

# INTERCONTINENTAL EXCHANGE

The Profit Prophets

# GAMEPLAN

## SPEAKER

## SEGMENT

William Errett

Company Overview  
Revenue Breakdown  
Growth Opportunities  
Risk Factors  
Conclusion

Chris Boling

Interpretation of Financial Statements  
Capital Allocation

Pablo Samanez

Management  
Economic Moat

Michael Resendez

Black Knight  
Valuation

Ethan Sanchez

Competitor Analysis

Company Overview



Revenue Breakdown



Interpretation of  
Financial Statements



Capital Allocation



Management



Economic Moat



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Risk Factors



Growth  
Opportunities



Black Knight



Valuation



Conclusion



# Company Overview

William Errett

# 52-WEEK PRICE CHART



1-Year Performance	
Dollars (\$)	-\$37.50
Percent (%)	-27.80%

# COMPANY INFORMATION

## Fixed Income Services



- Pricing
- Execution
- Clearing

## Data Analytics



- Machine Learning
- Trend Analysis

## New York Stock Exchange



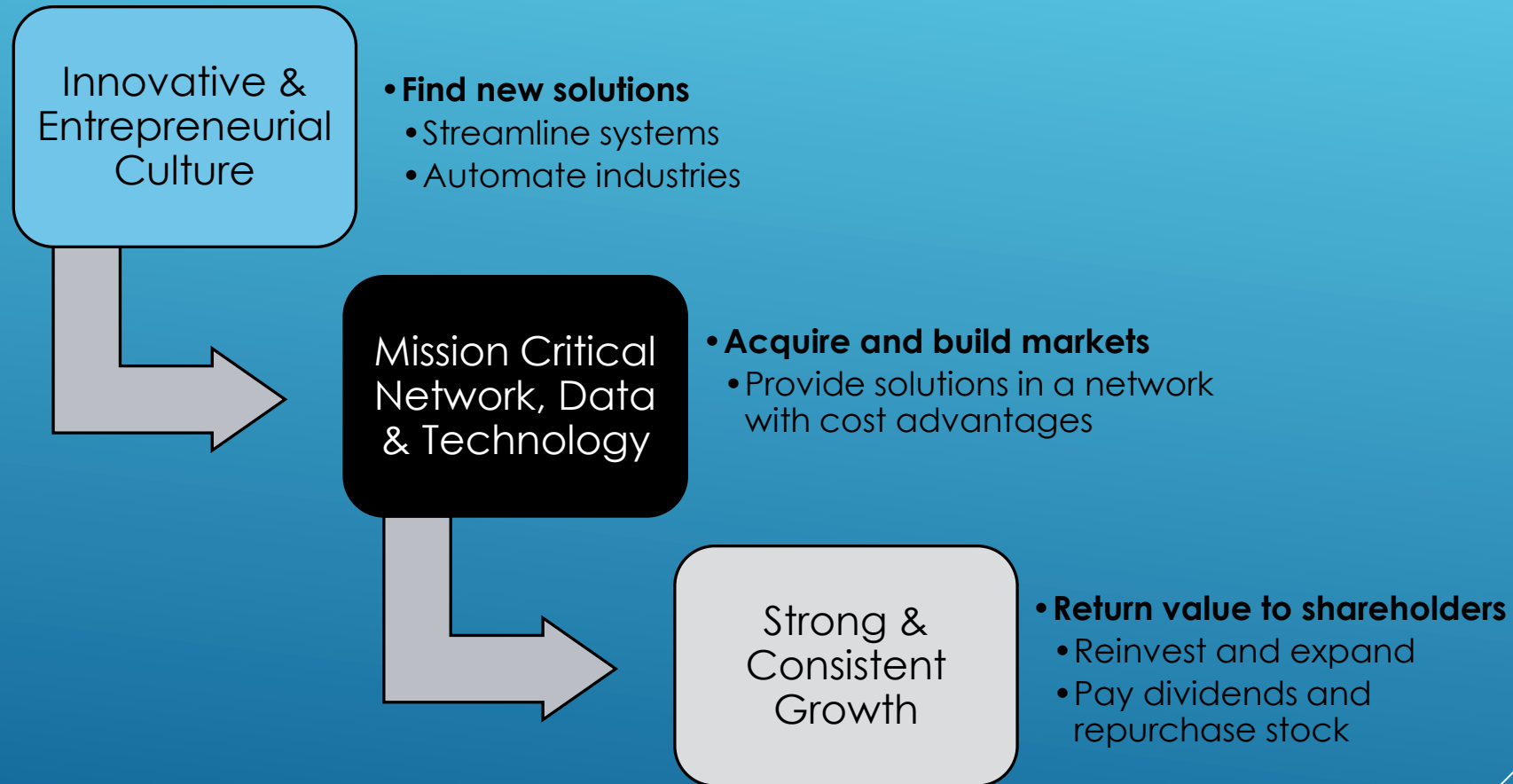
- Data
- Trading
- Listing

## Mortgage Services

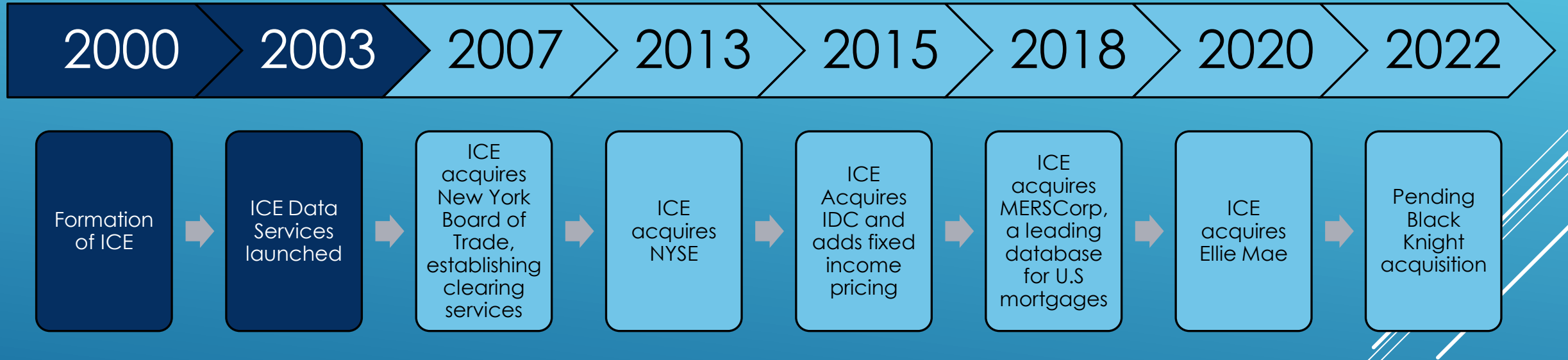


- Data
- Benchmarking
- Origination
- Closing

# GROWTH STRATEGY

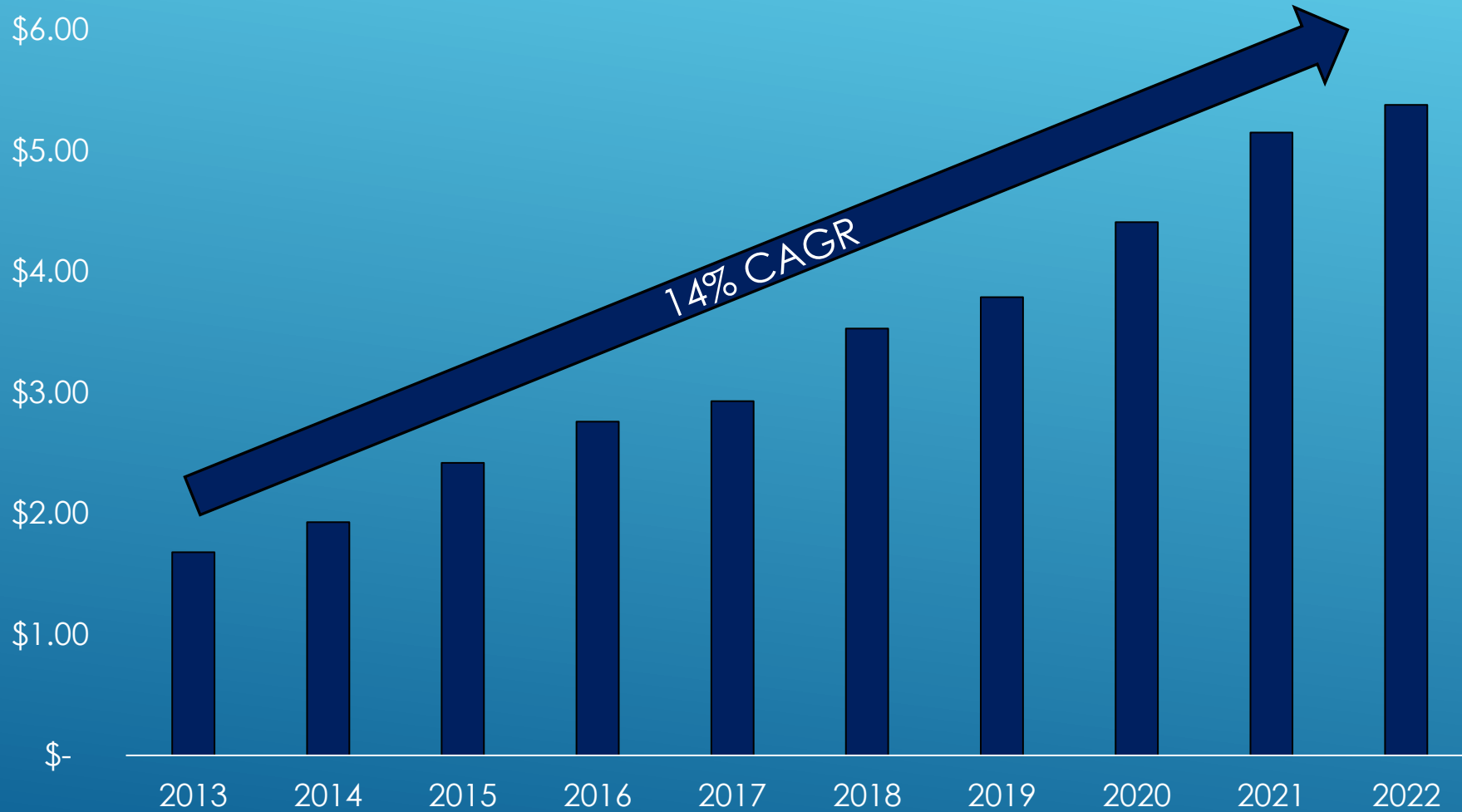


# HISTORY



- Acquisition
- Built In-House

# HISTORICAL EARNINGS PER SHARE





# RECENT NEWS

## Black Knight



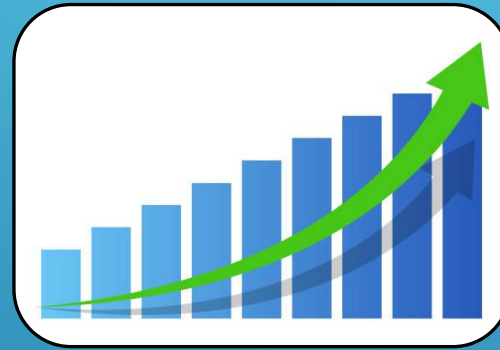
- Pending Acquisition of Black Knight at \$11.7 Billion  
*(80% Cash 20% Stock)*
- Expanding further into the Mortgage Market

## Federal Trade Commission



- Moved to block the Black Knight Acquisition
- ICE counter litigates against the FTC

## Trading Volumes



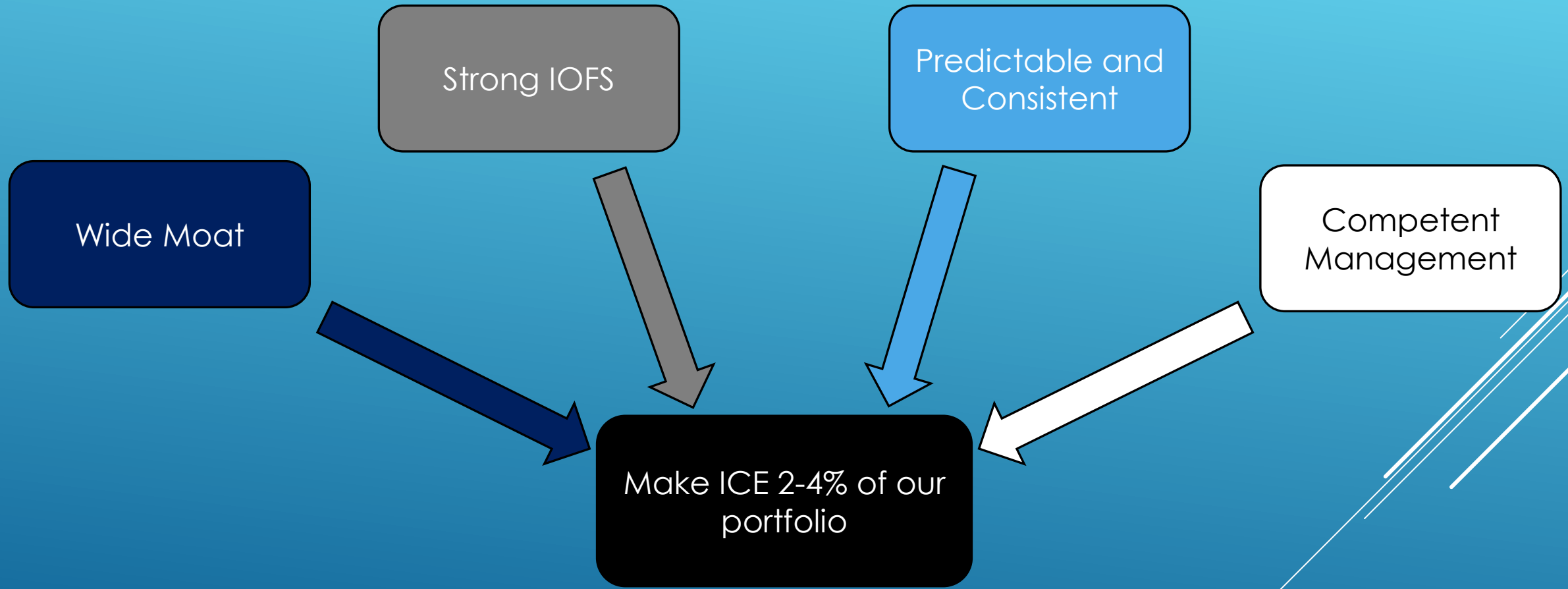
- ICE had record volumes of 14.5 Million futures and options traded in 1 day
- Highest Daily Trading Volume in the last 3 years

## Q4 Earnings



- Revenue (-1%): \$1.77M
- Earnings (-1%): \$1.25 Adjusted Earnings per Share

# OUR THESIS



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Conclusion

Thesis Factor(s):

Strong IOFS

Predictable and Consistent



# Revenue Breakdown

William Errett

# TOTAL REVENUES

FY 2022

Total Revenue: \$7.3 Billion

- 2% YoY Growth

Adj. Net Income: \$ 3.0 Billion

- 4% YoY Growth

Adj. Net  
Margin:  
41%

# REVENUE SEGMENTS



Mortgage  
Technology

Services and Data Analytics for  
portions of the mortgage industry



Fixed  
Income  
and Data  
Services

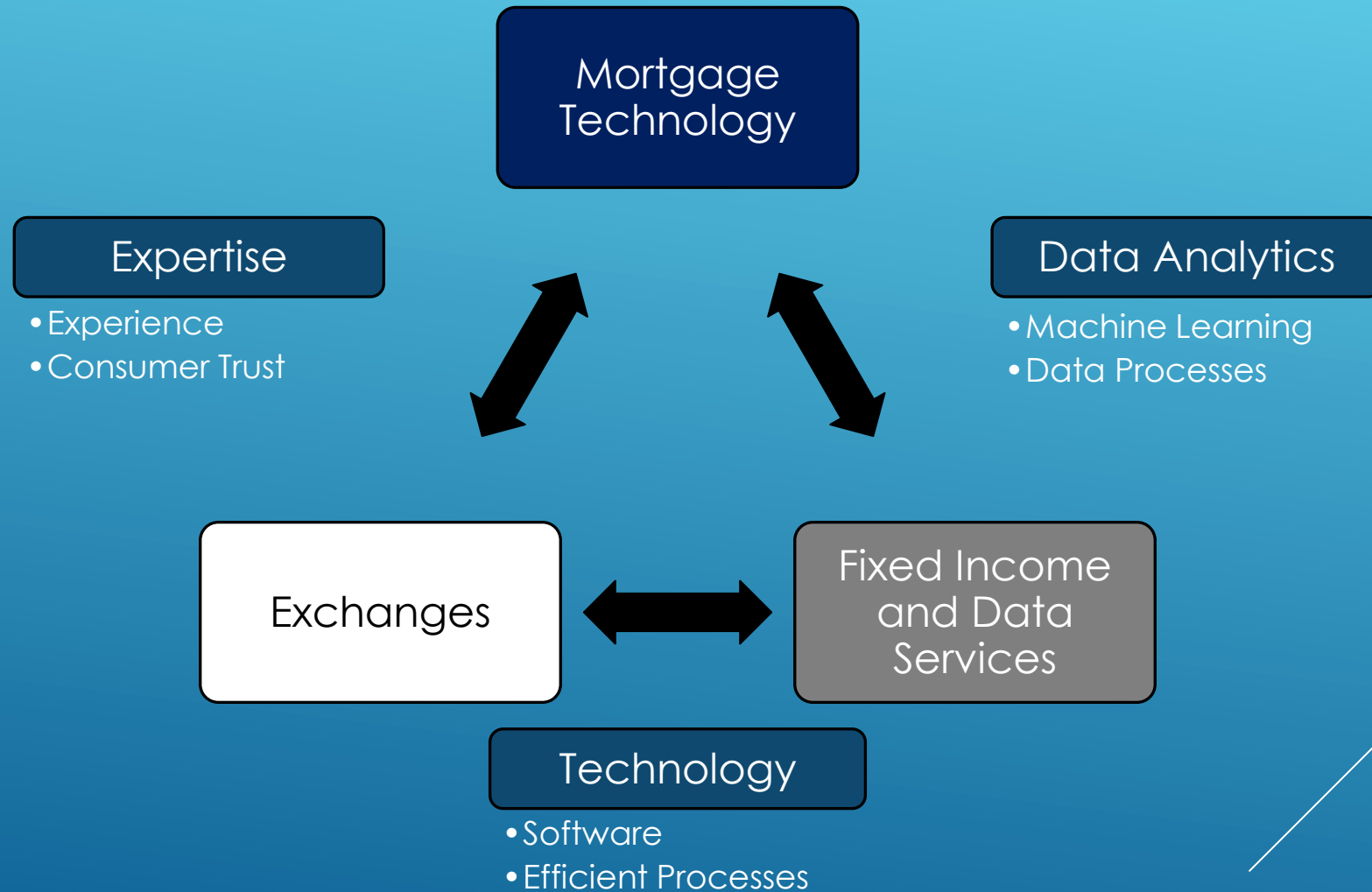
Services and Data Analytics for fixed  
income products and markets



Exchanges

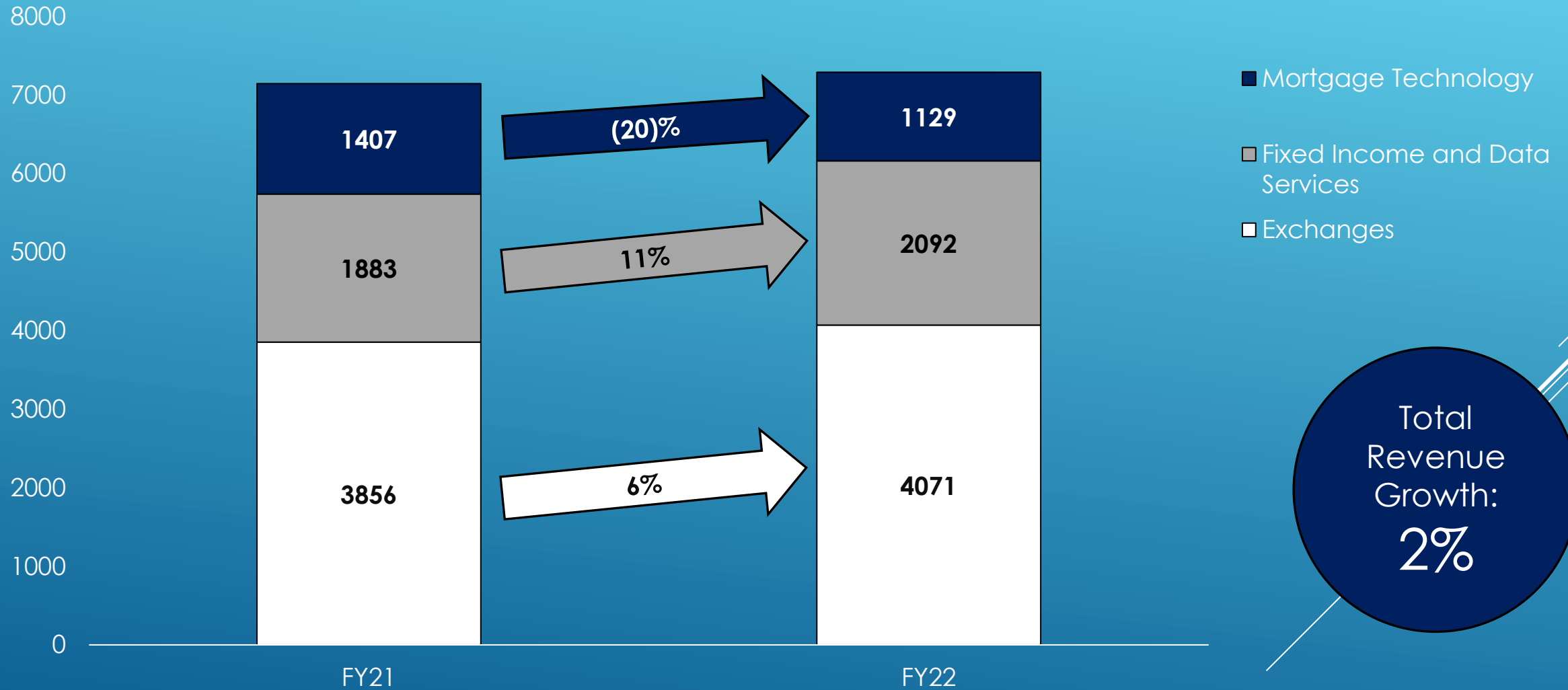
Services and markets for trading  
equities, futures, and options on  
exchanges

