Reconciliation

| in millions | Twelve Months Ended 3/31/2022 |
|---|---|
| **Adjusted net income[1]** | **$2,956** |
| Add: Adjusted interest expense[1] | 415 |
| Add: Adjusted income tax expense[1] | 880 |
| Add: Adjusted depreciation and amortization[1] | 391 |
| **Adjusted EBITDA from Continuing Ops** | **$4,642** |
| | |
| **Debt, as reported** | **$14,178** |
| | |
| **Adjusted Debt-to-EBITDA leverage ratio** | **3.1x** |



(1) Adjusted figures represent non-GAAP measures. Please refer to slides in the appendix for reconciliations to the equivalent GAAP measures.

# ICE Summary Balance Sheet

**in millions**

| BALANCE SHEET | 03/31/2022 | 12/31/2021 | CHANGE |
|---|---|---|---|
| **Assets** | | | |
| Unrestricted Cash | $638 | $607 | $31 |
| Other Current Assets | 168,740 | 153,693 | 15,047 |
| Current Assets | 169,378 | 154,300 | 15,078 |
| PPE (net) | 1,733 | 1,699 | 34 |
| Other Non-Current Assets | 37,377 | 37,503 | (126) |
| **Total Assets** | $208,488 | $193,502 | $14,986 |
| **Liabilities & Equity** | | | |
| Short-Term Debt | $1,777 | $1,521 | $256 |
| Other Current Liabilities | 166,702 | 151,890 | 14,812 |
| Long-Term Debt | 12,401 | 12,397 | 4 |
| Other Long-Term Liabilities | 4,905 | 4,946 | (41) |
| Total Liabilities | 185,785 | 170,754 | 15,031 |
| Redeemable Noncontrolling Int | — | — | — |
| Total Equity | 22,703 | 22,748 | (45) |
| **Total Liabilities & Equity** | $208,488 | $193,502 | $14,986 |

- $638M unrestricted cash
- Total debt of $14.2B; Adj. Debt-to-EBITDA(1) of 3.1x
- $103 million 1Q22 capex / software
- Adj. ROIC of 7.8%; WACC 6.7%

(1) Adjusted debt-to-EBITDA reflects the ratio of debt to adjusted EBITDA for the trailing twelve months. This reflects a non-GAAP measure. Please refer to slides in the appendix for reconciliation to the equivalent GAAP measure.

# Fixed Income & Data Supplemental Data

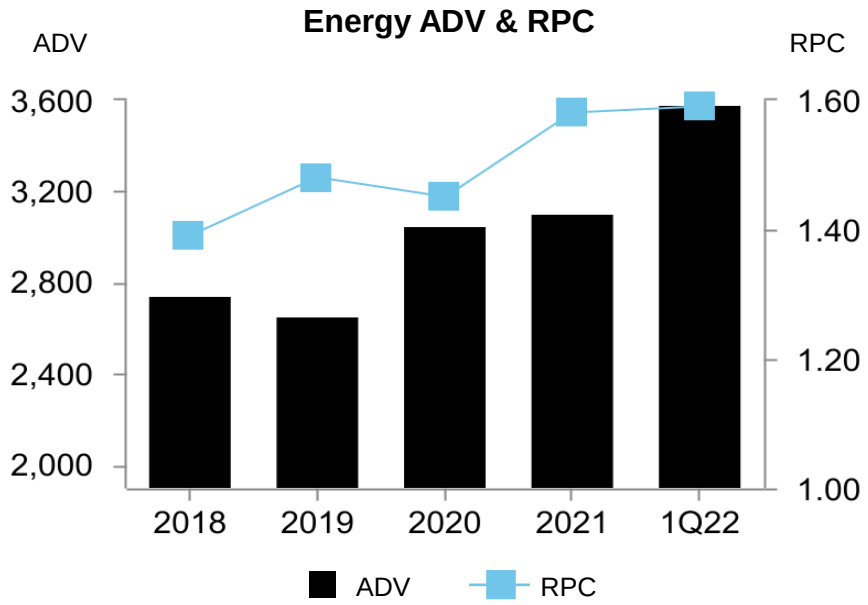
## Annual Subscription Value (ASV)

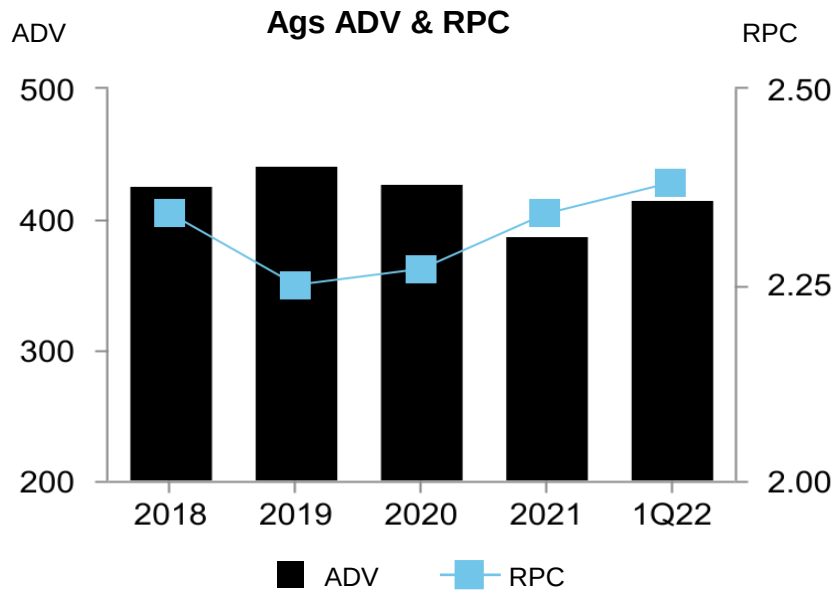
| in millions | 1Q22 | 4Q21 | 3Q21 | 2Q21 | 1Q21 |
|---|---|---|---|---|---|
| **ASV[(1)]** | **$1,672** | **$1,646** | **$1,624** | **$1,602** | **$1,580** |
| Adjusted for: | | | | | |
| FX | (7) | (7) | (7) | (14) | (13) |
| **ASV, CC** | **$1,665** | **$1,639** | **$1,617** | **$1,588** | **$1,567** |

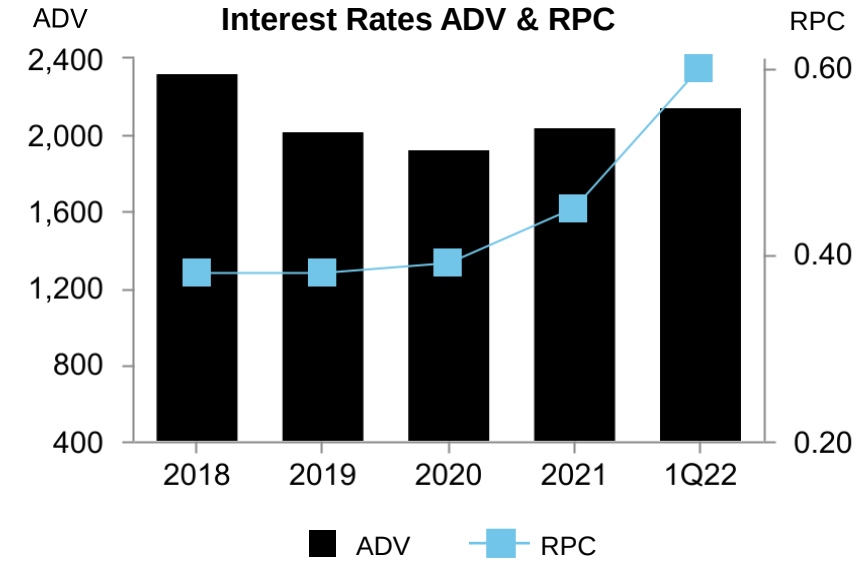
(1) ASV is defined as the annual value of subscriptions under contract for the succeeding twelve months. ASV does not include new sales, contract terminations or price changes that may occur during that twelve month period or certain data services that are not subscription-based.