# RELATIONSHIPS BETWEEN SEGMENTS



# TOTAL REVENUE GROWTH

In Millions of Dollars

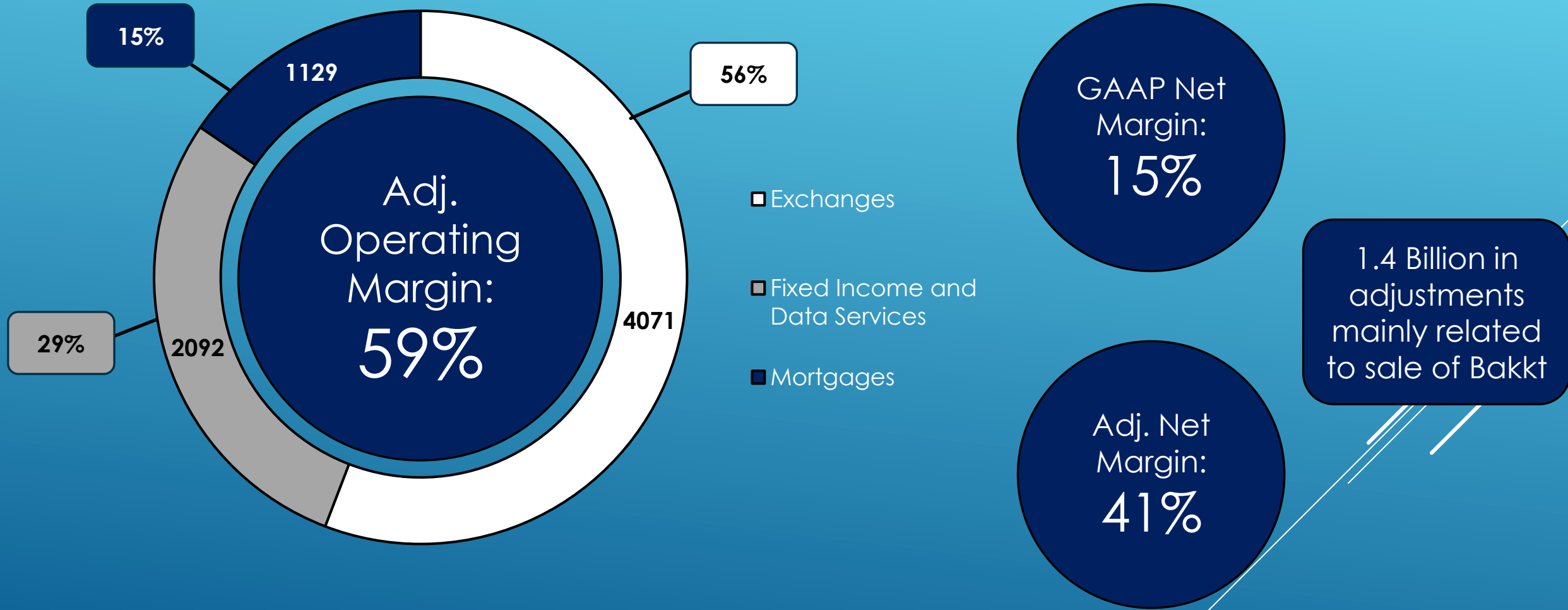


Total Revenue Growth: 2%

# TOTAL REVENUE MIX

In Millions of Dollars

FY 2022





# EXCHANGES



Listings

Companies paying to be listed on NYSE



Data and Connectivity Services

Pricing data, order book, and transaction information



OTC and Other

OTC markets revenues



Cash Equities and Equity Options

Collects fees on trades among these options



Financial Futures and Options



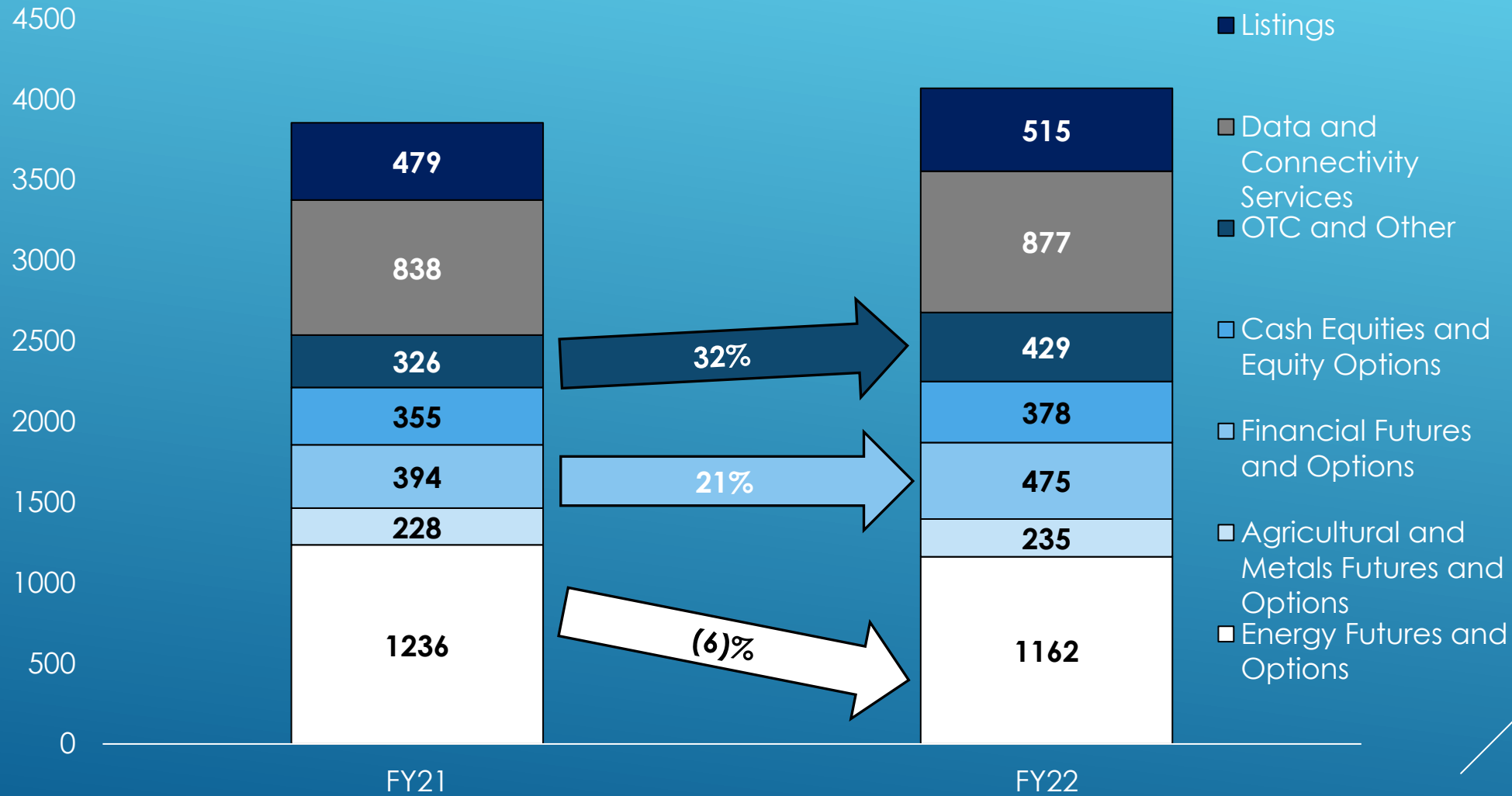
Ag / Metals Futures and Options



Energy Futures and Options

# EXCHANGES REVENUE GROWTH

In Millions of Dollars

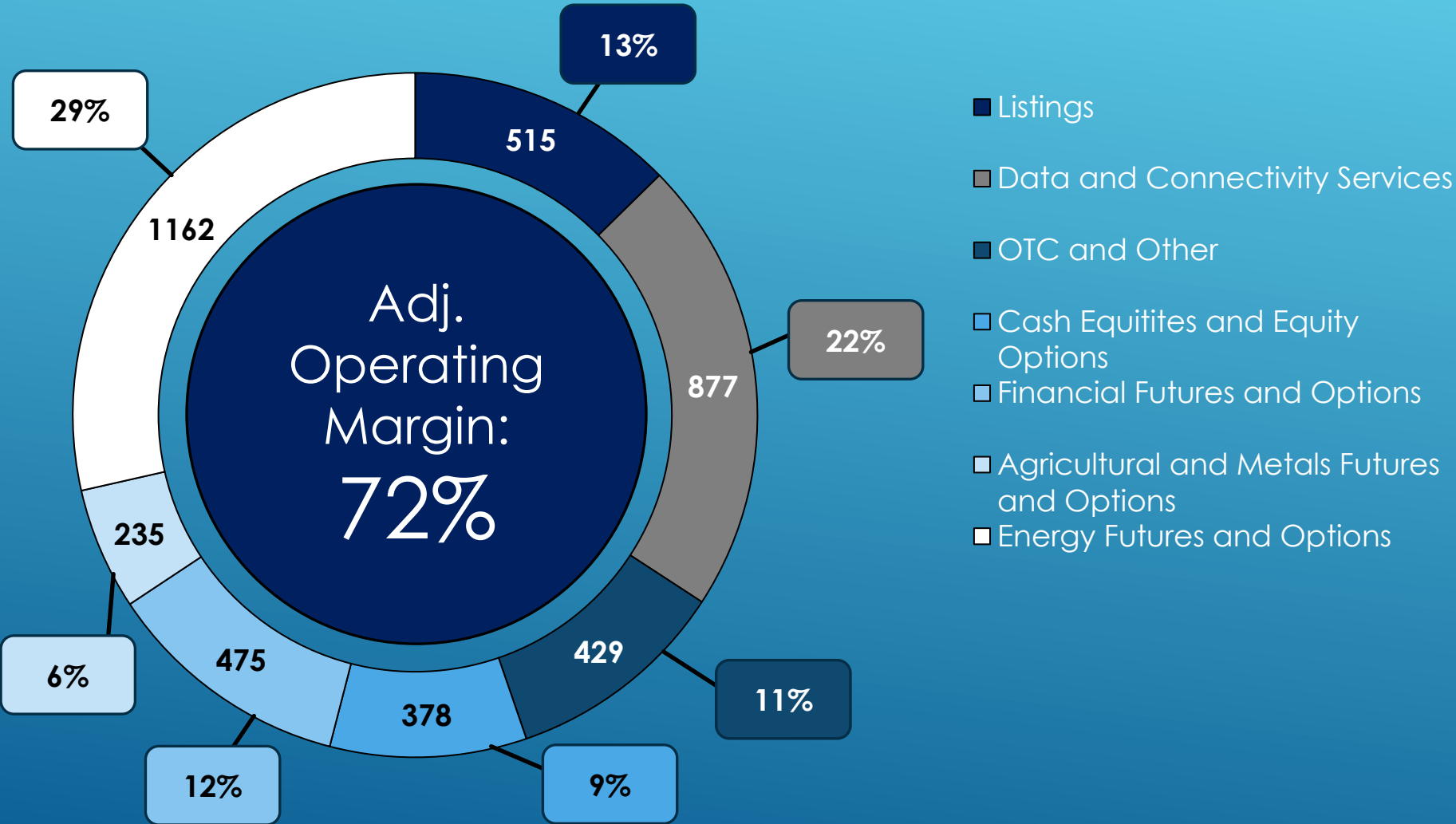


Exchanges Revenue Growth:  
**6%**

# EXCHANGES REVENUE MIX

In Millions of Dollars

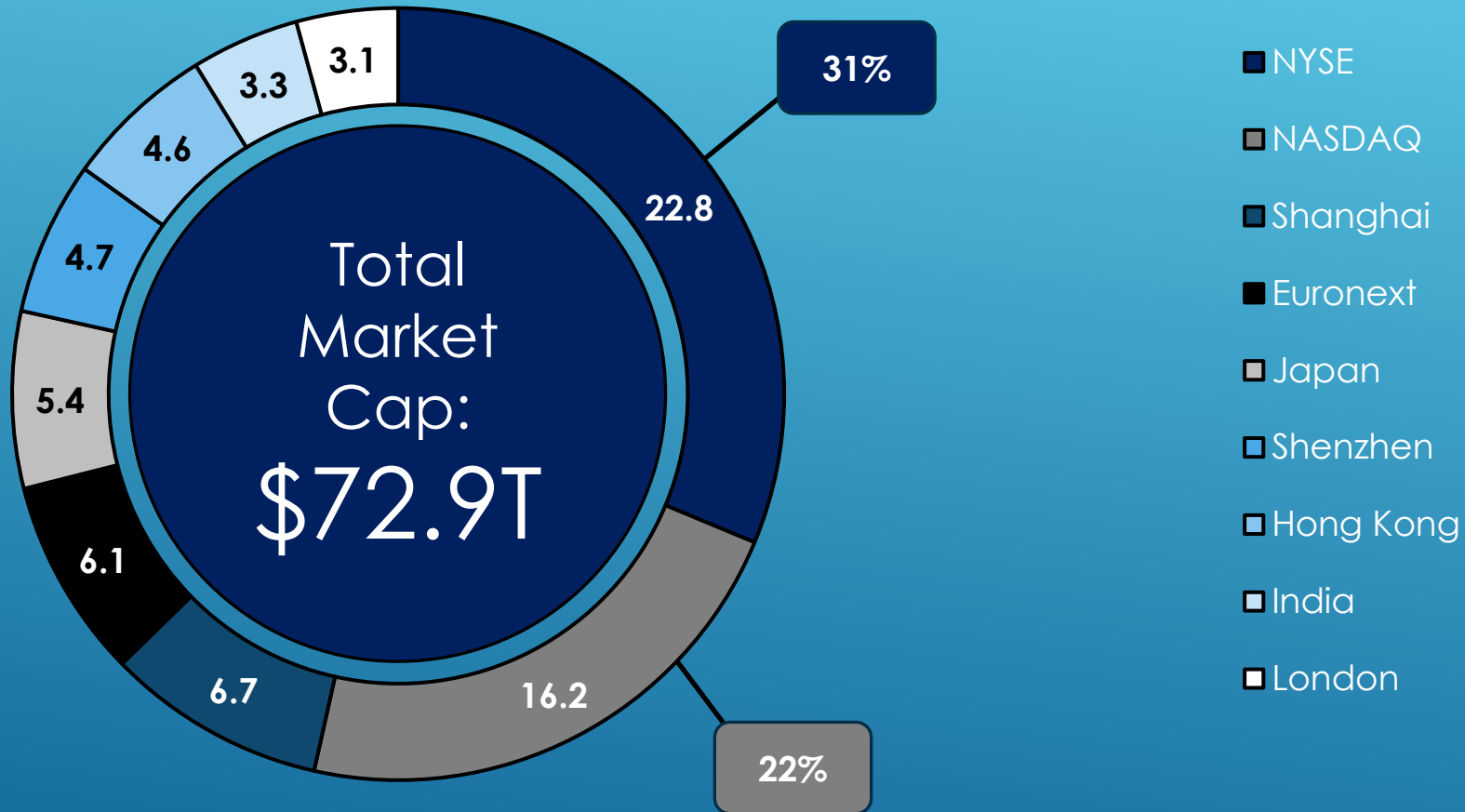
FY 2022



Portion of Total Revenue: 56%

# STOCK EXCHANGE MARKET CAPS

In Trillions of Dollars



# FIXED INCOME AND DATA SERVICES



Fixed Income  
Data and  
Analytics

Subscription access to ICE's 'End of Day' and real time pricing services for fixed income securities



Fixed Income  
Execution

Revenues from providing an electronic market for trade of fixed income investments



CDS Clearing

Clearing services on Credit Default Swaps to protect parties from additional risks

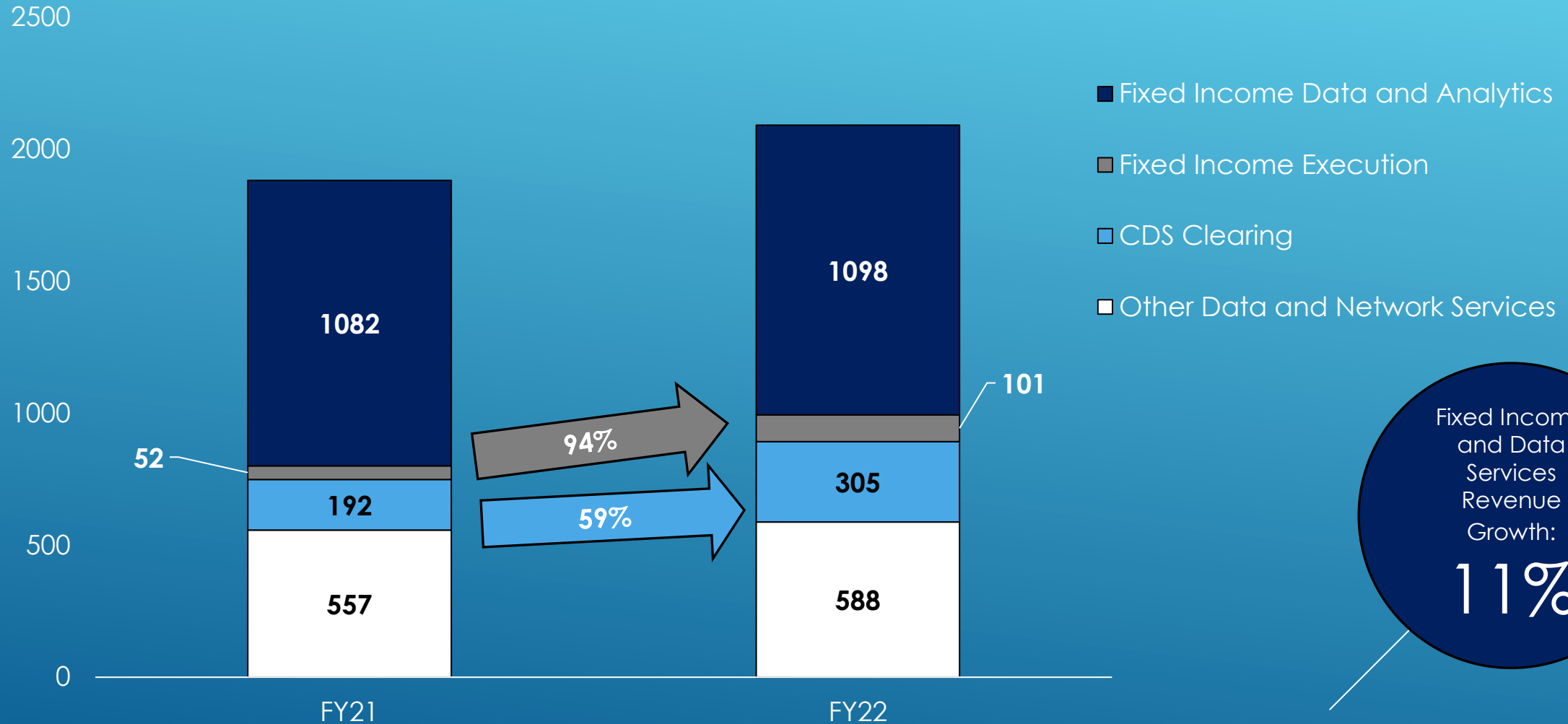


Other Data  
and Network  
Services

Multi-asset class trading platforms, data from trading venues, IM systems for investors

# FIXED INCOME AND DATA SERVICES GROWTH

In Millions of Dollars

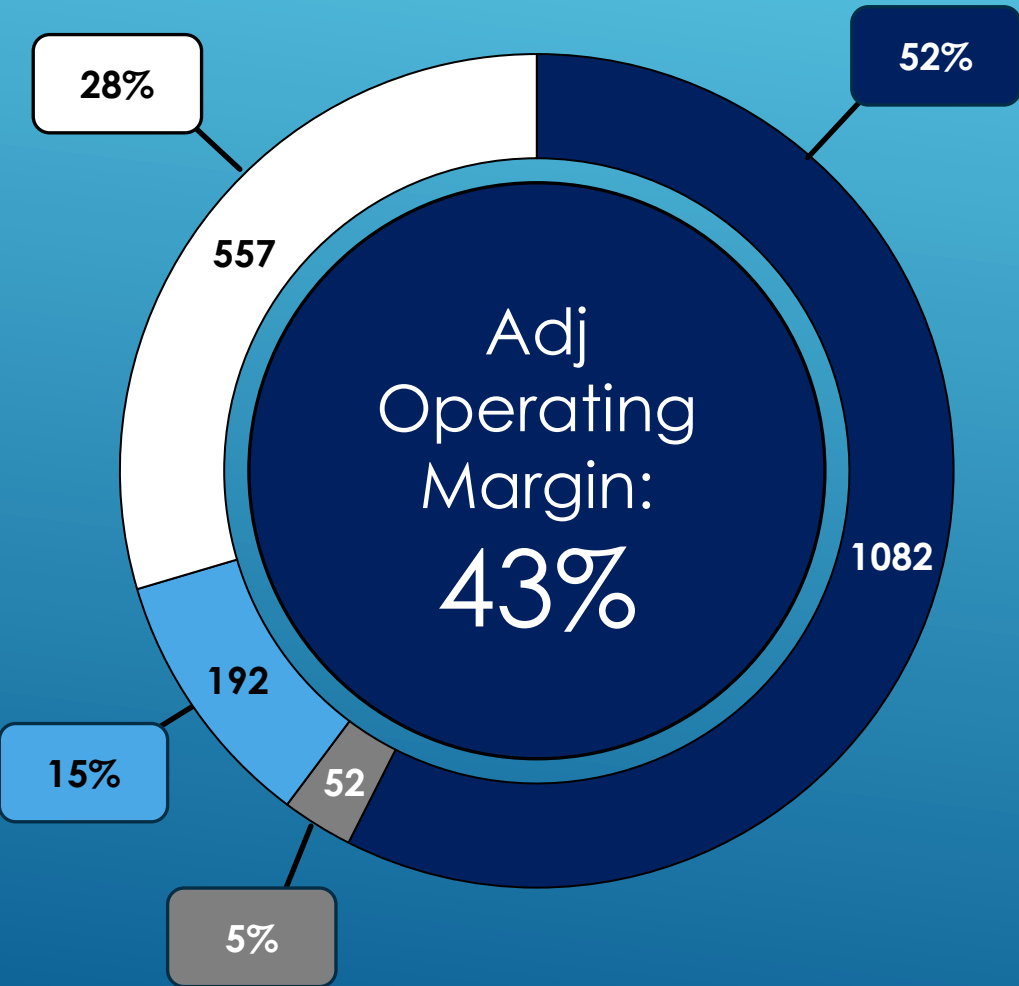


Fixed Income and Data Services Revenue Growth: **11%**

# FIXED INCOME AND DATA SERVICES MIX

In Millions of Dollars

FY 2022



- Fixed Income Data & Analytics
- Fixed Income Execution
- CDS Clearing
- Other Data & Network Services

Portion of Total Revenue: 29%

# MORTGAGE TECHNOLOGY



Origination  
Technology

Records important data in mortgage transactions. Connects consumers with other mortgage services.



Data and  
Analytics

Subscription based segment that provides customers with mortgage data and benchmarking services



Closing Solutions

Connects all parties needed to close a mortgage and collects fees for those services

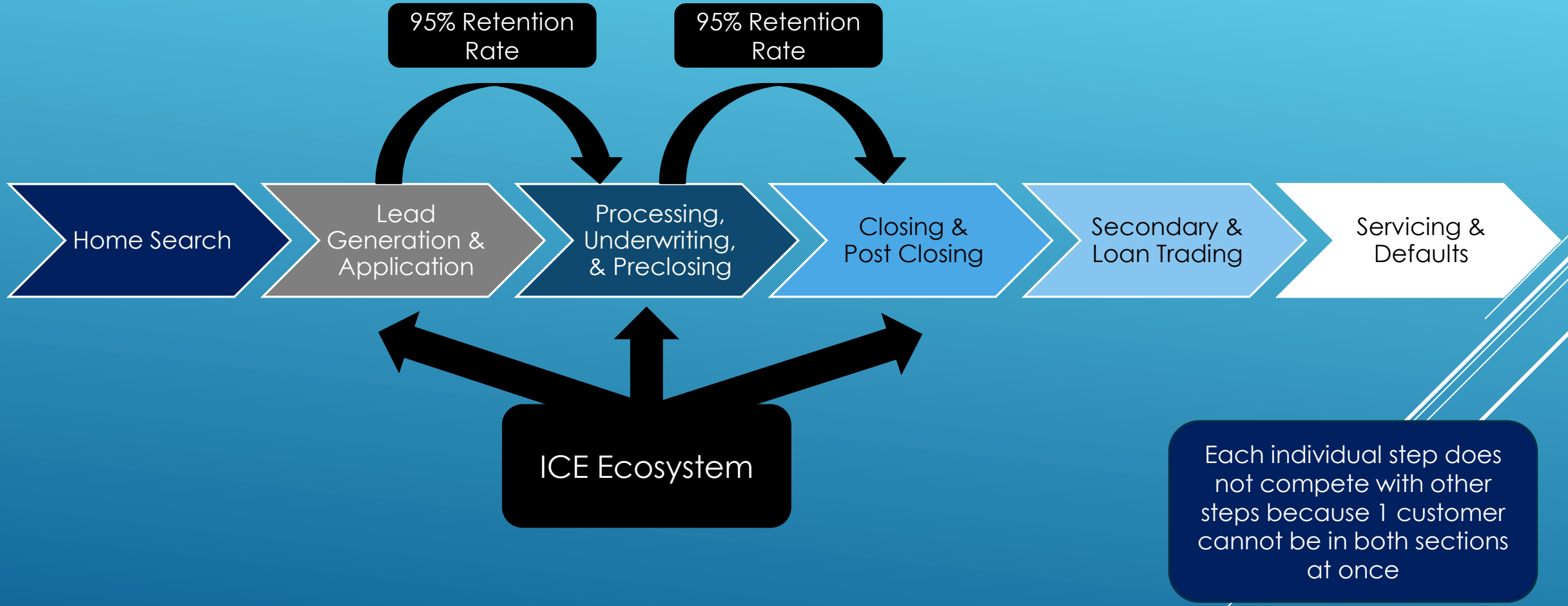


Other

Professional services fees and supporting products

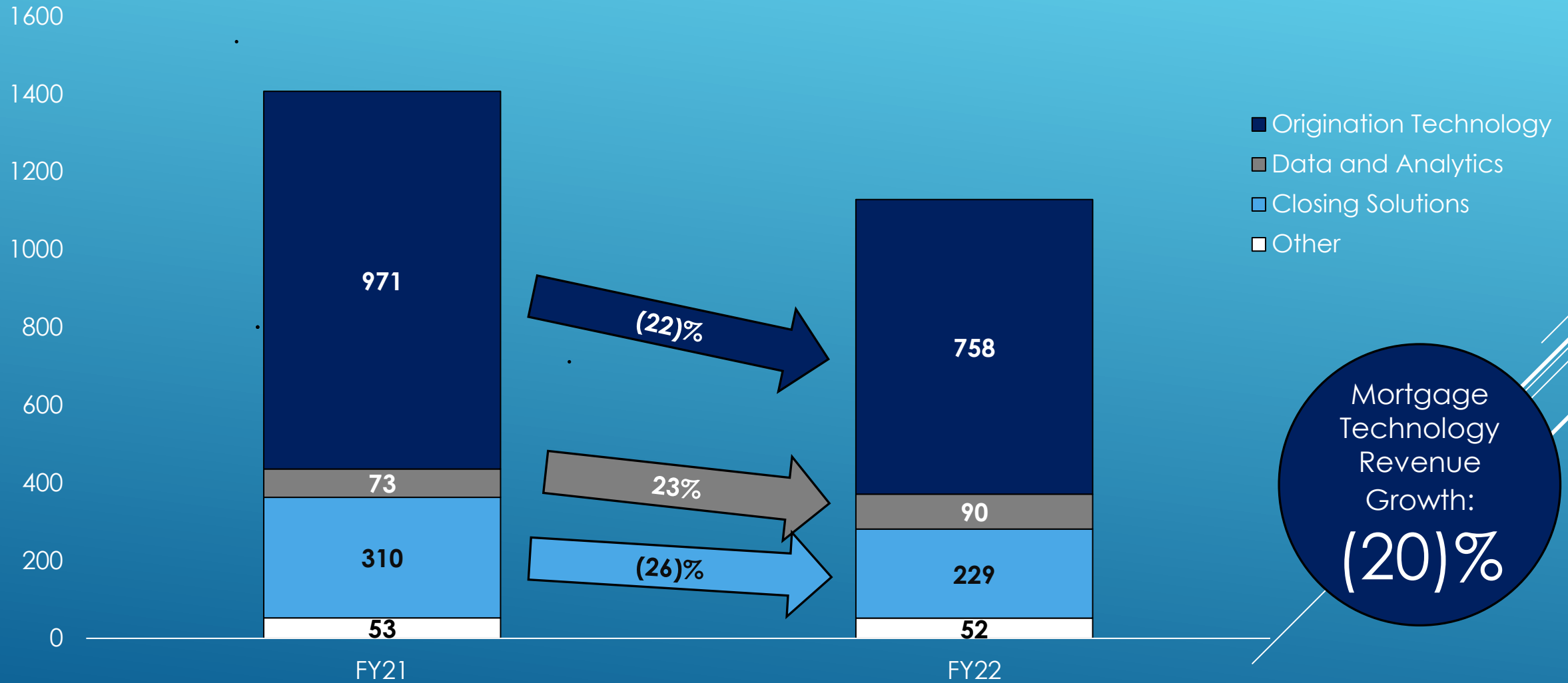


# MORTGAGE PROCESS



# MORTGAGE TECHNOLOGY GROWTH

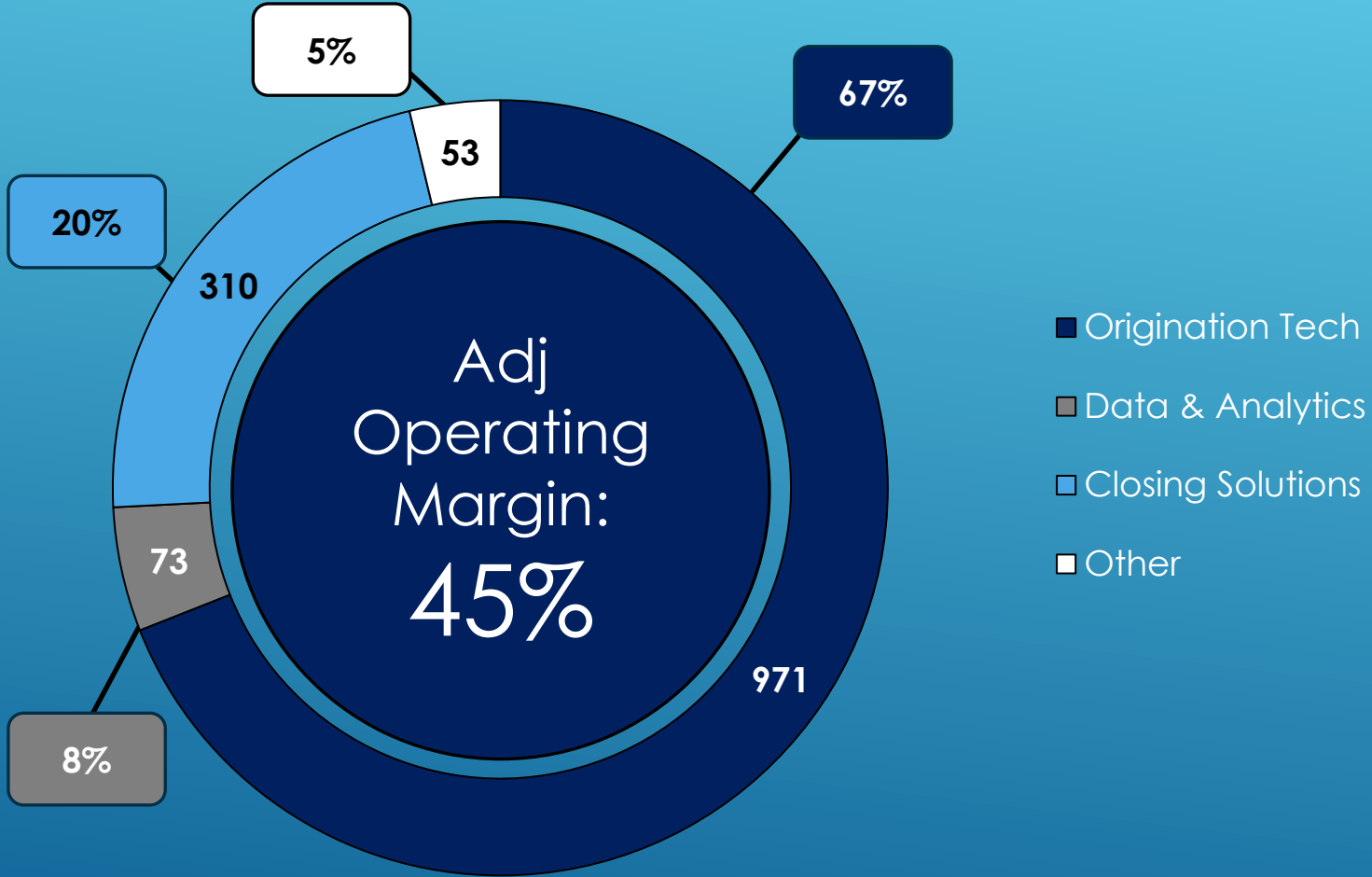
In Millions of Dollars



# MORTGAGE TECHNOLOGY MIX

In Millions of Dollars

FY 2022



Portion of Total Revenue:  
15%

# RECURRING VS TRANSACTIONAL



Recurring  
Revenue

Revenues that repeat over time and are typically subscription based  
Less volatile over longer periods

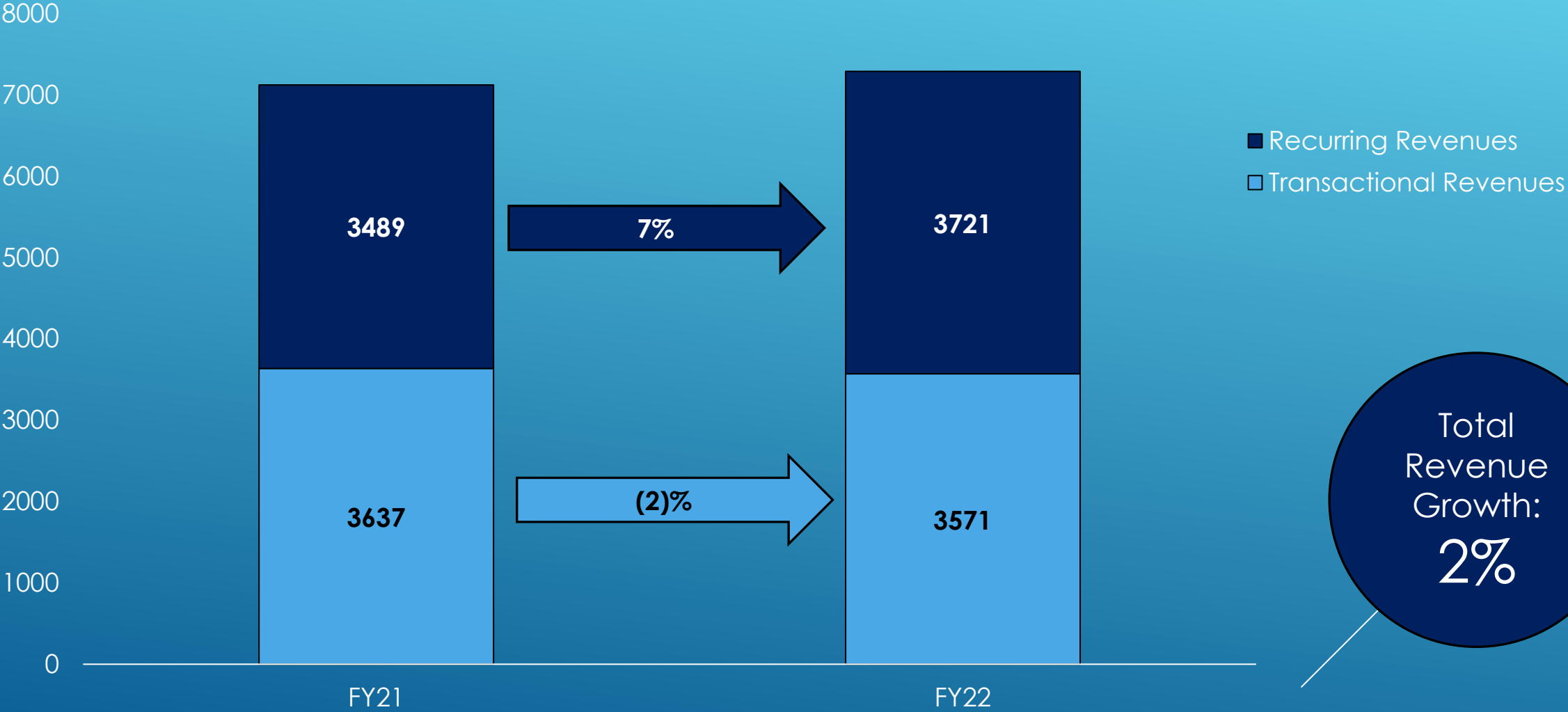


Transactional  
Revenue

Revenues that occur once and are dependent on the number of transactions at a given time. More volatile over longer periods

# RECURRING VS TRANSACTIONAL GROWTH

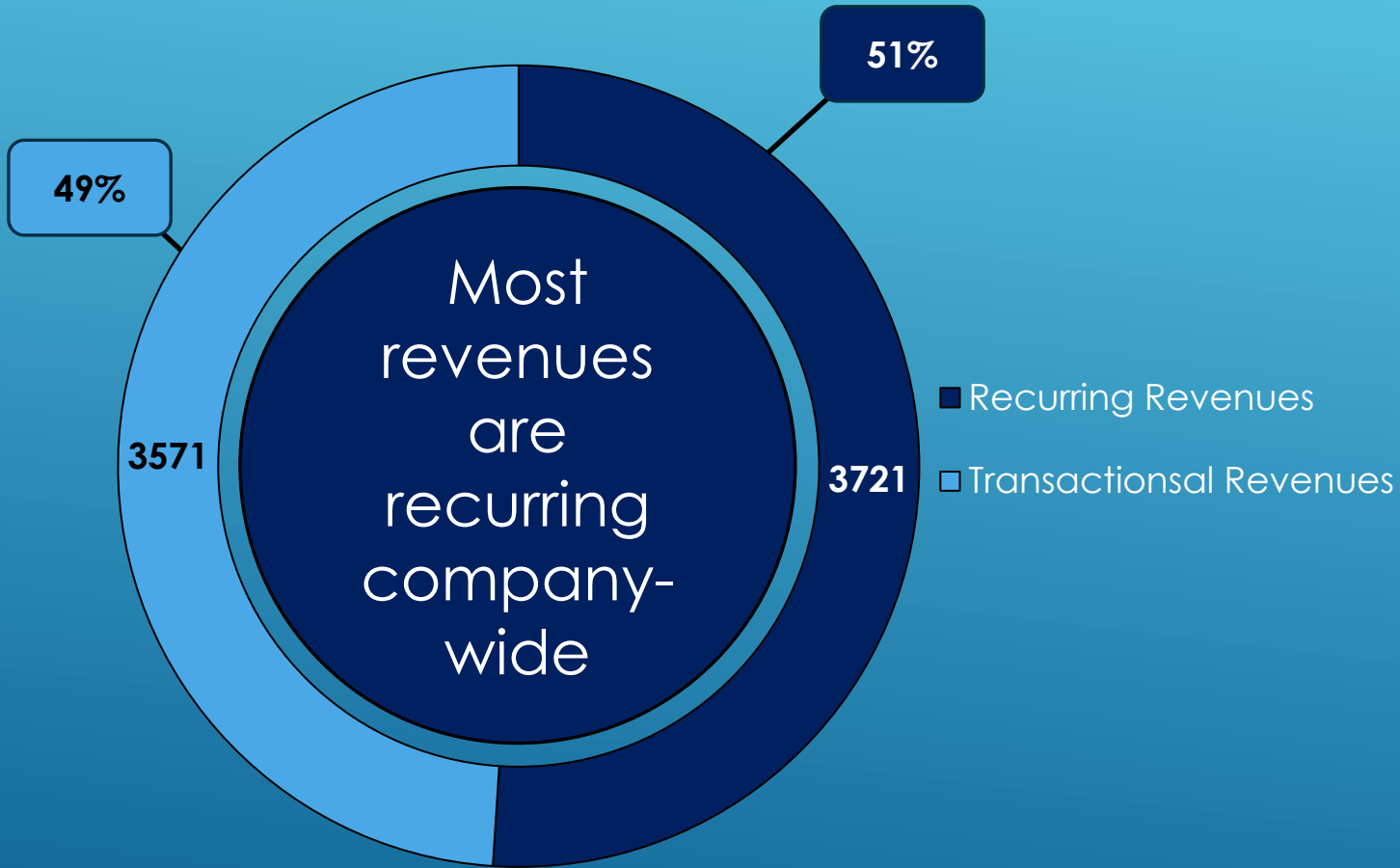
In Millions of Dollars



# RECURRING VS TRANSACTIONAL MIX

In Millions of Dollars

FY 2022



Mix between recurring and transactional growth is dependent on factors that increase or decrease transactional revenues above or below their long-term growth rate

# EXCHANGES RECURRING REVENUE



## Listings

Fees that companies must pay to have their name listed and serviced on the New York Stock Exchange

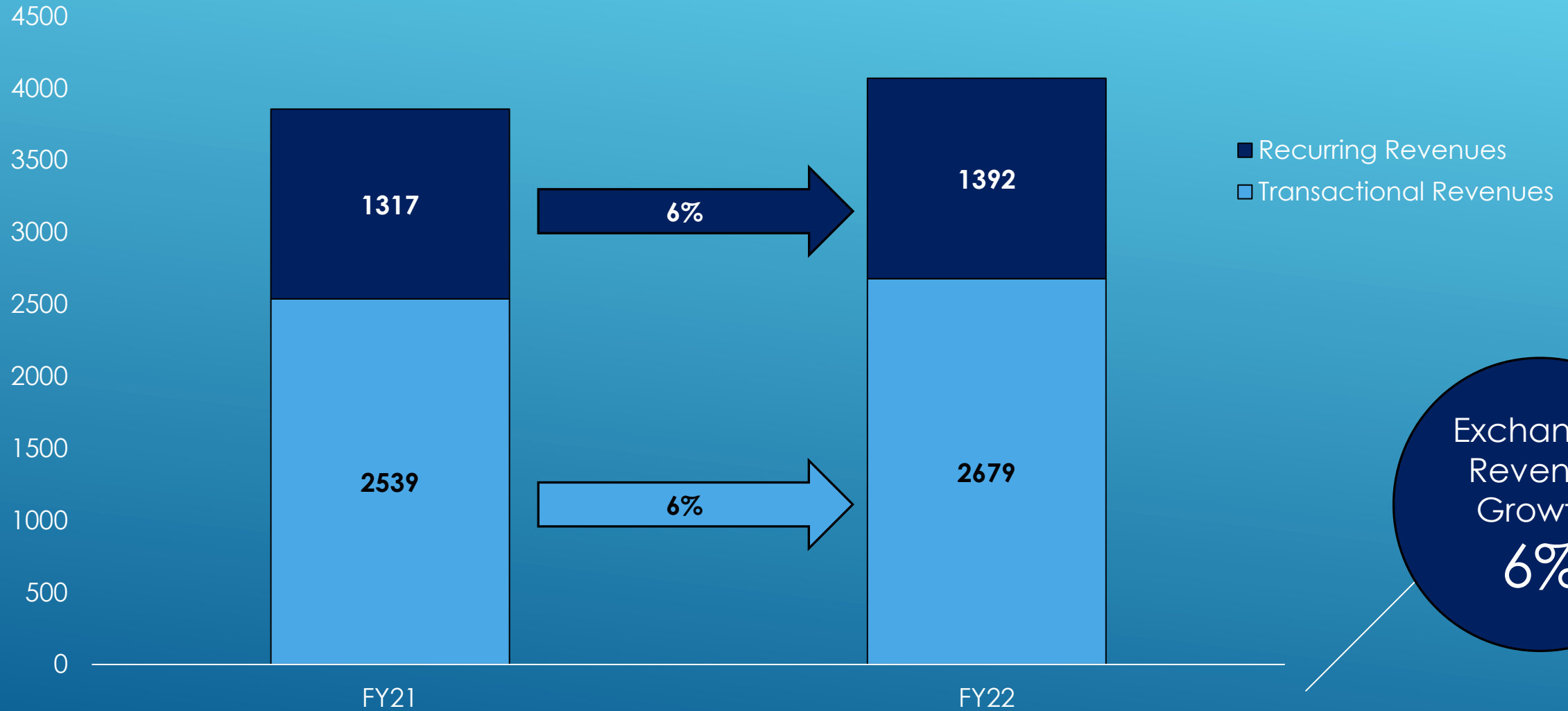


## Data and Connectivity Services

Pricing data, order book, and transaction information provided via subscription

# EXCHANGES RECURRING REVENUE GROWTH

In Millions of Dollars

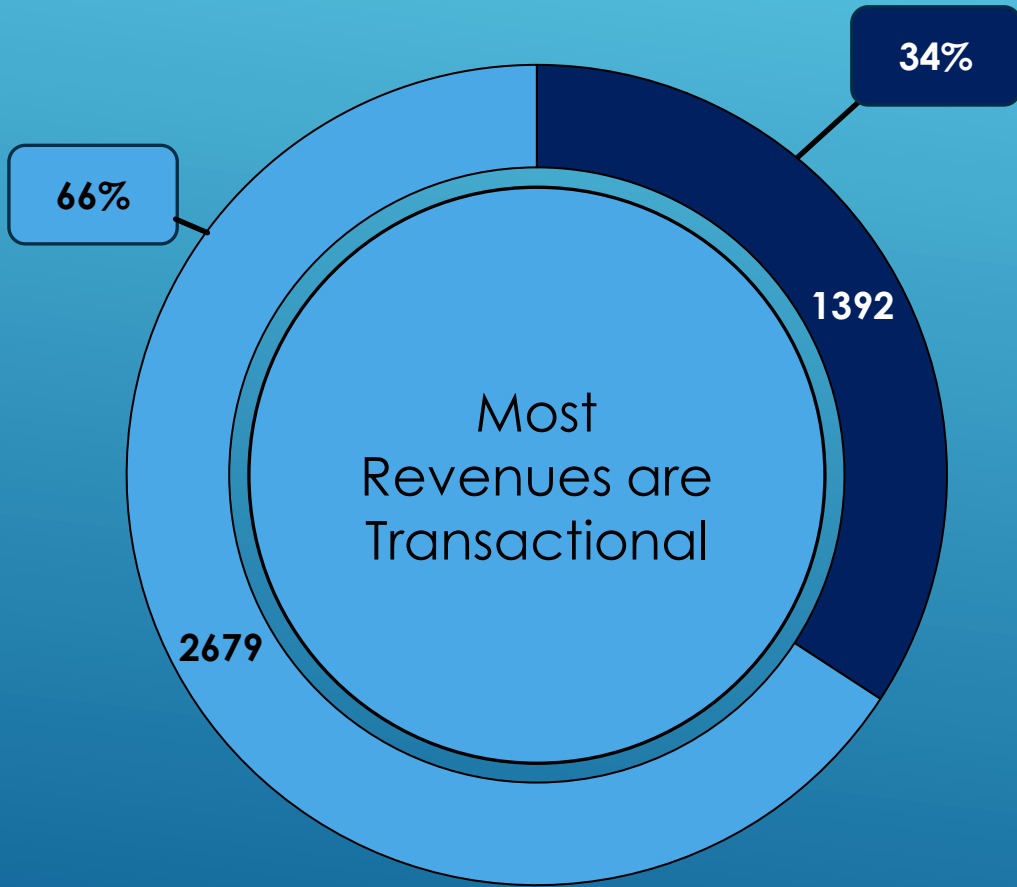




# EXCHANGES RECURRING REVENUE MIX

In Millions of Dollars

FY 2022



- Recurring Revenues
- Transactional Revenues

Exchanges  
Portion of  
Recurring  
Revenue:  
**37%**

Exchanges  
Portion of  
Total  
Revenue:  
**56%**

# FIXED INCOME RECURRING REVENUE



Fixed  
Income  
Data and  
Analytics

Subscriptions paid to access to ICE's 'End of Day' and real time pricing services for fixed income securities