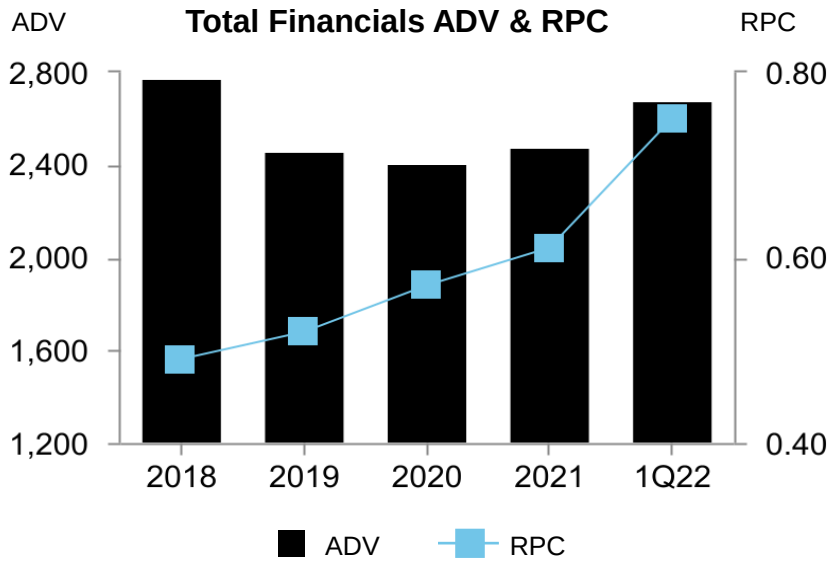
# Average Daily Volume and RPC Trends

*lots in thousands*



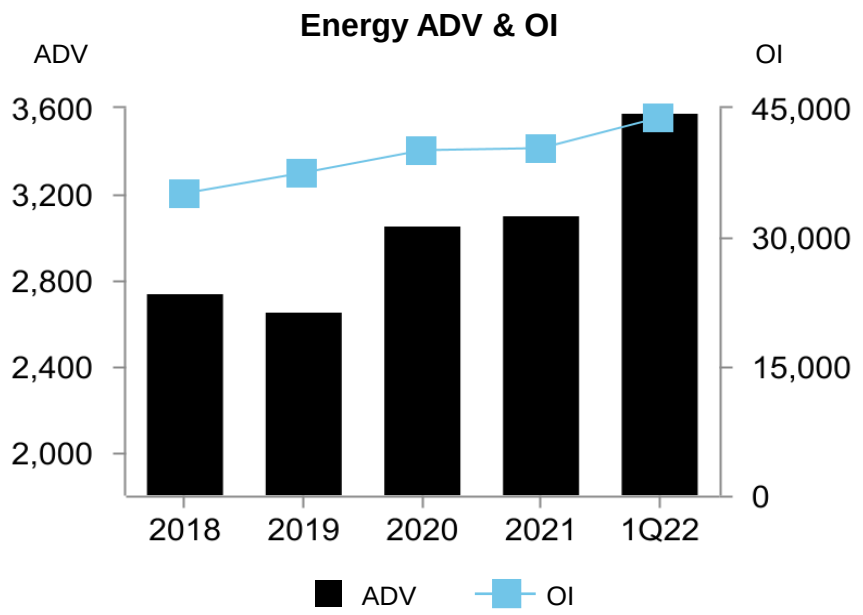



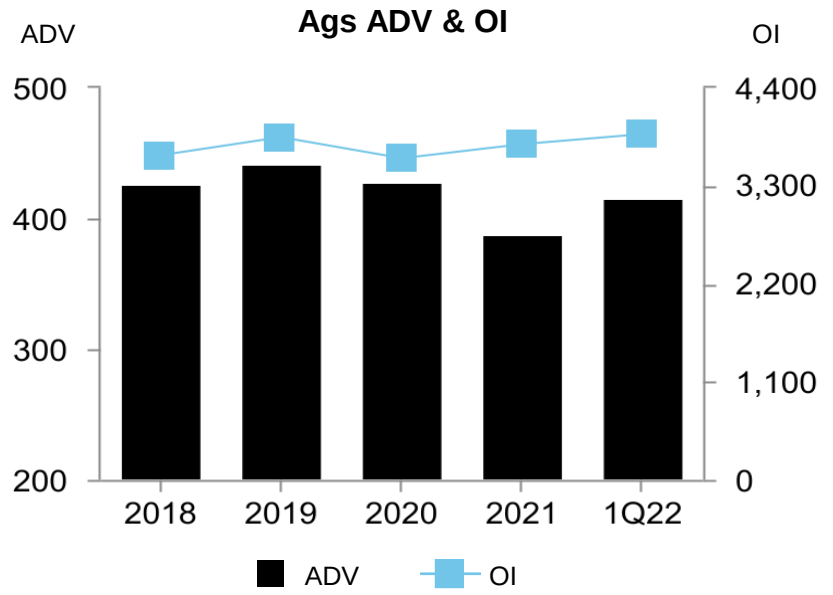



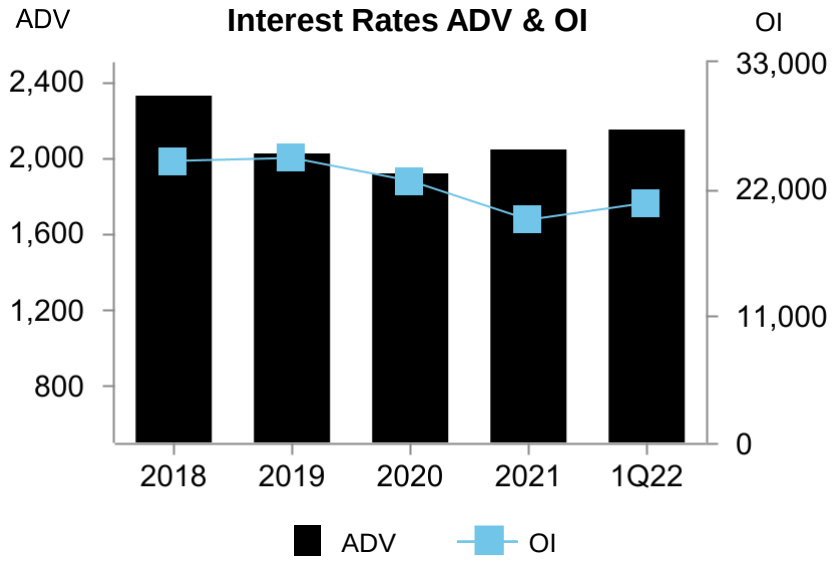



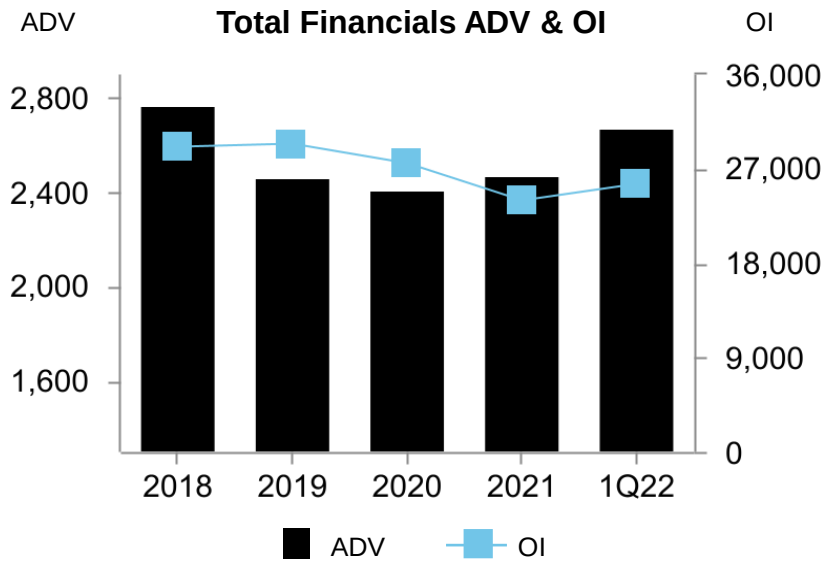
# Average Daily Volume and OI Trends

*lots in thousands*



# GAAP Results

| INCOME STATEMENT HIGHLIGHTS<br>in millions except per share amounts | GAAP 1Q22 | GAAP 1Q21 | % Chg |
|---|---|---|---|
| **Net revenues** | $1,899 | $1,797 | 6% |
| **Operating Expenses** | $907 | $905 | —% |
| **Operating Income** | $992 | $892 | 11% |
| **Operating Margin** | 52% | 50% | 2 pts |
| **Net Income attributable to ICE** | $657 | $646 | 2% |
| **Diluted EPS** | $1.16 | $1.14 | 2% |

# Adjusted Operating Income, Operating Margin & Operating Expense Reconciliation

| in millions | Exchanges Segment | | Fixed Income and Data Services Segment | | Mortgage Technology Segment | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | Three Months Ended March 31, | | Three Months Ended March 31, | | Three Months Ended March 31, | | Three Months Ended March 31, | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Total revenues, less transaction-based expenses | $1,083 | $974 | $509 | $468 | $307 | $355 | $1,899 | $1,797 |
| Operating expenses | 299 | 321 | 354 | 335 | 254 | 249 | 907 | 905 |