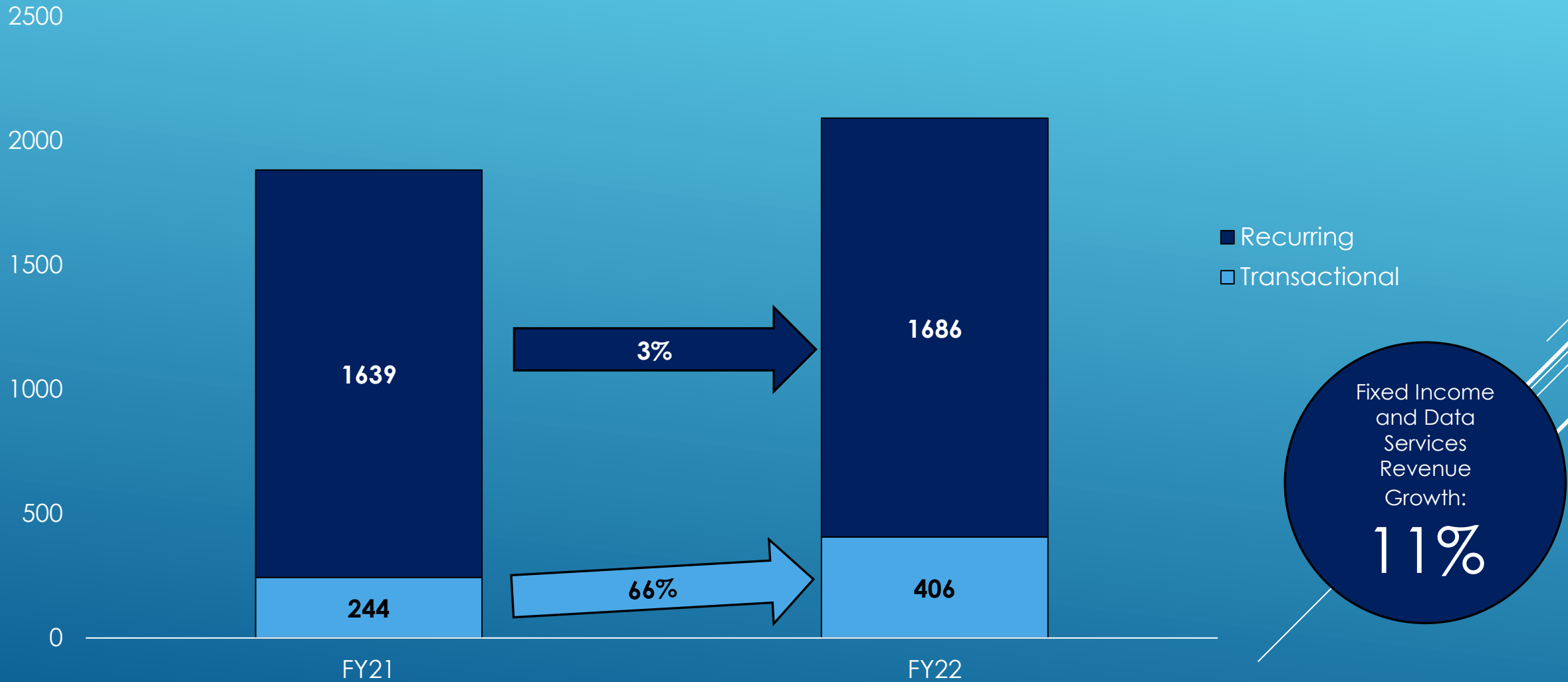


Other  
Data and  
Network  
Services

Instant Message and other communication platforms for investors across fixed income securities

# FIXED INCOME RECURRING REVENUE GROWTH

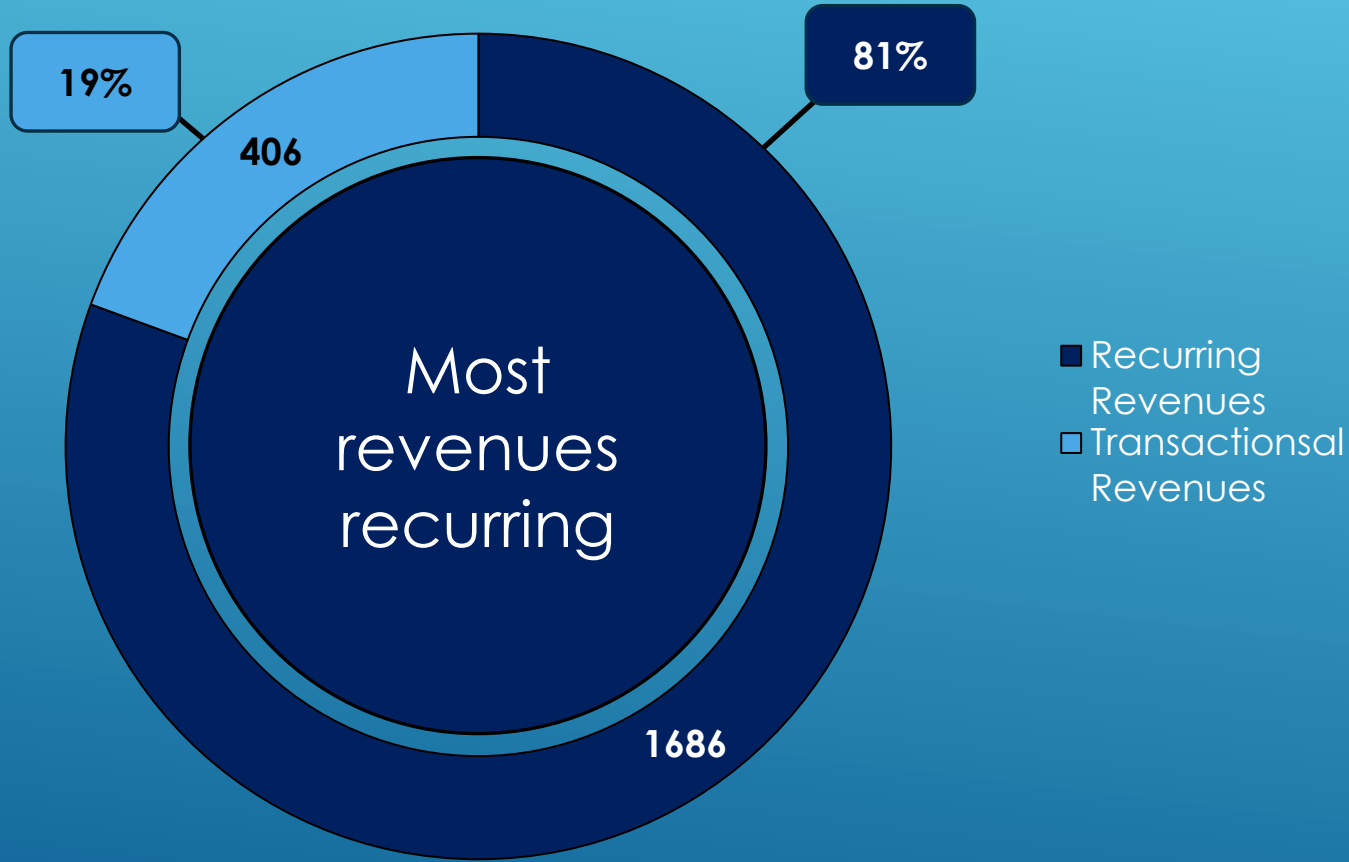
In Millions of Dollars



# FIXED INCOME RECURRING REVENUE MIX

In Millions of Dollars

FY 2022



Fixed Income Portion of Recurring Revenue: **45%**

Fixed Income Portion of Total Revenue: **29%**

# MORTGAGES RECURRING REVENUE



Origination  
Technology

Records important data in mortgage transactions. Connects consumers with other mortgage services. Sold as a mixed subscription and transactional product.



Data and  
Analytics

Subscription based segment that provides customers with mortgage data and benchmarking services

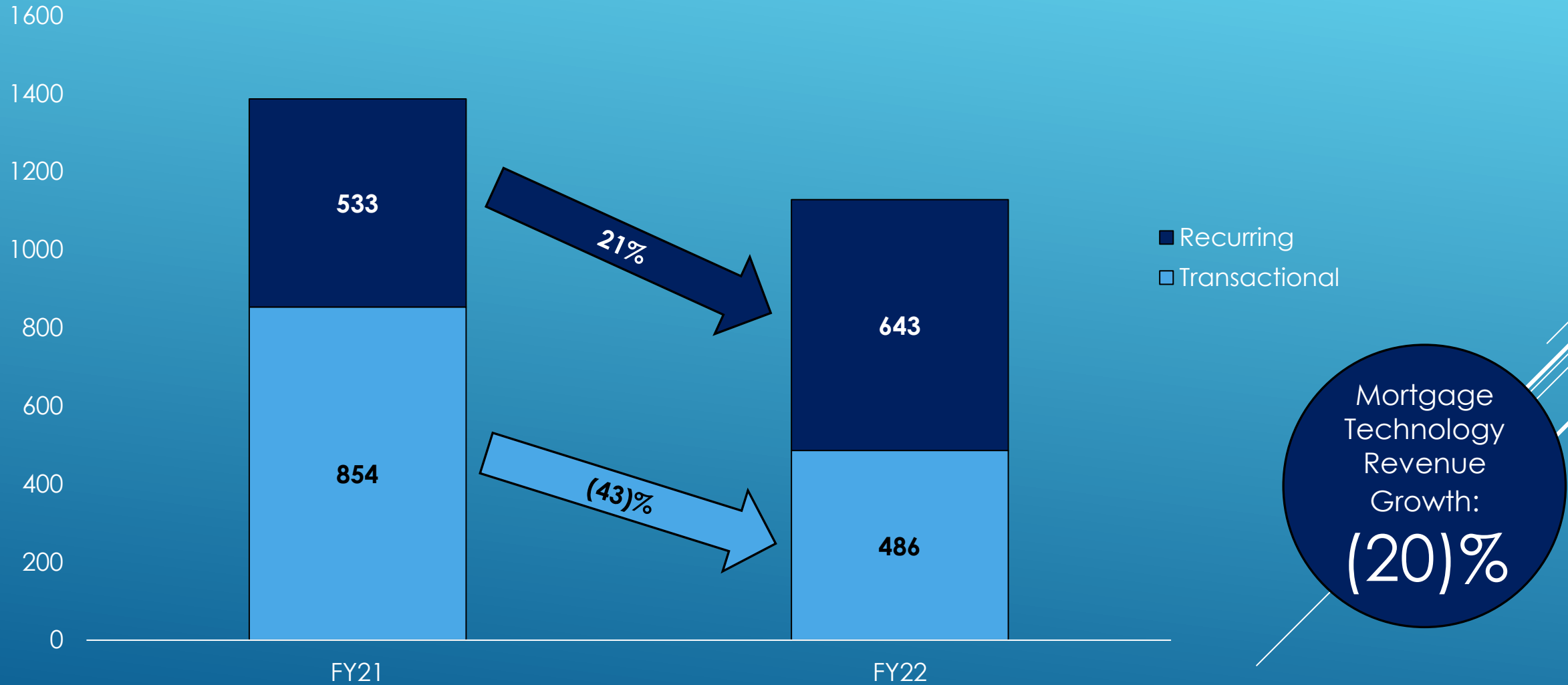


Other

Professional services fees and supporting products that largely occur each year

# MORTGAGES RECURRING REVENUE GROWTH

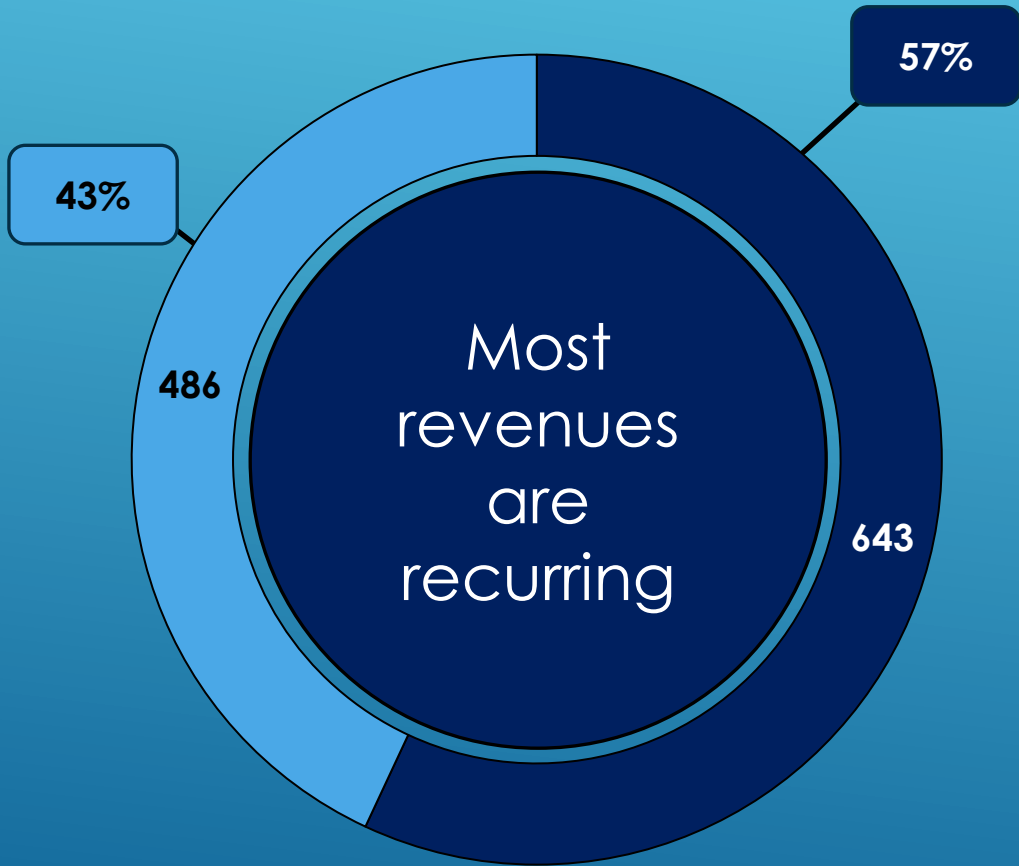
In Millions of Dollars



# MORTGAGES RECURRING REVENUE MIX

In Millions of Dollars

FY 2022



- Recurring Revenues
- Transactional Revenues

Portion of Recurring Revenue:  
**17%**

Portion of Total Revenue:  
**15%**

Company Overview



Revenue Breakdown



Interpretation of Financial Statements



Capital Allocation



Management



Economic Moat



Competitor Analysis



Risk Factors



Growth Opportunities



Black Knight



Valuation



Conclusion

Thesis Factor(s):

Strong IOFS

Predictable and Consistent



# Interpretation of Financial Statements

Chris Boling



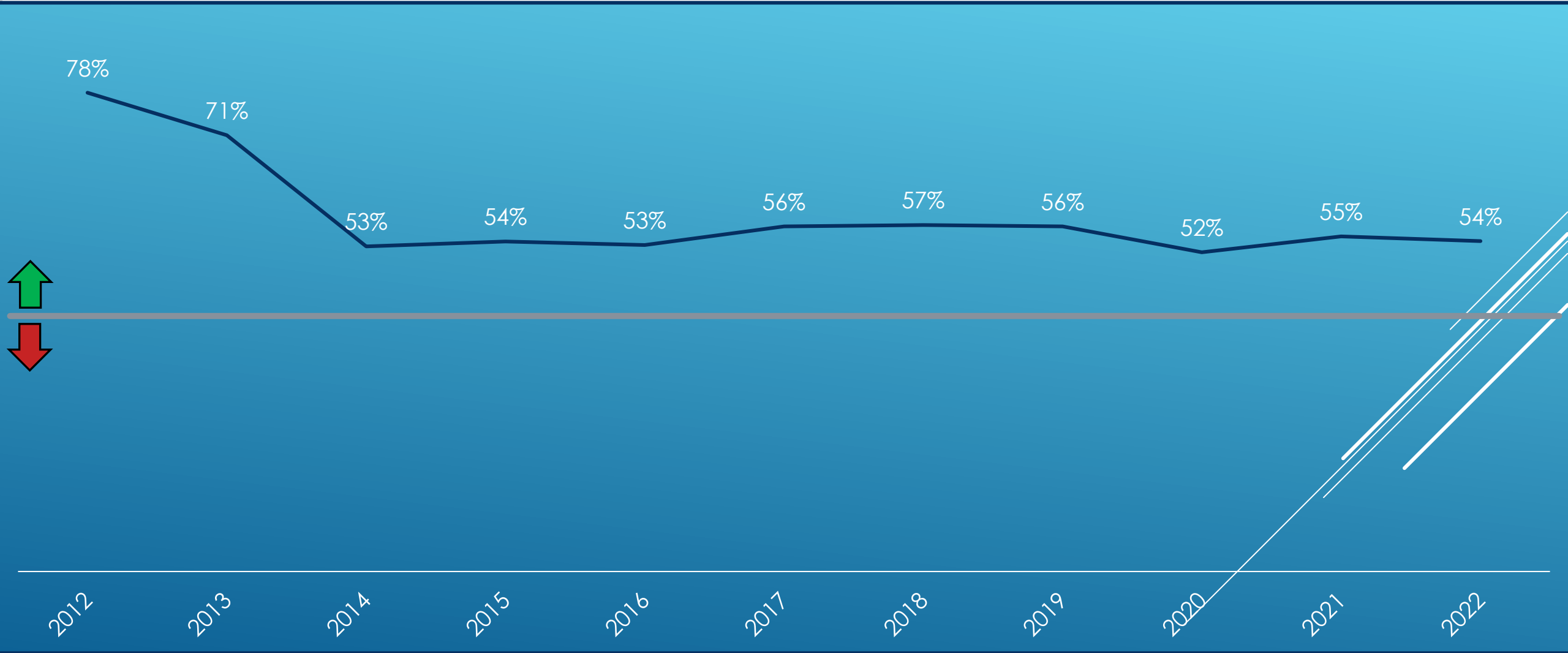
# REVENUE

*In Millions of Dollars*

CAGR	
3-years	13%
5-years	11%
10-years	22%



# GROSS MARGIN



# OPERATING INCOME

*In Millions of Dollars*

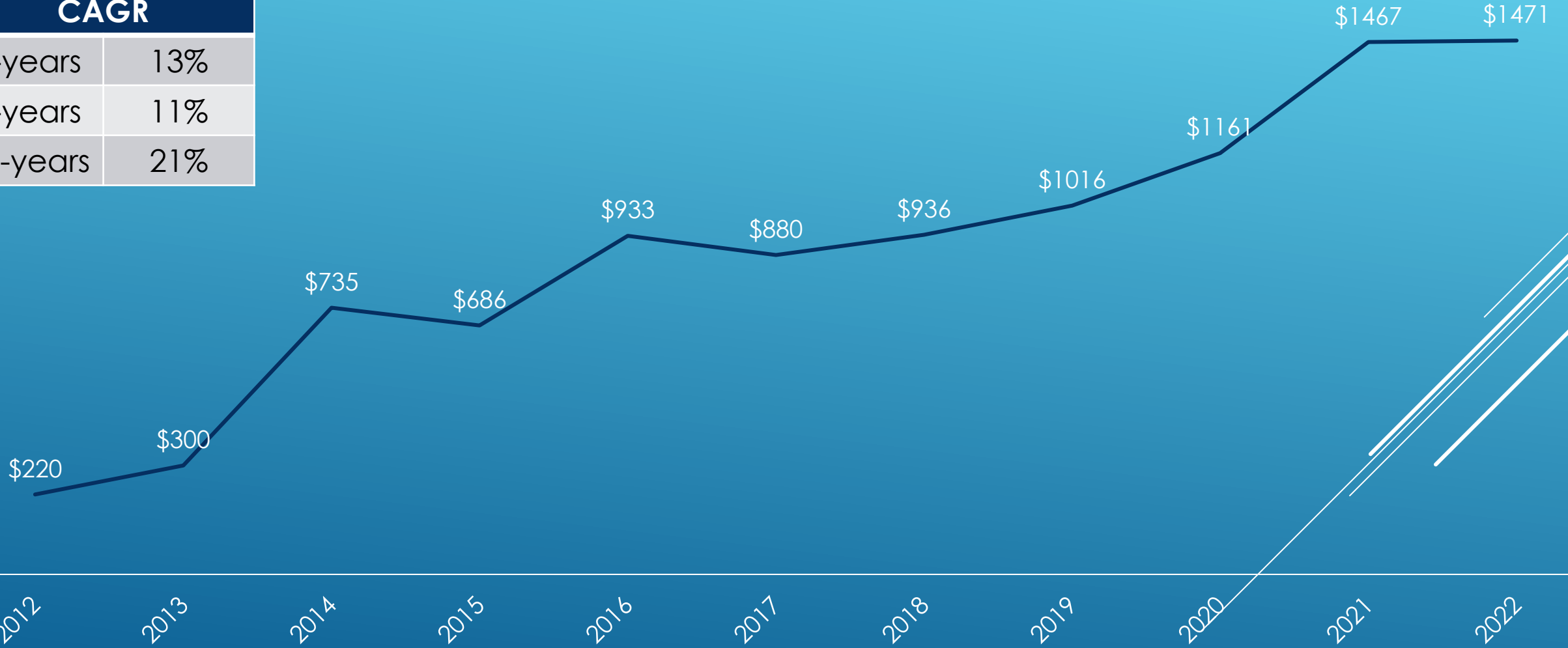
CAGR	
3-years	11%
5-years	7%
10-years	16%



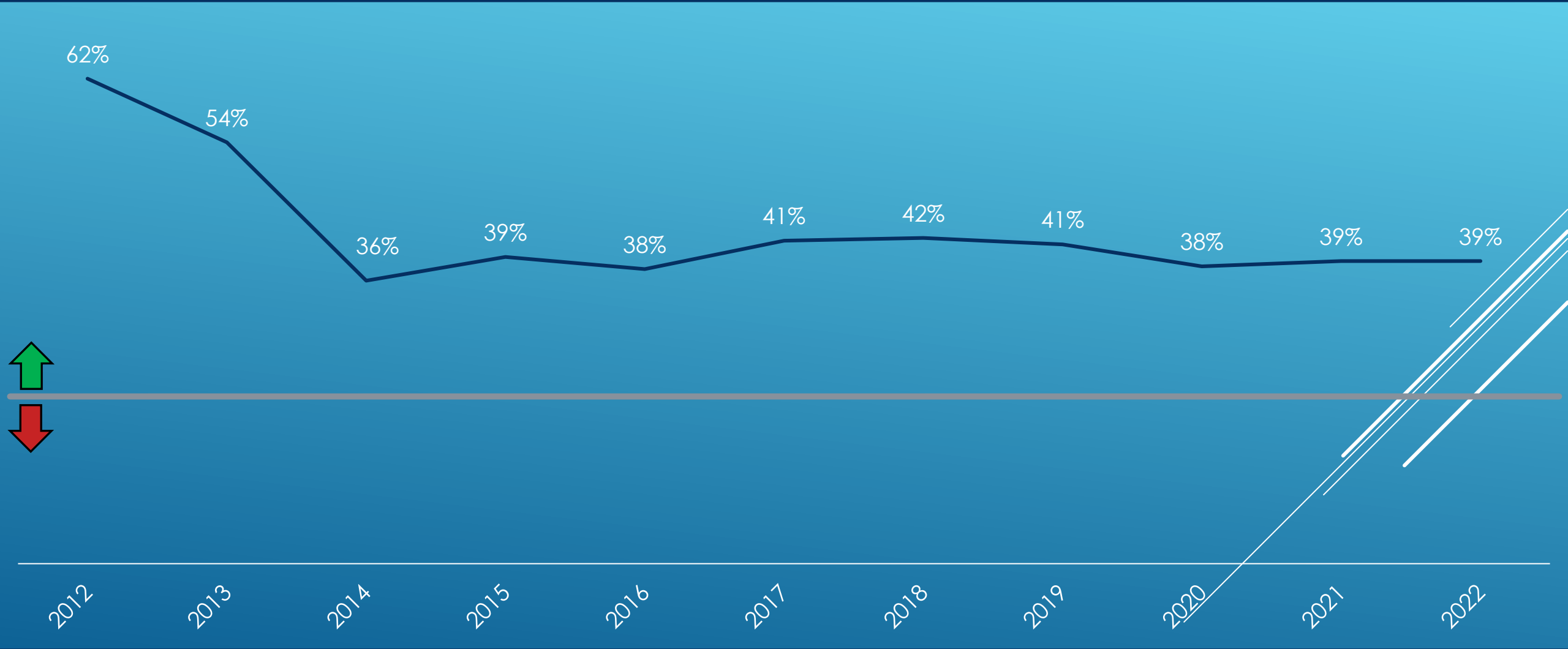
# OPERATING EXPENSES

*In Millions of Dollars*

CAGR	
3-years	13%
5-years	11%
10-years	21%



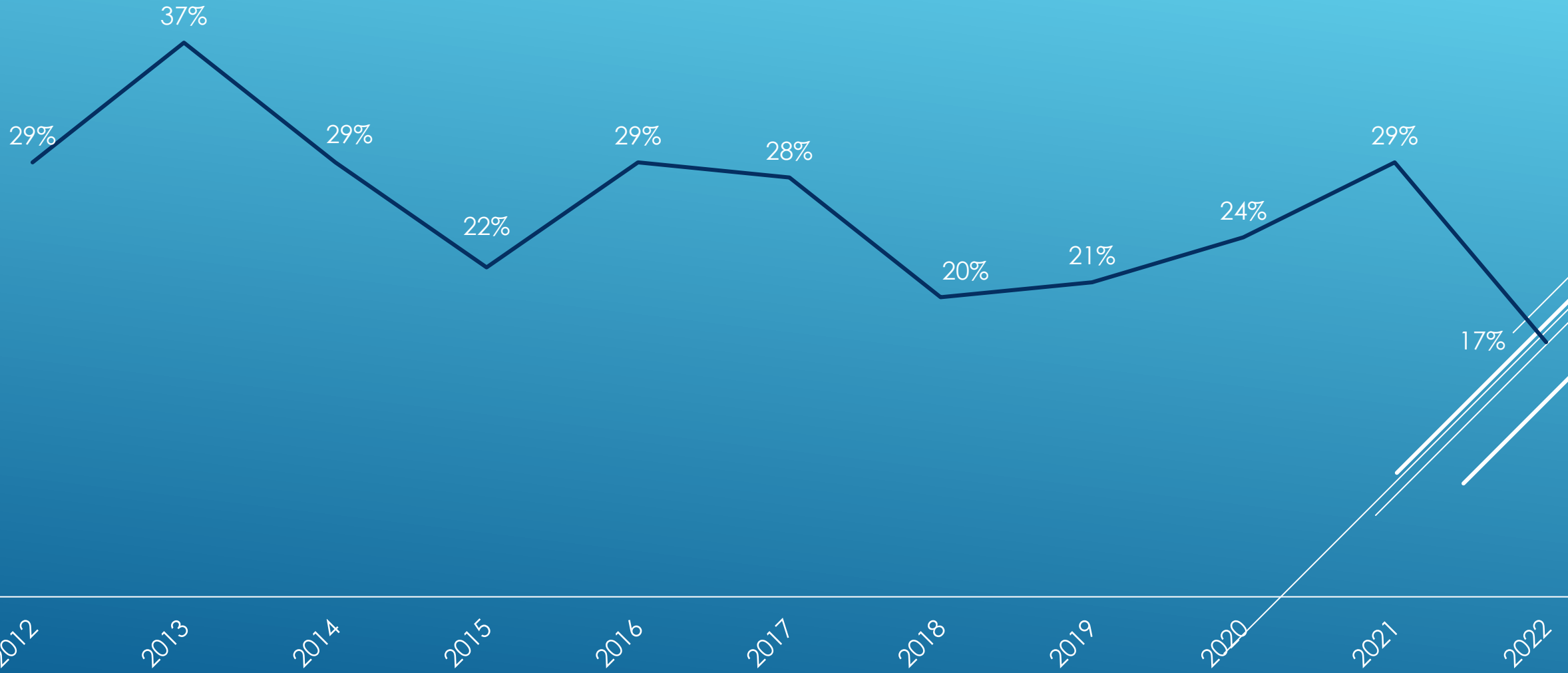
# OPERATING MARGIN



# INTEREST AS % OF OPERATING INCOME



# EFFECTIVE TAX RATE

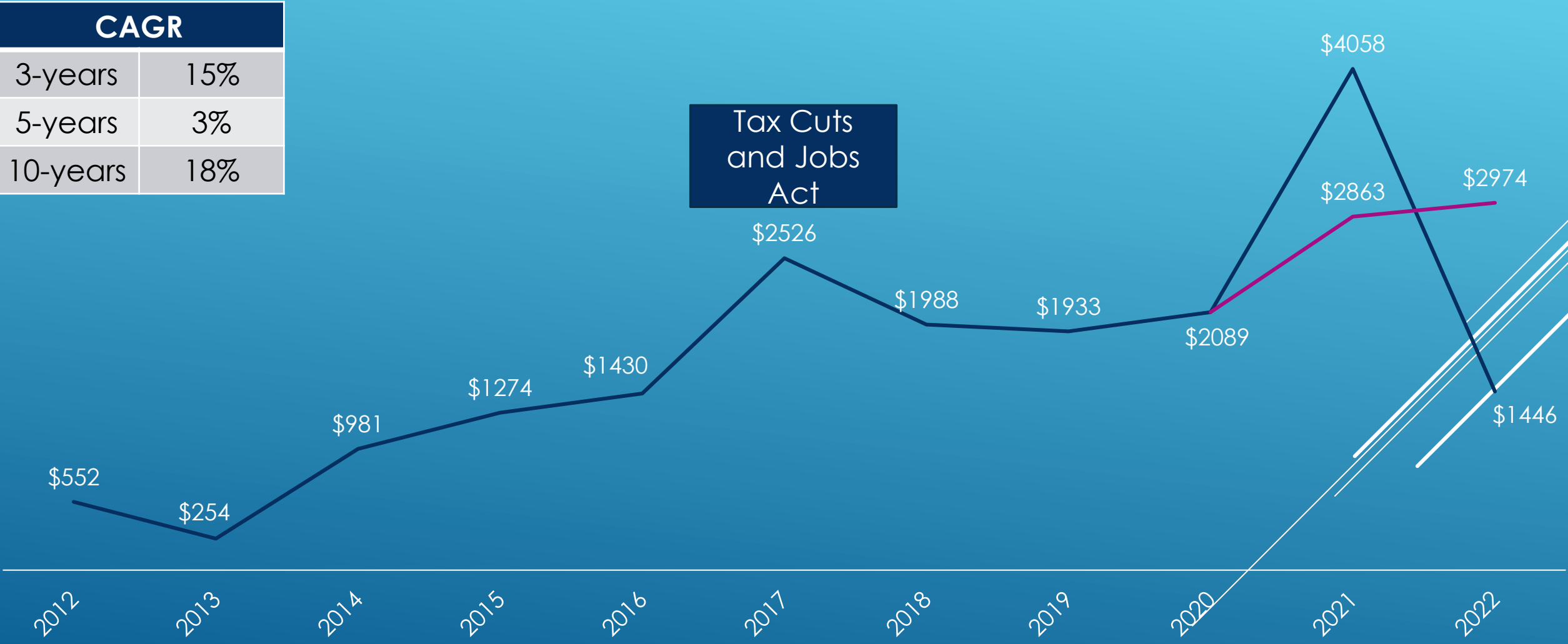


# NET INCOME

*In Millions of Dollars*

CAGR	
3-years	15%
5-years	3%
10-years	18%

Tax Cuts and Jobs Act





# NET MARGIN

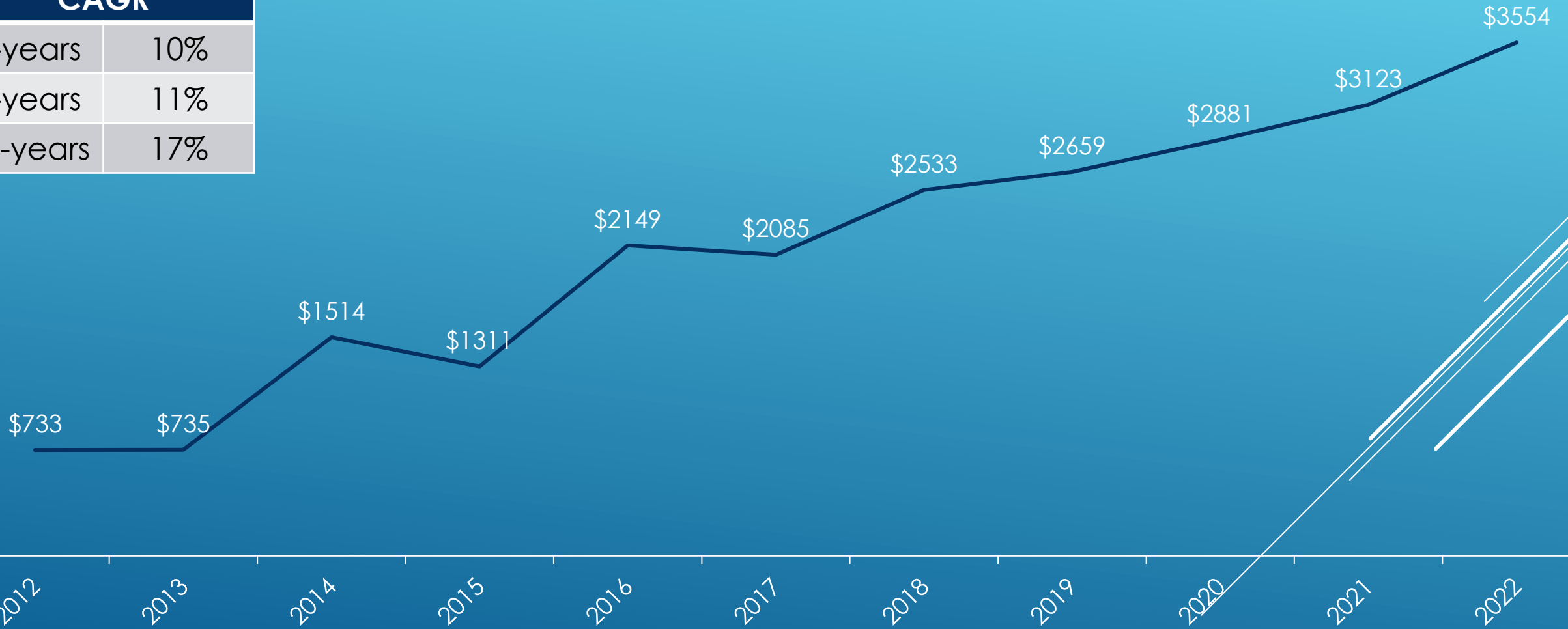


# CASH FLOW FROM OPERATIONS

*In Millions of Dollars*

## CAGR

3-years	10%
5-years	11%
10-years	17%



# FREE CASH FLOW

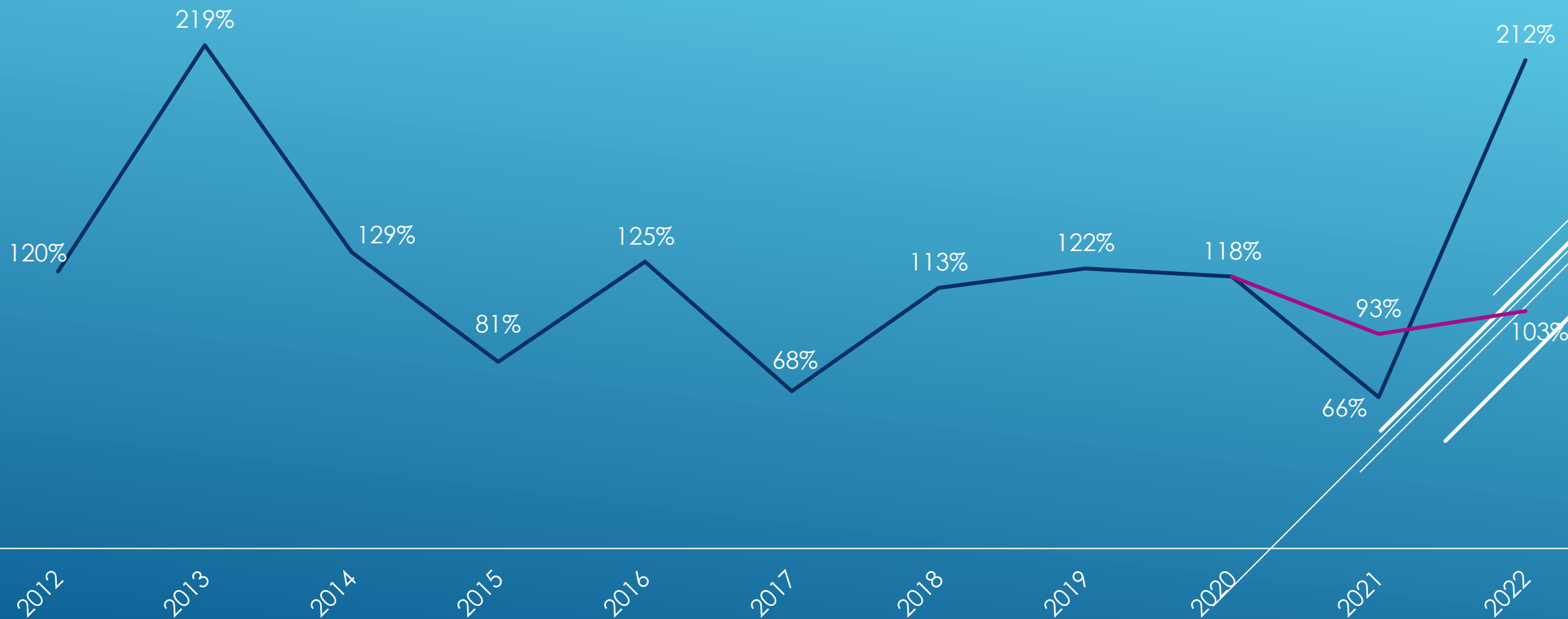
*In Millions of Dollars*

## CAGR

3-years	9%
5-years	12%
10-years	16%



# FREE CASH FLOW CONVERSION RATE



# DEBT MATURITY

Category of Debt	Amount due (in millions)
Short Term	\$4
Long Term <ul style="list-style-type: none"><li>• 12 Notes under \$1.5 billion</li><li>• First due 2025</li></ul>	\$10,118
Black Knight Loan, 2022 <ul style="list-style-type: none"><li>• 6 Notes under \$1.5 billion</li><li>• First due 2025</li></ul>	\$8,000 (\$5,000 callable at 101%)

# OBLIGATION RATIO WITHOUT ACQUISITION

Obligation	In millions of \$
Short Term Debt	4
Long Term Debt	18,118
Leases * 7	254
Pension Shortfall	160
Preferred Stock	0
- Cash	1799
/Adj. Net Income	2974
=Time to pay obligations	5.6 years

# FACTORING IN ACQUISITION

## Acquisition Blocked

Obligation	In millions of \$
Short Term Debt	4
Long Term Debt	18,118 - 5,000
Leases *7	254
Pension Shortfall	160
Preferred Stock	0
- Cash	1799
/Adj. Net Income	2974
=Time to pay obligations	3.94 years

## Acquisition Completed

Obligation	In millions of \$
Short Term Debt	4
Long Term Debt	18,118
Leases*7	254
Pension Shortfall	160
Preferred Stock	0
- Cash	1799
/Adj. Net Income	2974 + 452
=Time to pay obligations	4.88 years

Company Overview



Revenue Breakdown



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Black Knight



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Conclusion

Thesis Factor(s):