| Less: Amortization of acquisition-related intangibles | 16 | 18 | 49 | 45 | 88 | 95 | 153 | 158 |
| Less: Transaction and integration costs | — | 5 | — | — | 8 | 13 | 8 | 18 |
| Adjusted operating expenses | $283 | $298 | $305 | $290 | $158 | $141 | $746 | $729 |
| Operating income | $784 | $653 | $155 | $133 | $53 | $106 | $992 | $892 |
| Adjusted operating income | $800 | $676 | $204 | $178 | $149 | $214 | $1,153 | $1,068 |
| Operating margin | 72% | 67% | 30% | 28% | 17% | 30% | 52% | 50% |
| Adjusted operating margin | 74% | 69% | 40% | 38% | 49% | 60% | 61% | 59% |

# Adjusted Net Income & EPS

| in millions except per share amounts | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| Net income attributable to ICE | $ 657 | $ 646 |
| Add: Amortization of acquisition-related intangibles | 153 | 158 |
| Add: Transaction and integration costs | 8 | 18 |
| Add: Accrual relating to legal settlement | 9 | — |
| Add/(Less): Net losses (income) from unconsolidated investees | 42 | (25) |
| Less: Income tax effect for the above items | (58) | (40) |
| Add/(Less): Deferred tax adjustments on acquisition-related intangibles | (7) | 1 |
| Adjusted net income attributable to ICE | $ 804 | $ 758 |
| Diluted earnings per share | $ 1.16 | $ 1.14 |
| Adjusted diluted earnings per share | $ 1.43 | $ 1.34 |
| Diluted weighted average common shares outstanding | 564 | 565 |