Predictable and Consistent

Competent Management

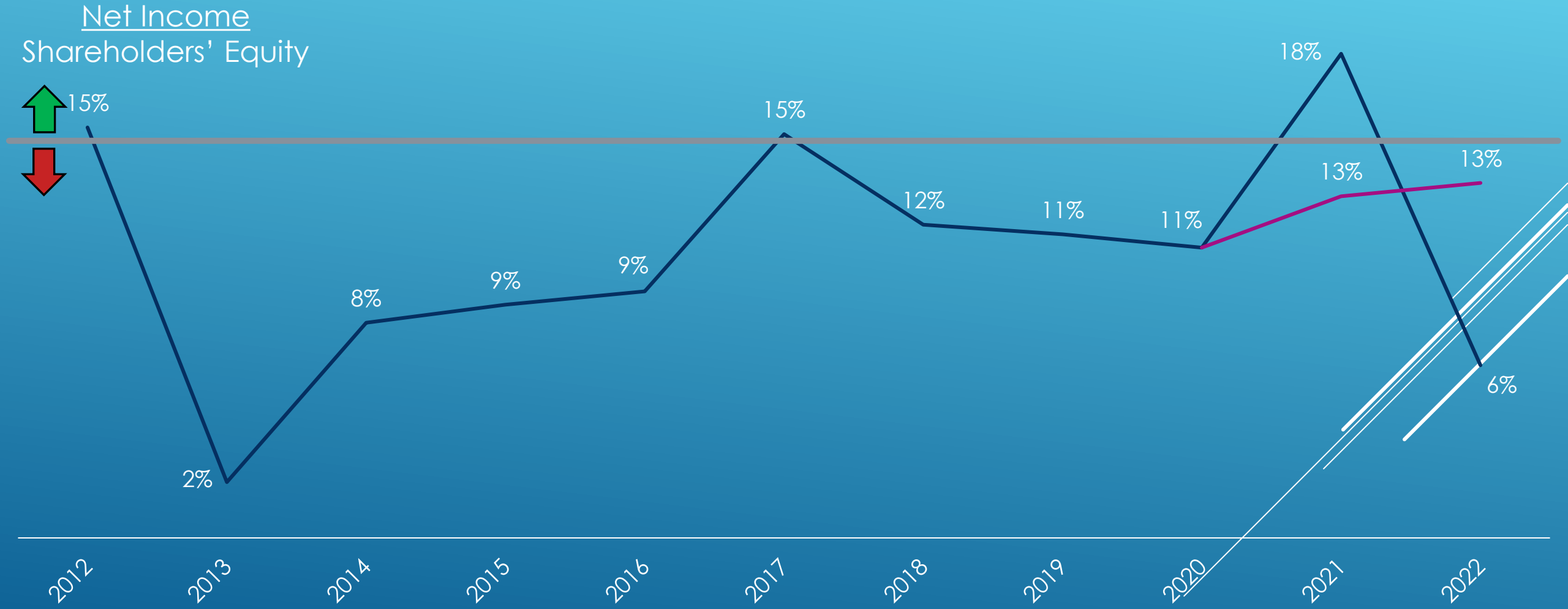


# Capital Allocation

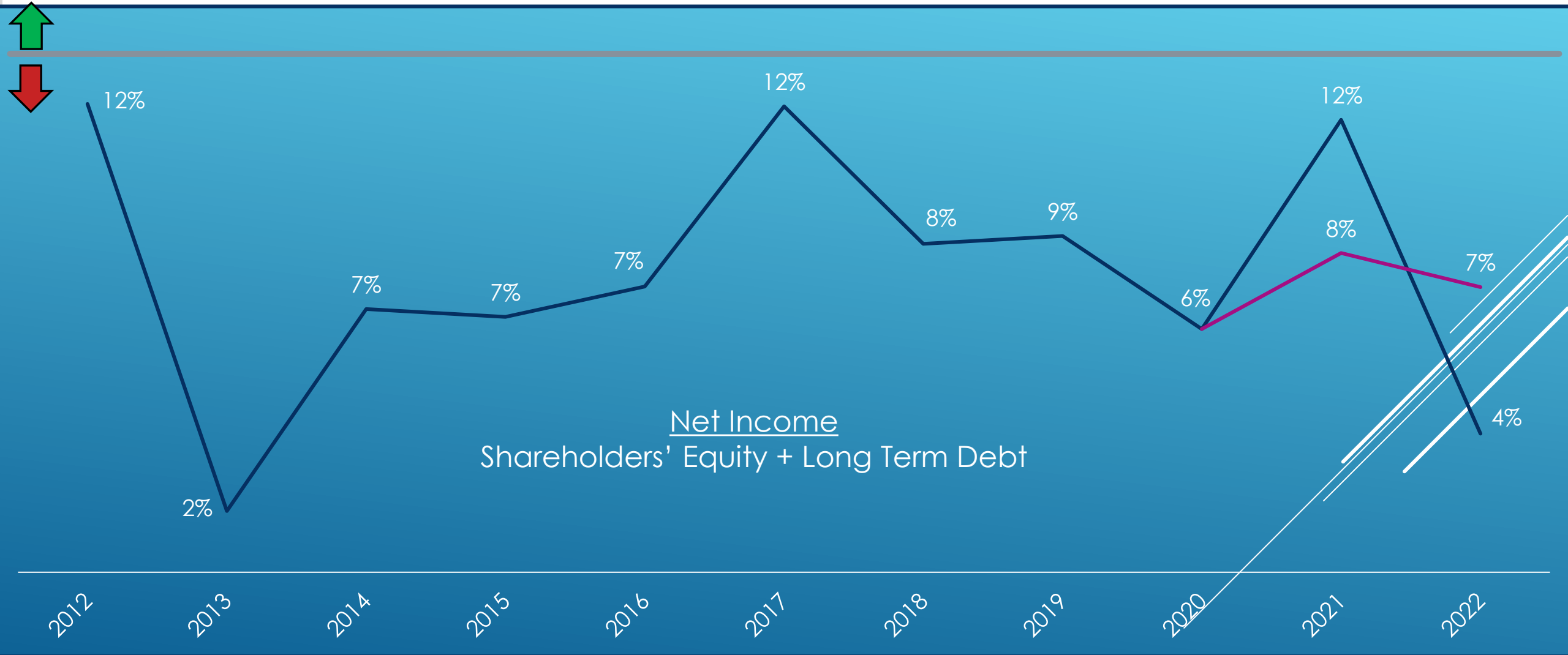
Chris Boling



# RETURN ON EQUITY



# RETURN ON INVESTED CAPITAL

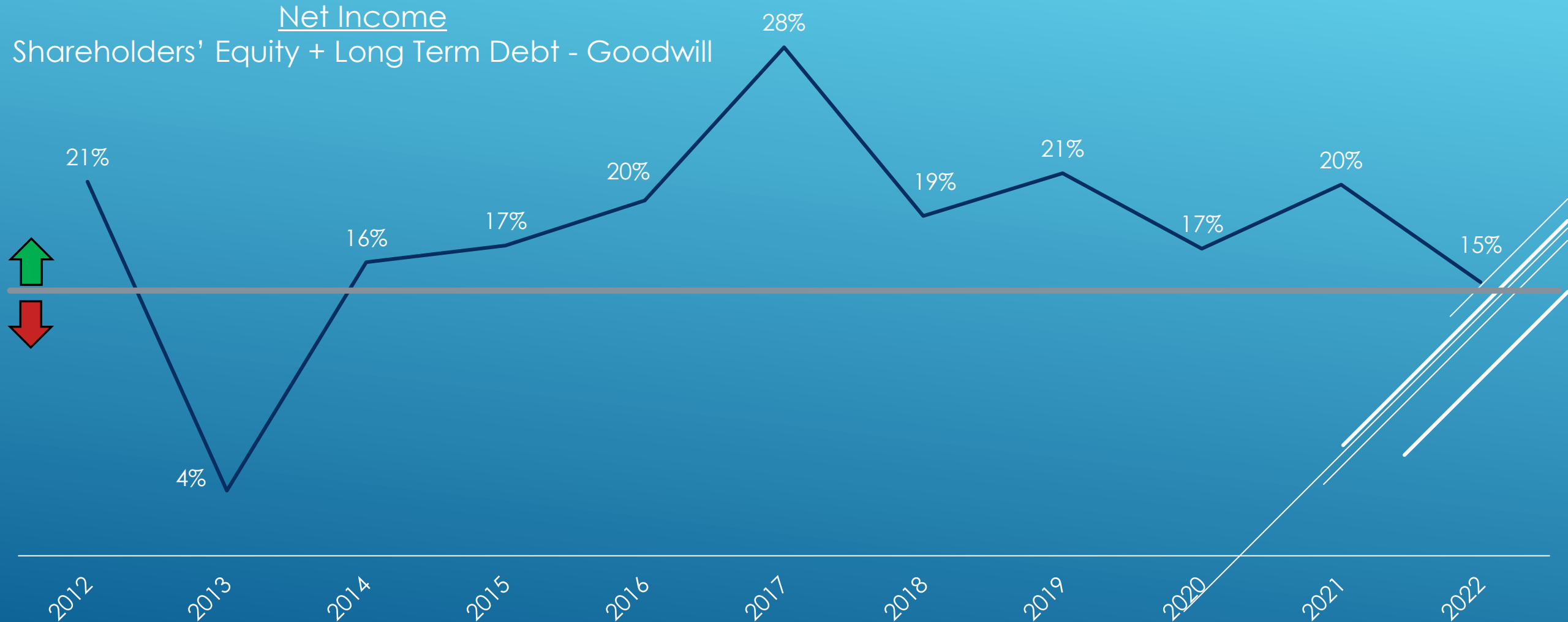


# GOODWILL

*In Millions of Dollars*



# ROIC MINUS GOODWILL



# FREE CASH ALLOCATION

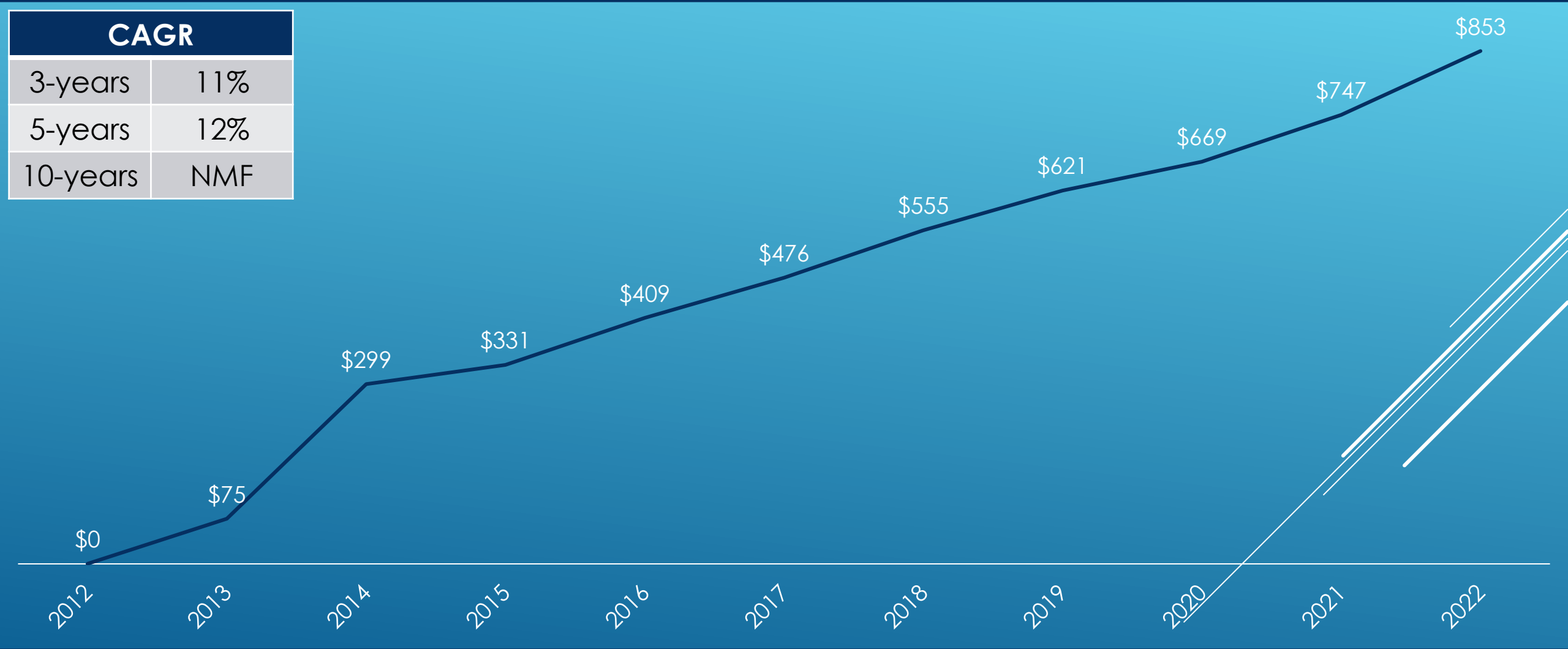


# CASH PAID FOR DIVIDENDS

*In Millions of Dollars*

## CAGR

3-years	11%
5-years	12%
10-years	NMF



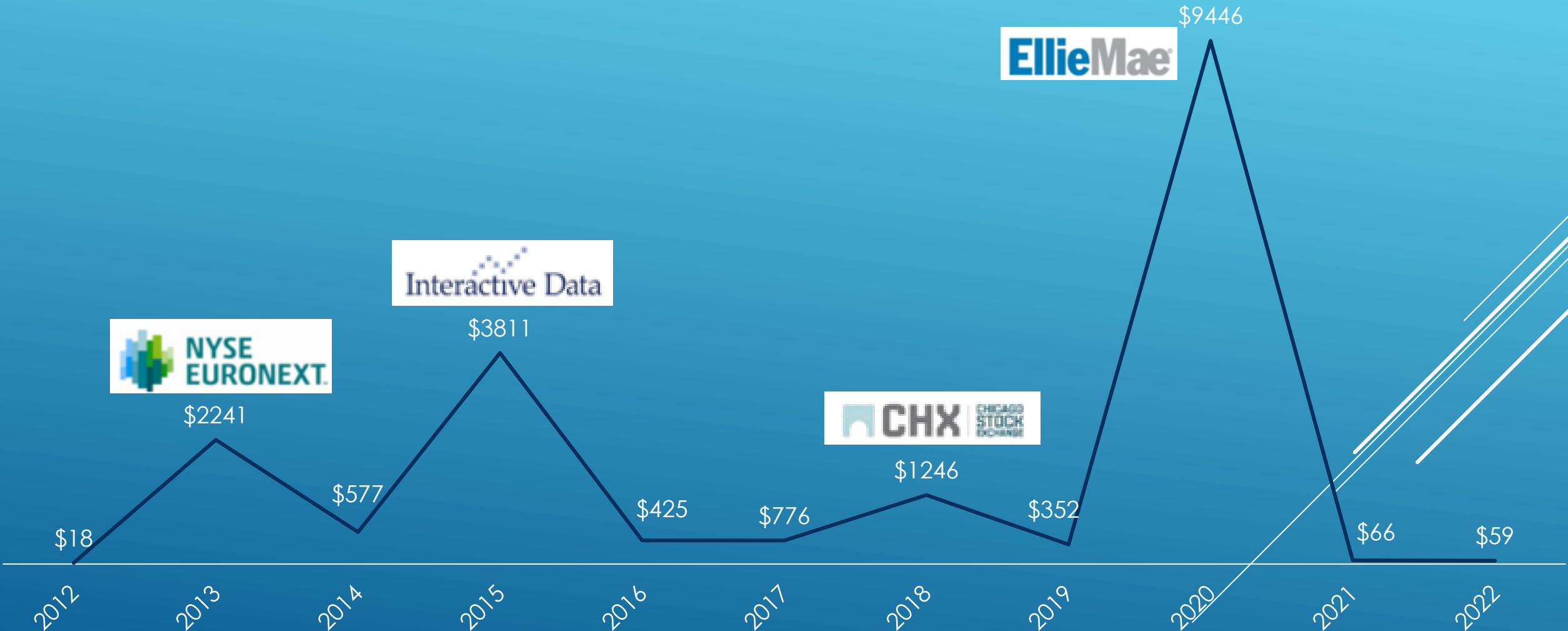
# DIVIDENDS PER SHARE

CAGR	
3-years	11%
5-years	13%
10-years	NMF



# CASH PAID FOR ACQUISITIONS

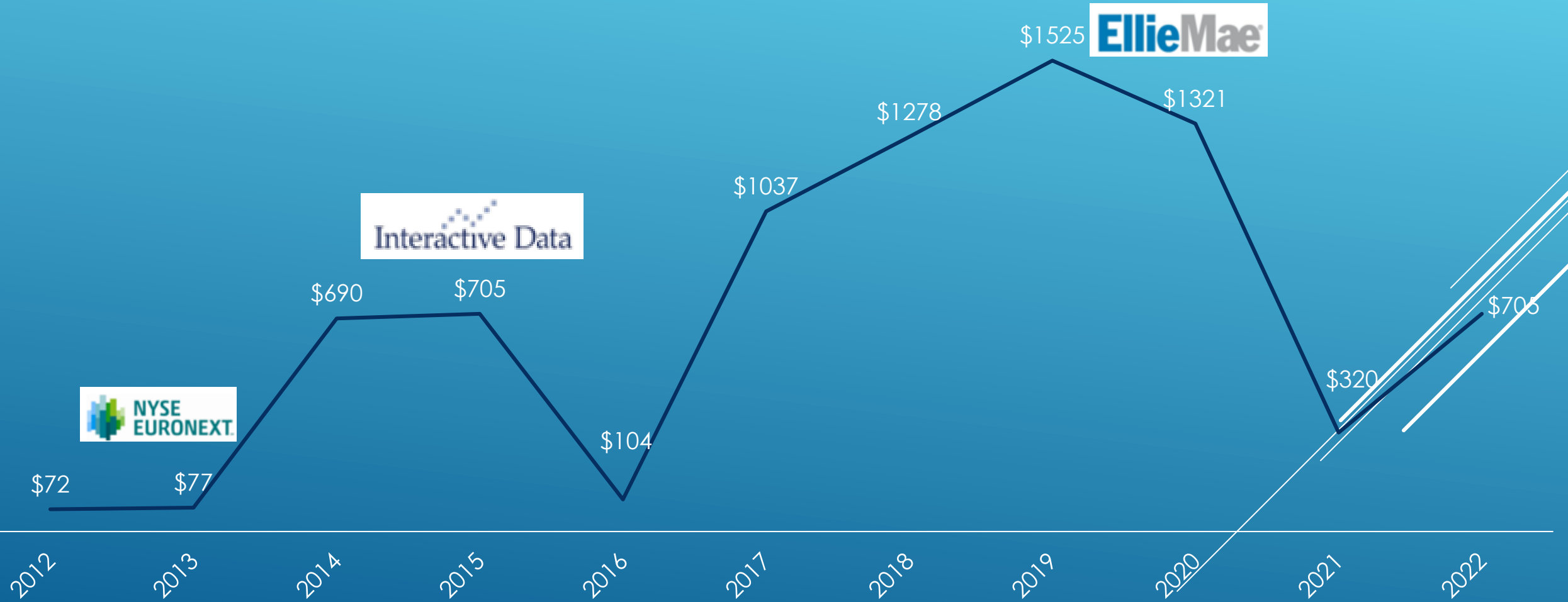
In Millions of Dollars





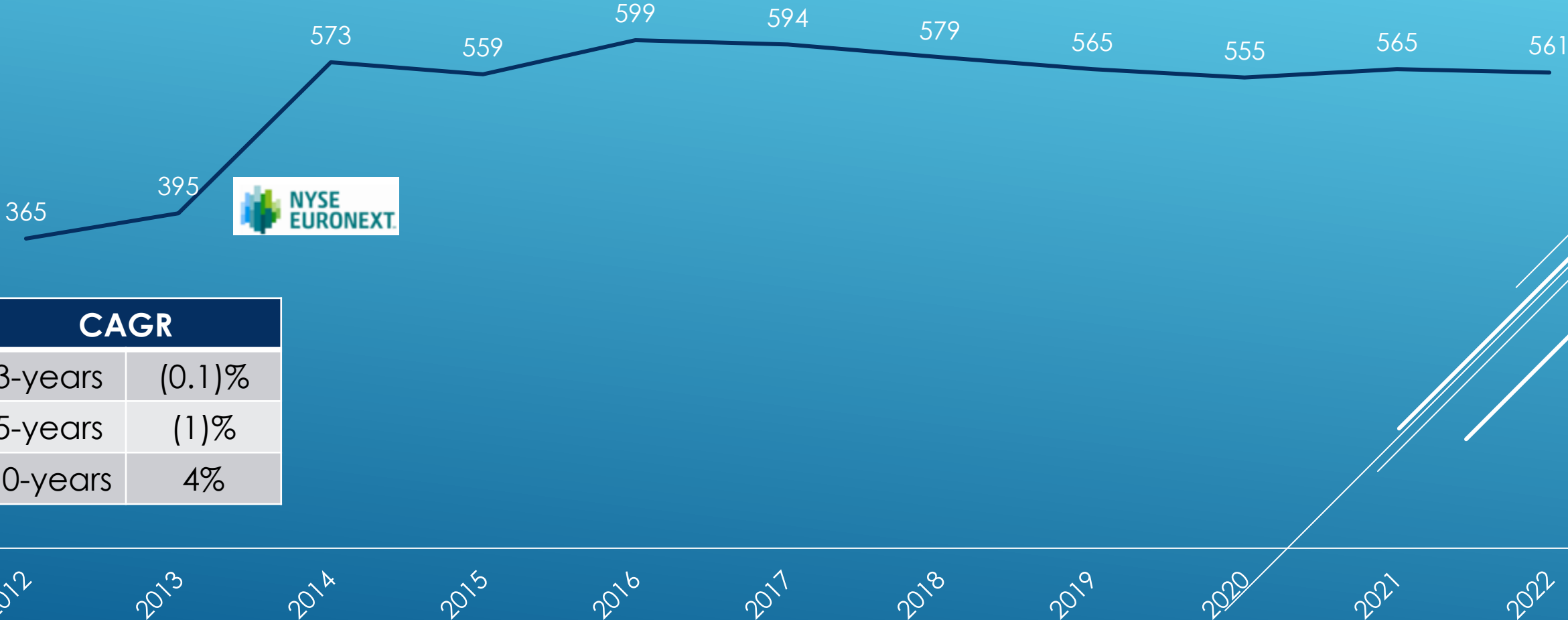
# CASH PAID FOR STOCK REPURCHASES

In Millions of Dollars



# DILUTED SHARES OUTSTANDING

In Millions of Shares



CAGR	
3-years	(0.1)%
5-years	(1)%
10-years	4%

# DILUTED EARNINGS PER SHARE

CAGR	
3-years	15%
5-years	4%
10-years	13%



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Thesis Factor(s):

Predictable and  
Consistent

Competent  
Management



# Management

Pablo Samanez

# MANAGEMENT



**Jeffrey Sprecher “The King”**

Chair & Chief Executive Officer,  
Intercontinental Exchange

Tenure: 22 Years



**Benjamin Jackson**

President,  
Intercontinental Exchange

Tenure: 12 Years, 4 at position



**Warren Gardiner**

Chief Financial Officer,  
Intercontinental Exchange

Tenure: 6 Years, 2 at position

# MANAGEMENT ACQUISITION EXPERIENCE



**Jeffrey Sprecher “The King”**

**Has been at ICE for ALL acquisitions:**

NYSE  
Ellie Mae  
IDC



**Benjamin Jackson**

**Specific Knowledge into the mortgage industry as ICE’s Chair of ICE Mortgage Technology**



**Warren Gardiner**

**2 decades of experience valuing companies as a research analyst**

# MANAGEMENT COMPENSATION

## Base Salary

- Sole fixed source of cash compensation

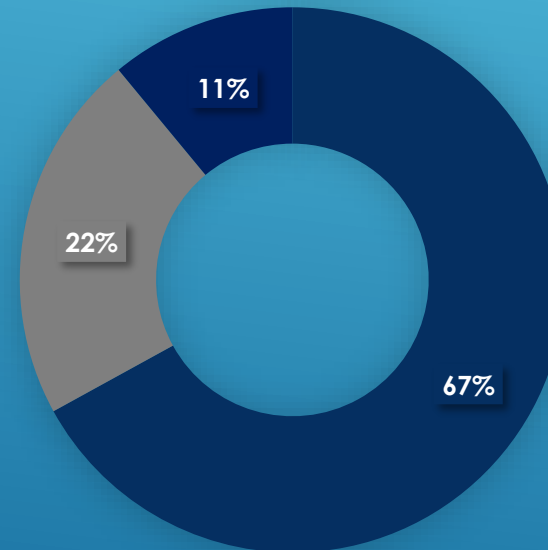
## Annual Bonus

- Earned based on quantitative financial metrics

## PSUs (Performance Share Unit)

- Helps align executive's interests with stockholder's interest

## Average NEO Compensation



# BONUS COMPENSATION

## Annual Bonus

- Earned based on quantitative financial metrics

## Net Revenue (30%)

More revenue means a greater returns for shareholders

Larger companies benefit more from economic moats

## Adj. Net Income (60%)

A higher margin makes a more efficient company

## Non-Financial Measures (10%)

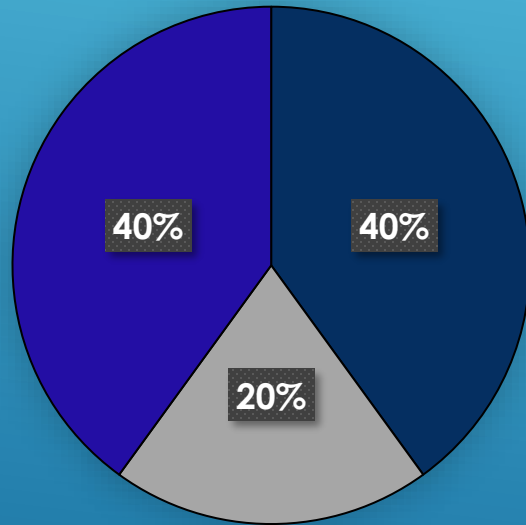
Key technology initiatives

Strategic management of M&A activity

Product Launches



# EQUITY COMPENSATION



## ***EBITDA-based PSUs***

Management is incentivized to be more efficient

## ***TSR-based PSUs***

TSR is total shareholder return  
Capital Gains + Dividends Paid

## ***Stock Options***

Stock Options: Right for management to buy at a discount

# THRESHOLDS

EBITDA

Percentage of Goal	85% of goal	100% of goal	113% of goal
Percentage of Target Compensation	50%	100%	200%

TSR

Rank of SMP 500	25 <sup>th</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile
Percentage of Target Compensation	50%	100%	200%

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Conclusion

Thesis Factor(s):

Wide Moat



# Economic Moat

Pablo Samanez

# ECONOMIC MOAT

4

Intangible  
Assets

Switching  
Costs

Network  
Effect

Cost  
Advantages

# MOATS BREAKDOWN

## Exchanges

Intangible assets (NYSE)

Network Effect (Cycle of liquidity)

Switching costs (Generated by Network Effect)

Largest MOAT

## Fixed Income and Data Services

Cost Advantages (Spreading fixed costs)

Switching costs + Intangible assets (Trust built with consumers)

## Mortgage Technology

Intangible assets (Brand Name)

Smallest MOAT

## Cost Advantages

They can use similar software with high fixed costs across several segments

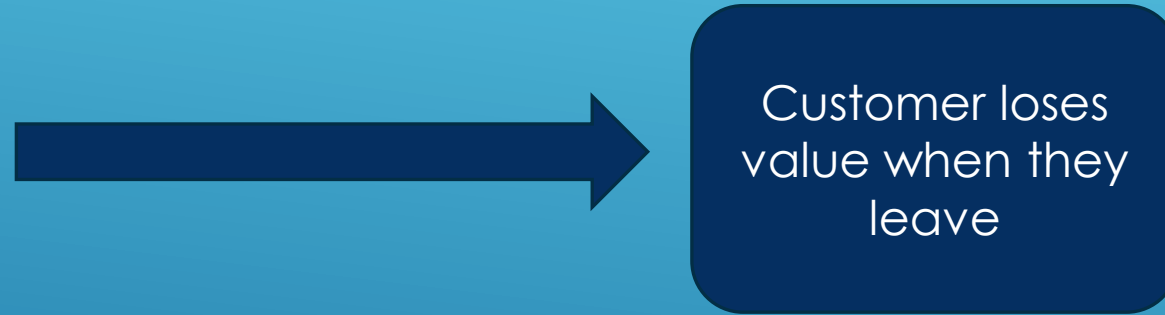


# EXCHANGES

## Network Effect

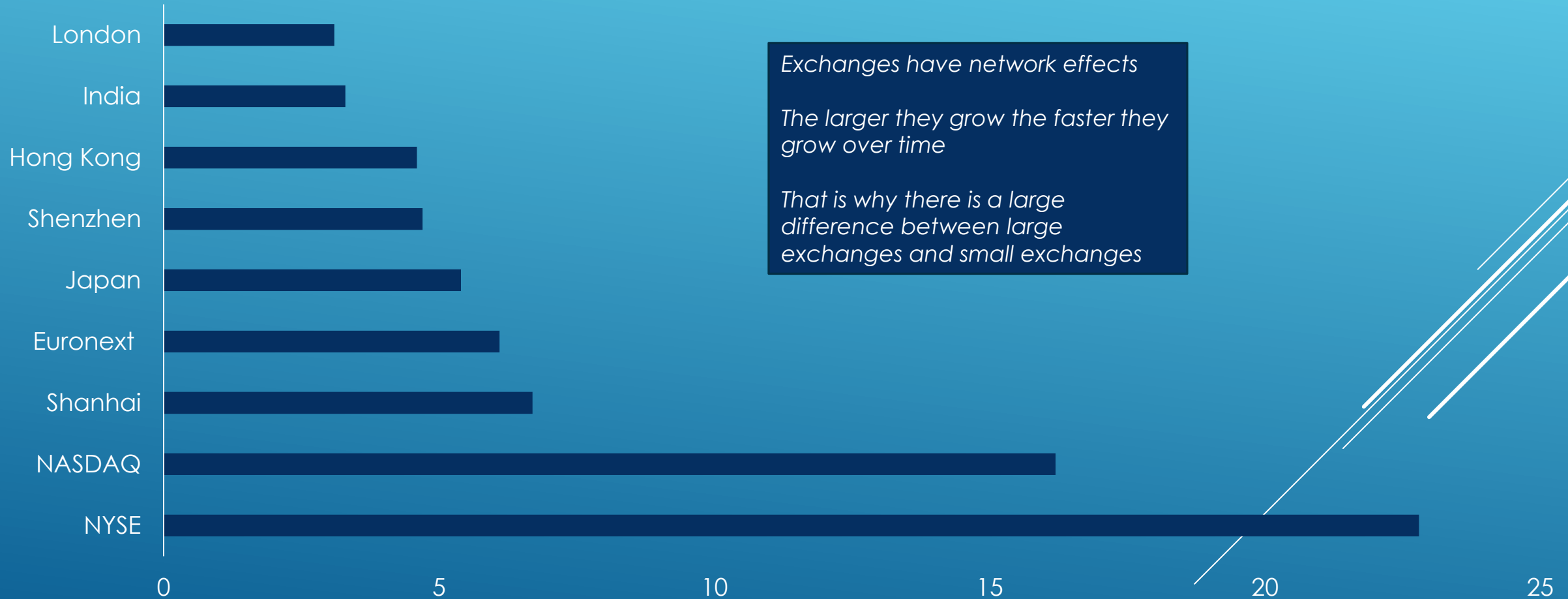


## Switching Costs



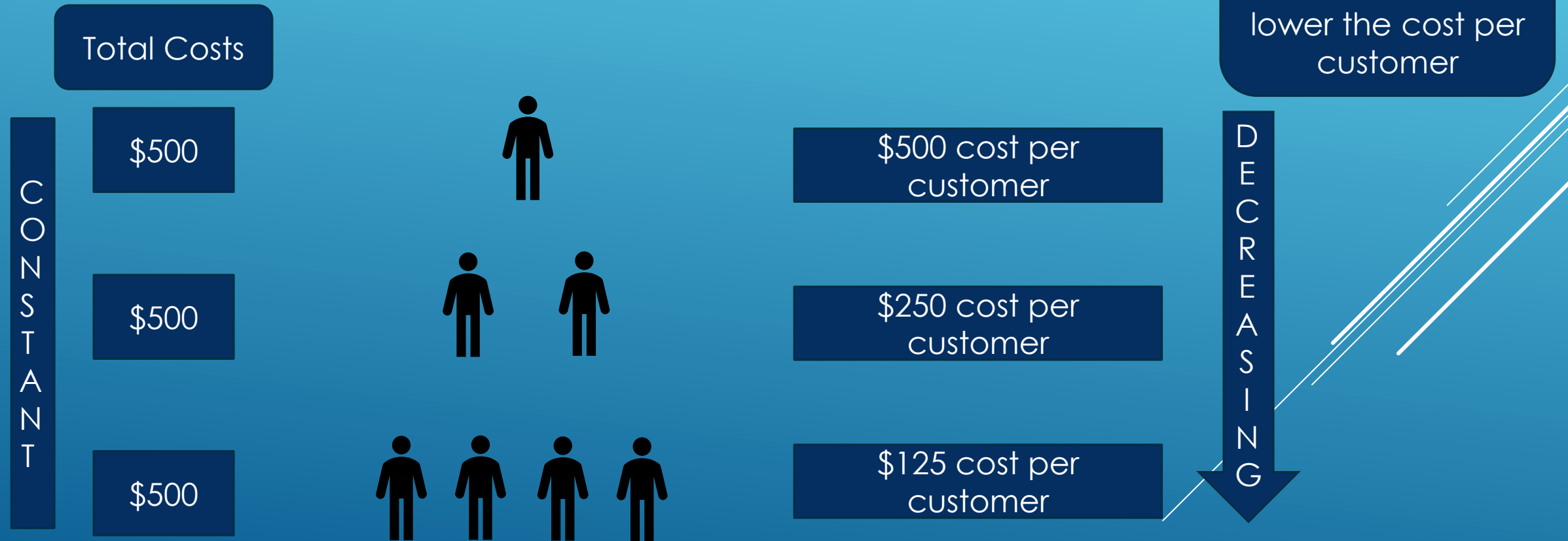
# NETWORK EFFECT EXCHANGES

Market Cap of Worldwide Exchanges



# FIXED INCOME & DATA SERVICES

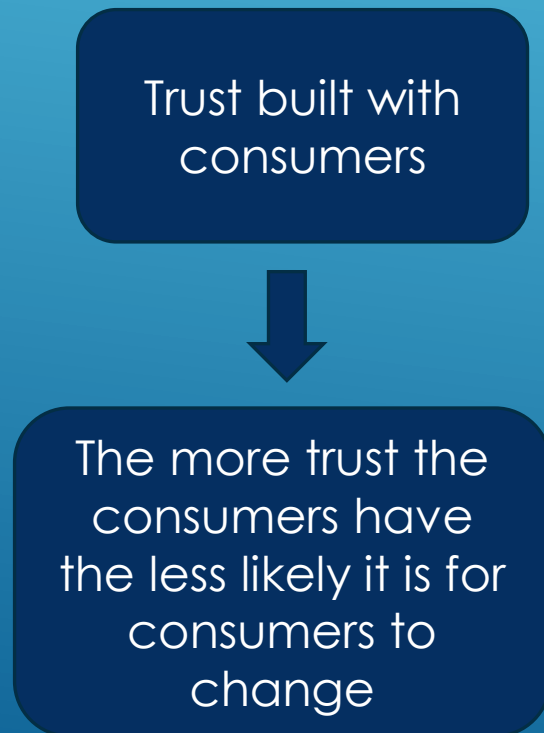
## Cost Advantages





# FIXED INCOME & DATA SERVICES

## Switching Costs + Intangible Assets



# EXCHANGES & MORTGAGE TECHNOLOGY

## Intangible Assets

NYSE



Becomes the  
Industry  
Standard

Ellie Mae



Company Overview



Revenue Breakdown



Interpretation of Financial Statements



Capital Allocation



Management



Economic Moat



Competitor Analysis



Risk Factors



Growth Opportunities



Black Knight



Valuation



Conclusion

Thesis Factor(s):

Strong IOFS



# Competitor Analysis

Ethan Sanchez

# COMPETITOR BREAKDOWN

Exchange

 CME Group

Fixed Income

T.RowePrice 

Mortgage

  
CoreLogic®

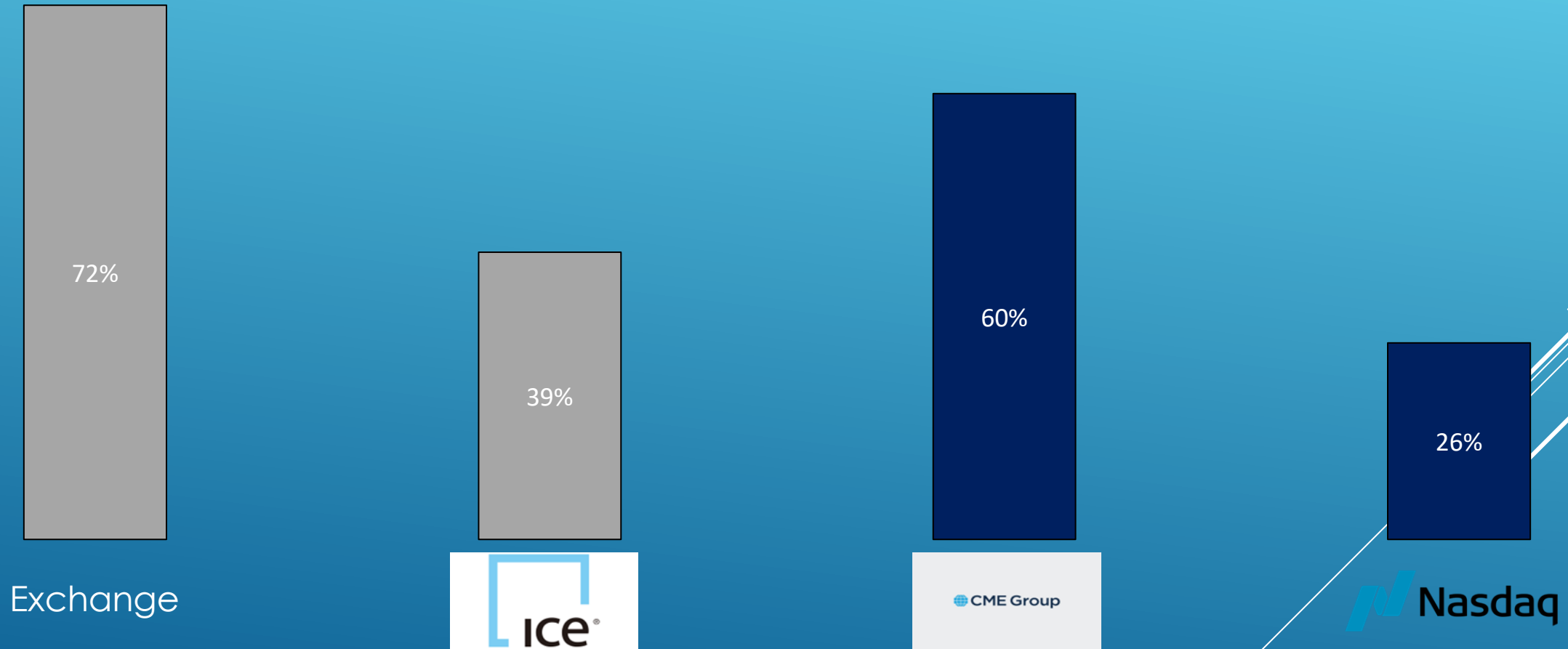
 Nasdaq

 Tradeweb

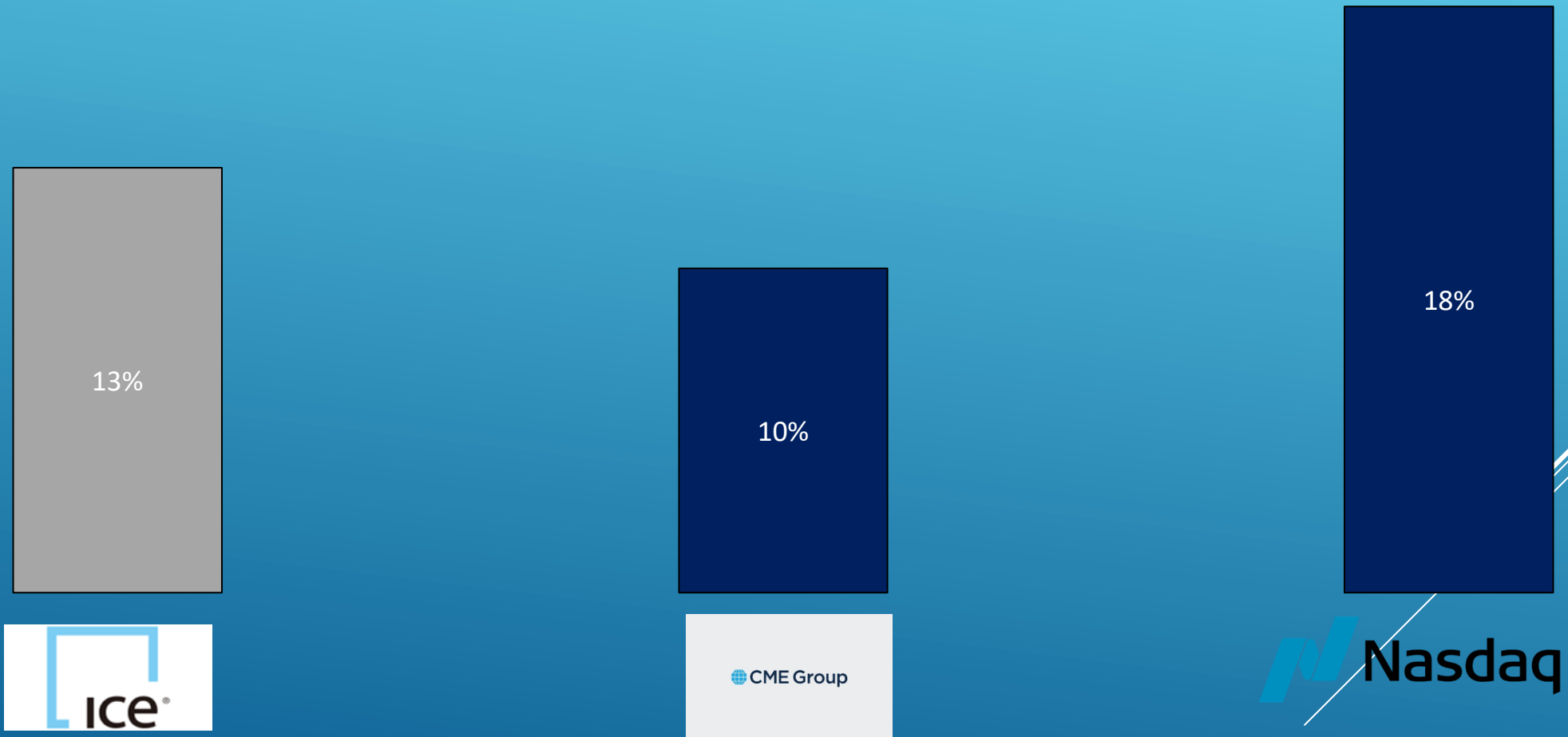
BLACK  KNIGHT



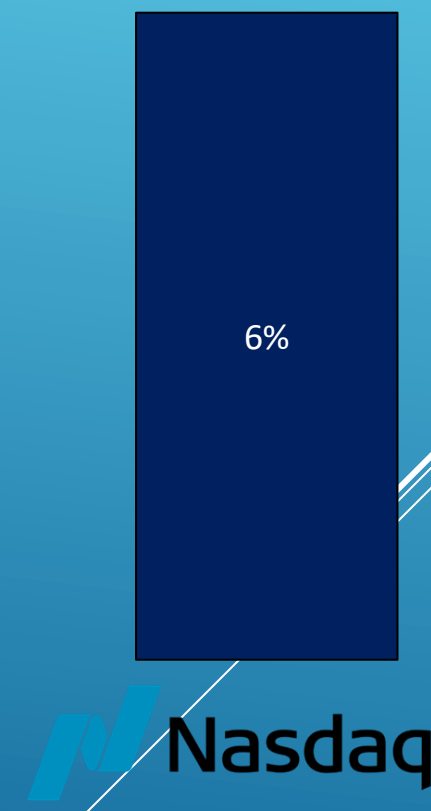
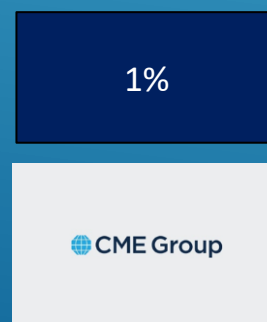
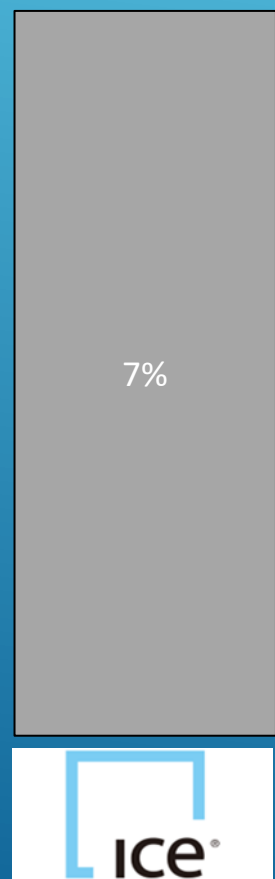
# EXCHANGE – OPERATING MARGIN > 20%



# EXCHANGE – RETURN ON EQUITY > 15%



# EXCHANGE – RETURN ON INVESTED CAPITAL > 15%

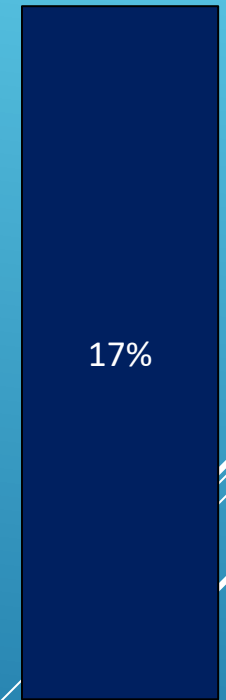
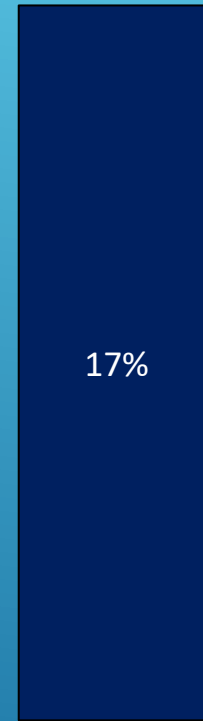
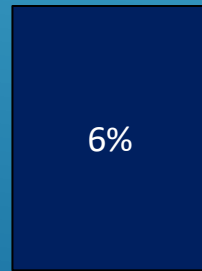
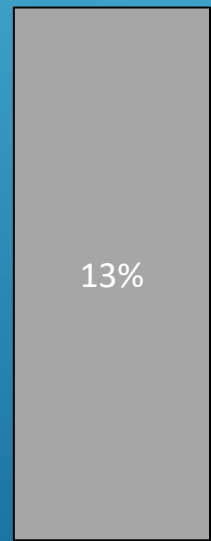


# FIXED INCOME & DATA SERVICES – OPERATING MARGIN > 20%

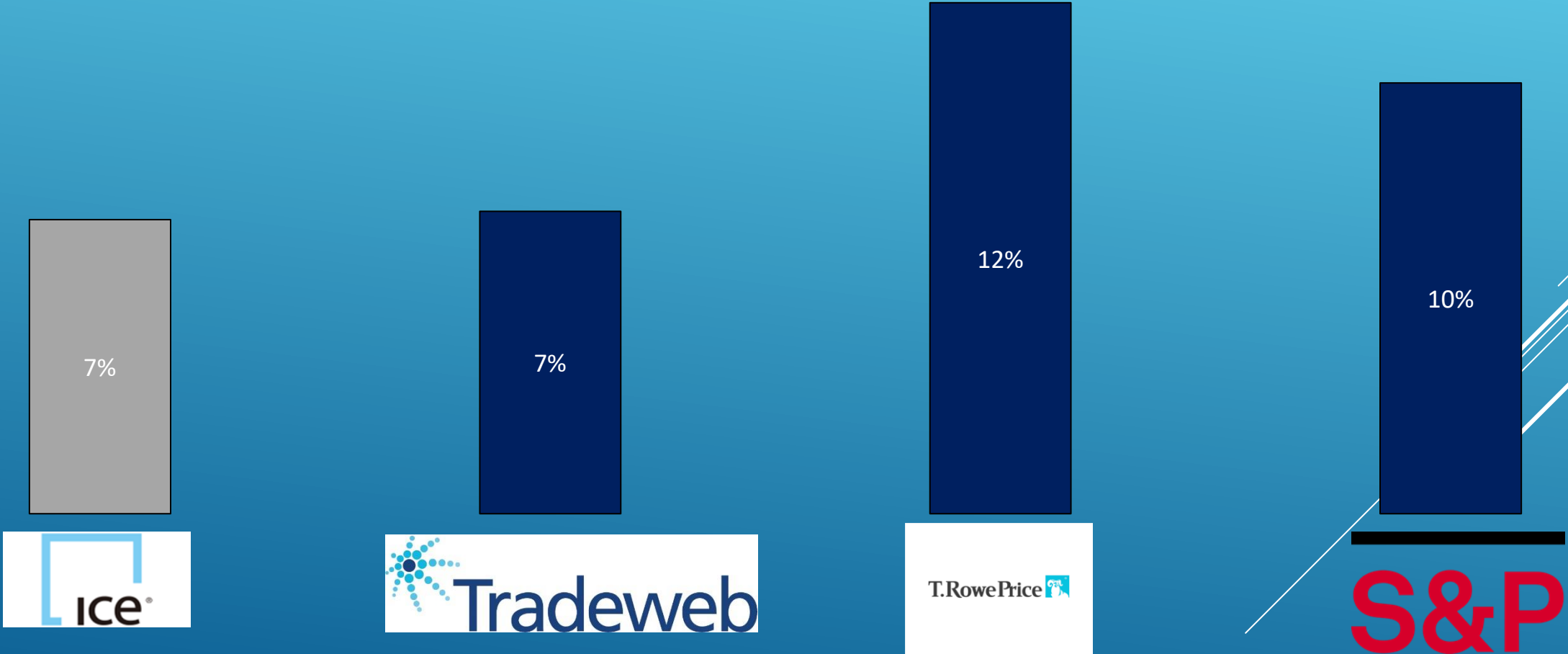




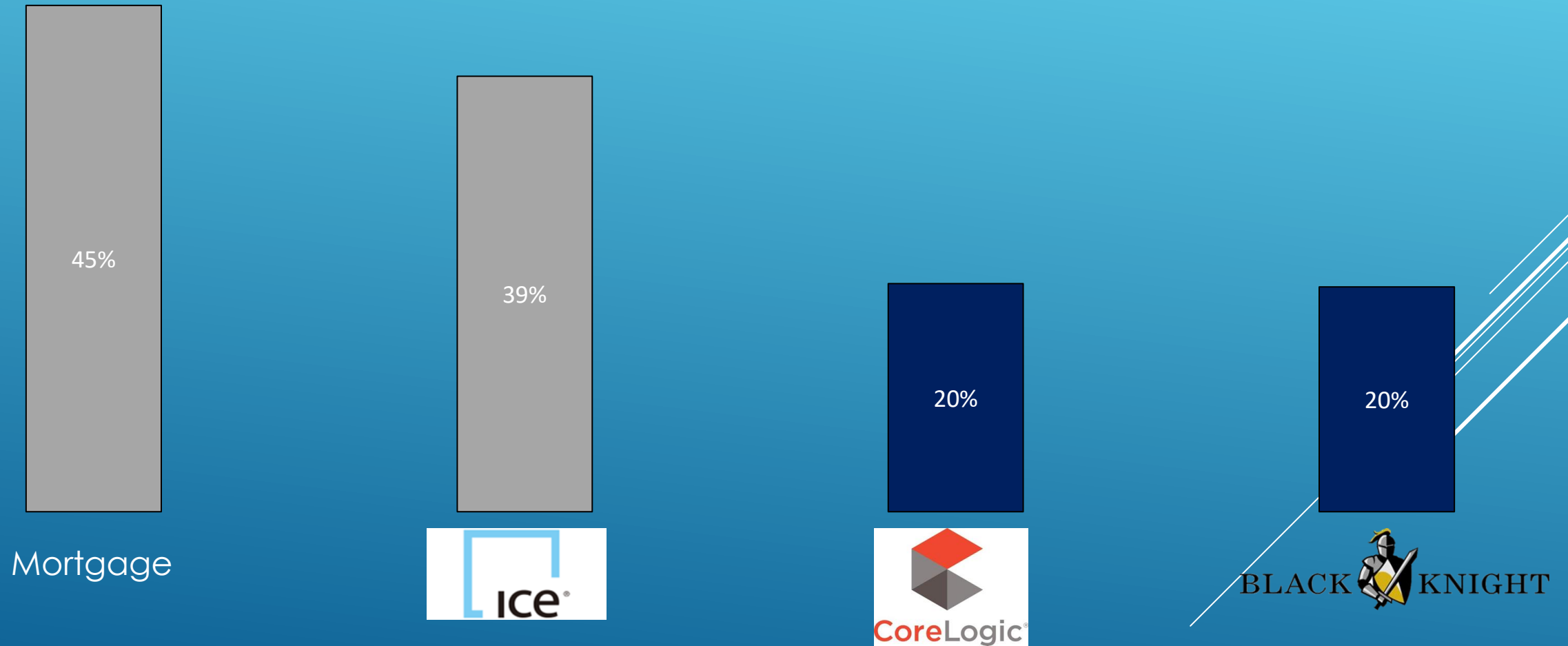
# FIXED INCOME & DATA SERVICES – RETURN ON EQUITY > 15%



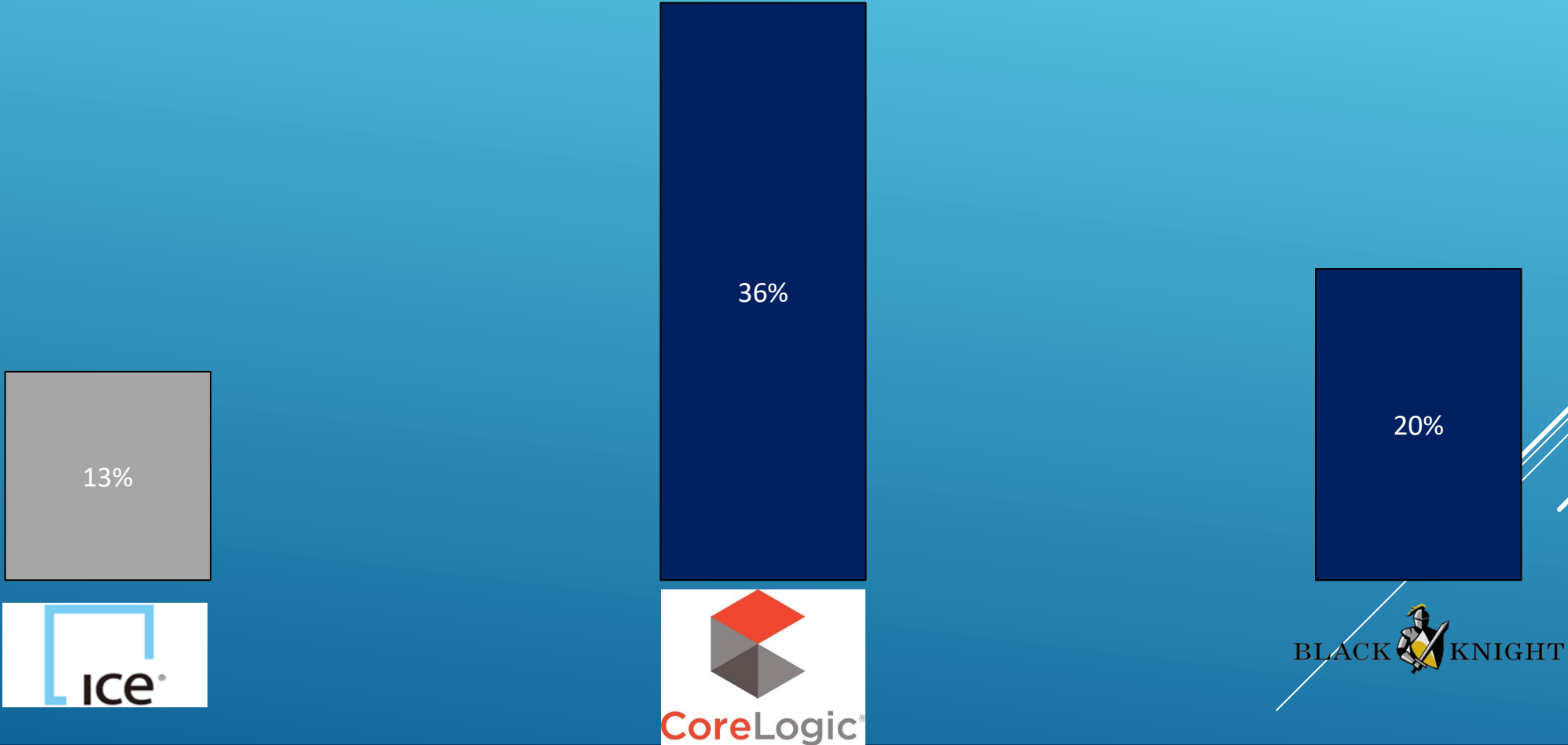
# FIXED INCOME & DATA SERVICES – RETURN ON INVESTED CAPITAL > 15%



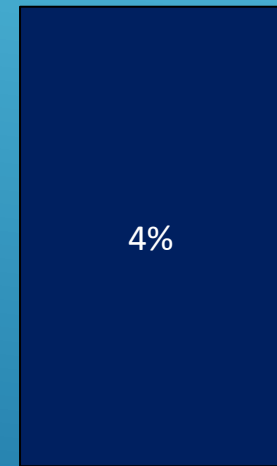
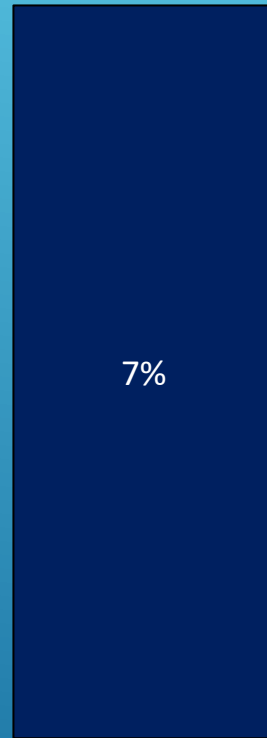
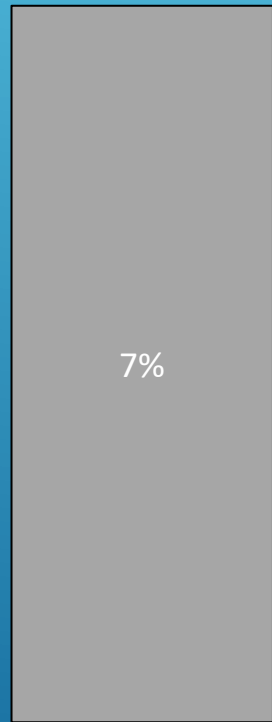
# MORTGAGE TECHNOLOGY – OPERATING MARGIN >20%



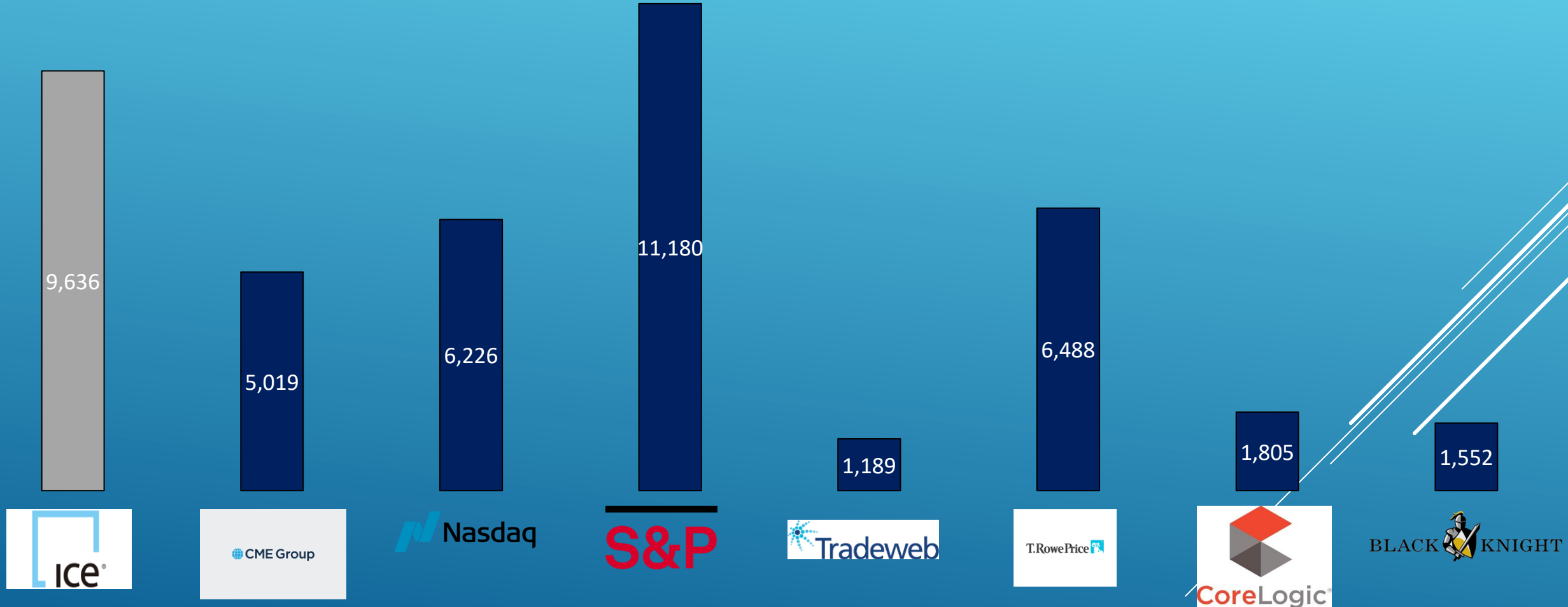
# MORTGAGE TECHNOLOGY – RETURN ON EQUITY >15%



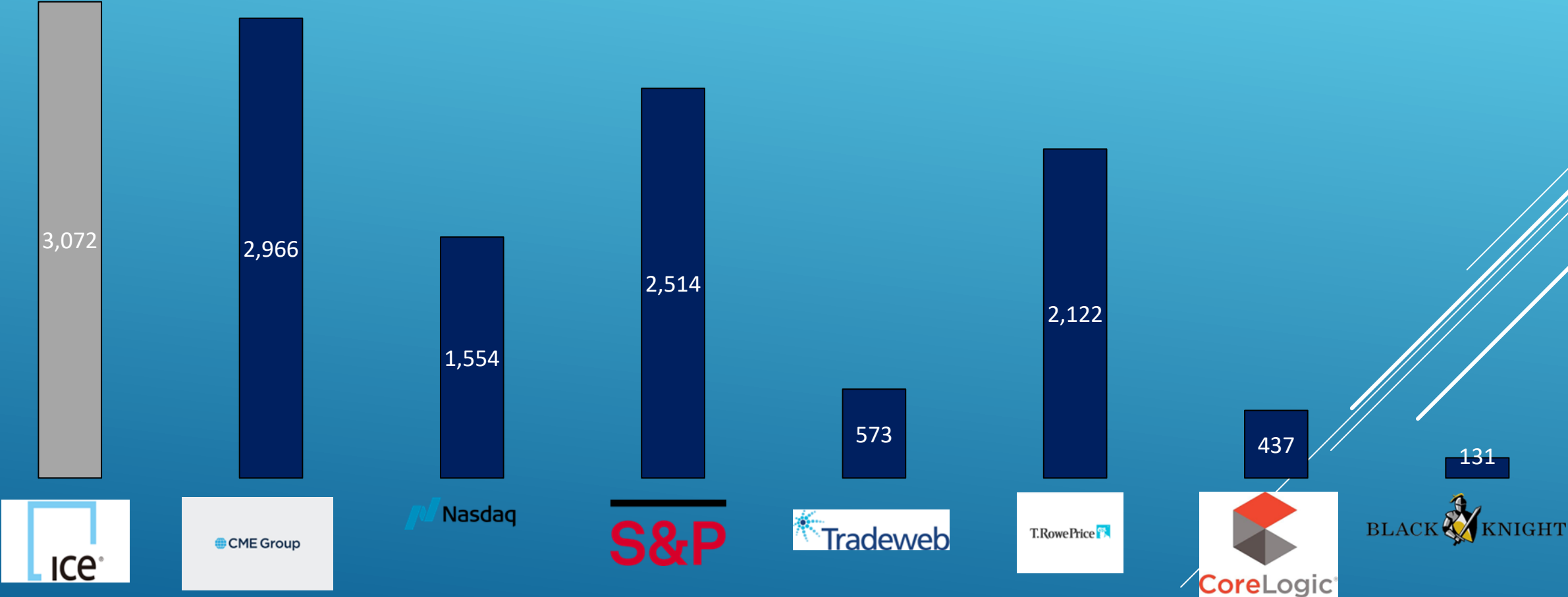
# MORTGAGE TECHNOLOGY – RETURN ON INVESTED CAPITAL > 15%



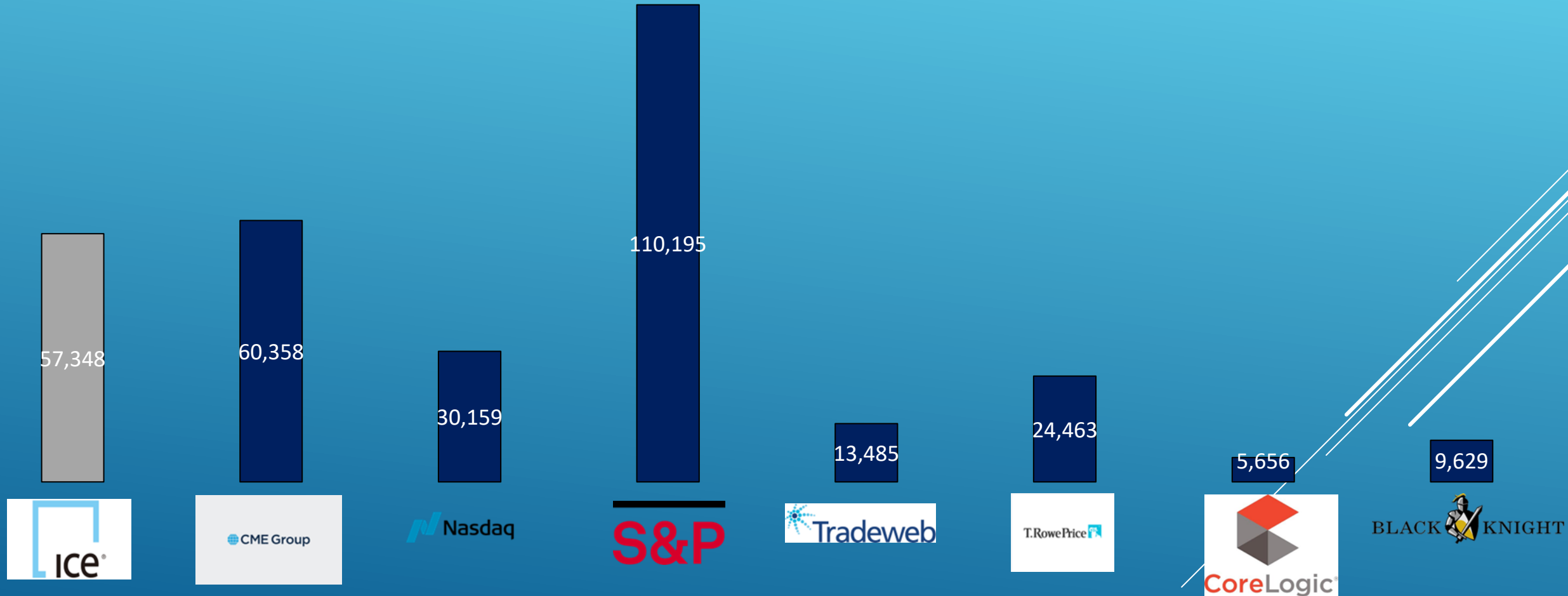
# REVENUE (IN MILLIONS)



# FREE CASH FLOW (IN MILLIONS)



# MARKET CAP (IN MILLIONS)





Company Overview



Revenue Breakdown



Interpretation of Financial Statements



Capital Allocation



Management



Economic Moat



Competitor Analysis



Risk Factors



Growth Opportunities



Black Knight



Valuation



Conclusion

Thesis Factor(s):

Wide Moat

Predictable and Consistent



# Risk Factors

William Errett

# MAJOR RISK FACTORS

Industry  
Regulation

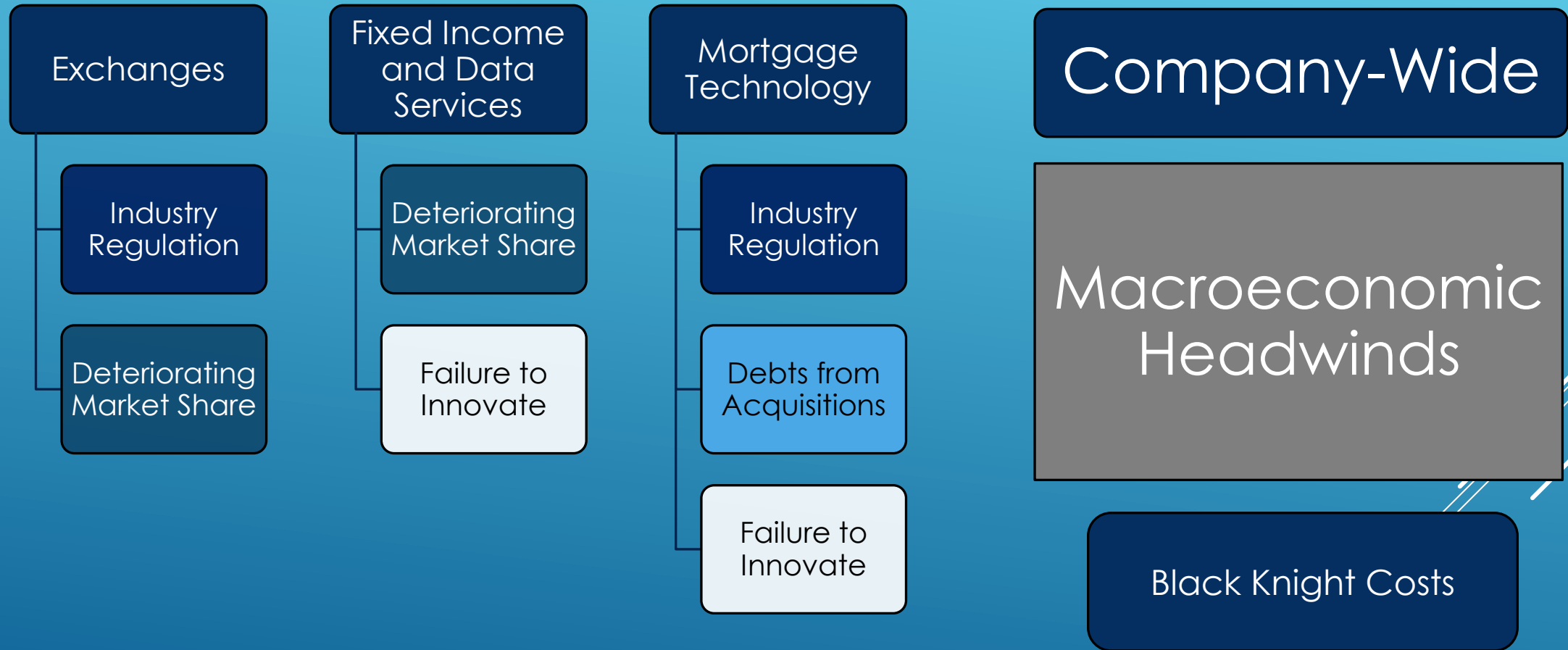
Macroeconomic  
Headwinds

Deteriorating  
Market Share

Debts from  
Acquisitions

Failure to  
Innovate

# MAJOR RISK FACTORS



# EXCHANGES

## Industry Regulation

Regulatory Concerns on pricing can weaken ICE's pricing power

FTC may be more likely to inhibit future acquisitions and request divestitures due to size

## Deteriorating Market Share

Large Markets can become harder to defend over time

Network effects work for other large competitors too

# FIXED INCOME

## Deteriorating Market Share

Large customer bases may be hard to grow or maintain over long periods of time

If the customer base of ICE shrinks it inhibits the power of their cost advantages

## Failure to Innovate

Failure to keep fixed costs low weakens cost advantages

If ICE does not improve products customers may switch over time

# MORTGAGES

## Debts from Acquisitions

Large debts may inhibit both short- and long-term shareholder returns

Acquisition style growth requires competent and transparent management

## Industry Regulation

The FTC is aggressive around acquisitions due to the importance of mortgages in America

The FTC has currently been very aggressive in all acquisition markets

## Failure to Innovate

Growth in the mortgages sector relies on ICE's ability to overhaul old processes and replace them with new and more efficient ones

# MACROECONOMIC HEADWINDS

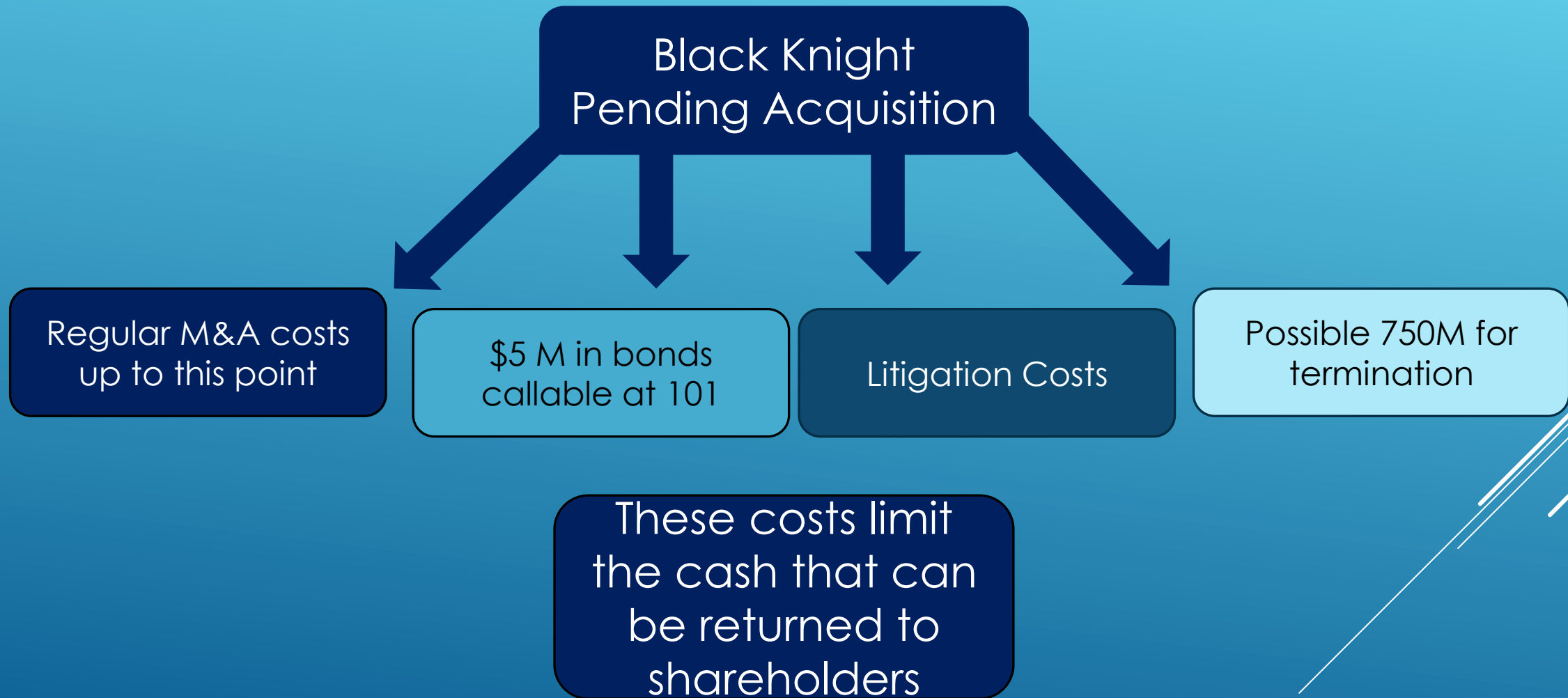
## Macroeconomic Headwinds

Decline in trading volumes among equities, options, and futures leads to less revenue in exchanges

Slower bond markets with less buyers and sellers leads to far less transactional revenue

The fewer consumers that enter the mortgage process the less revenue ICE will be able to capture in the segment

# BLACK KNIGHT COSTS





Company Overview

Revenue Breakdown

Interpretation of  
Financial Statements

Capital Allocation

Management

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Opportunities

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Consistent



# Growth Opportunities

William Errett

# MAJOR GROWTH FACTORS

Recurring  
Revenue

Sticky  
Customers

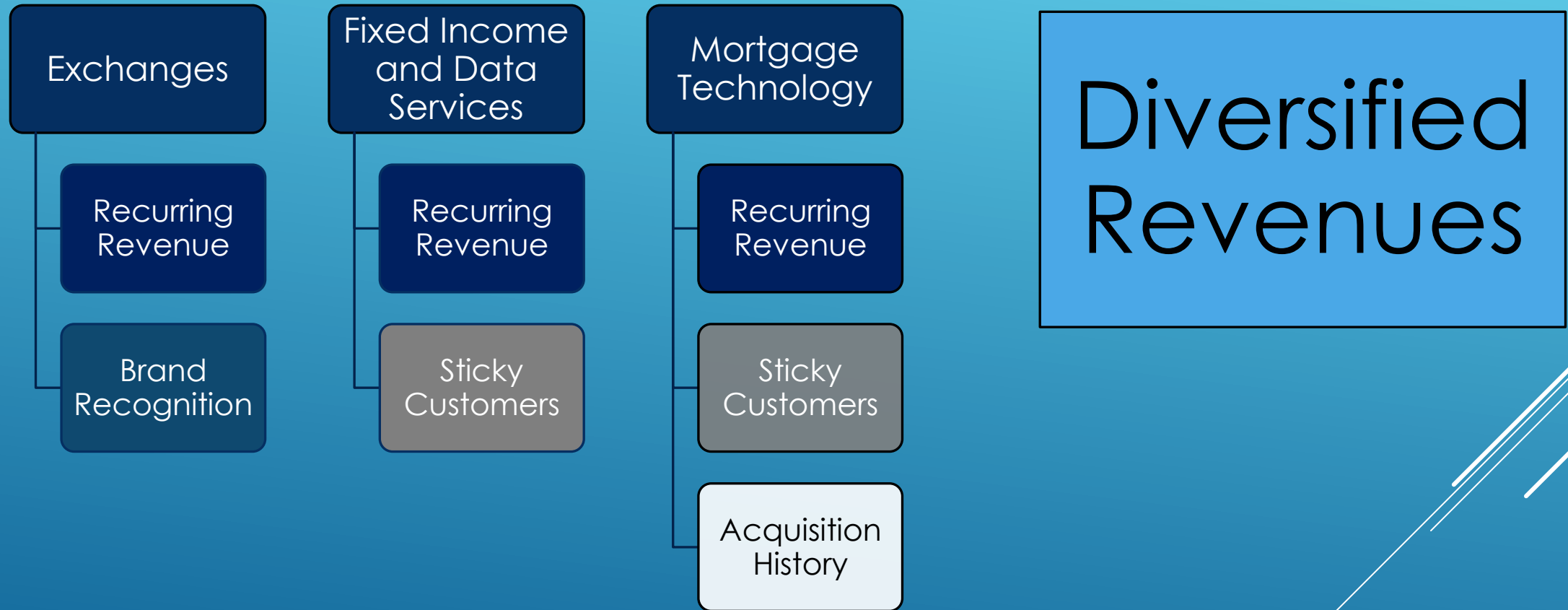
Brand  
Recognition

Diversified  
Revenues

Acquisition  
History

ICE's current growth is steady and represents what it can accomplish in the long term

# MAJOR GROWTH FACTORS



# EXCHANGES

## Recurring Revenue

Recurring revenue is not subject to large change in the Macro Economic environment due to the needs of their customers regardless of the economy

## Brand Recognition

The NYSE largest exchange and provides better liquidity than other exchanges

The value of the NYSE makes it the most recognizable exchange

# FIXED INCOME AND DATA SERVICES

## Recurring Revenue

Subscription based services are not exposed largely to Macroeconomic risks and are steady over time

Due to the mix of recurring revenues this segment is extremely stable

## Sticky Customers

Customers build a sense of trust with ICE

This trust leads to returning customers, recurring revenue, and switching costs

# MORTGAGE TECHNOLOGY

## Recurring Revenue

The volatility of mortgage volumes in the short term is marginally mitigated by building in subscriptions into revenues that could be transactional

## Sticky Customers

Mortgagees are one of the most important financial transactions that Americans make

Due to the importance of the transaction customers do not want to switch

## Acquisition history

A management team with acquisition experience can mitigate the risks

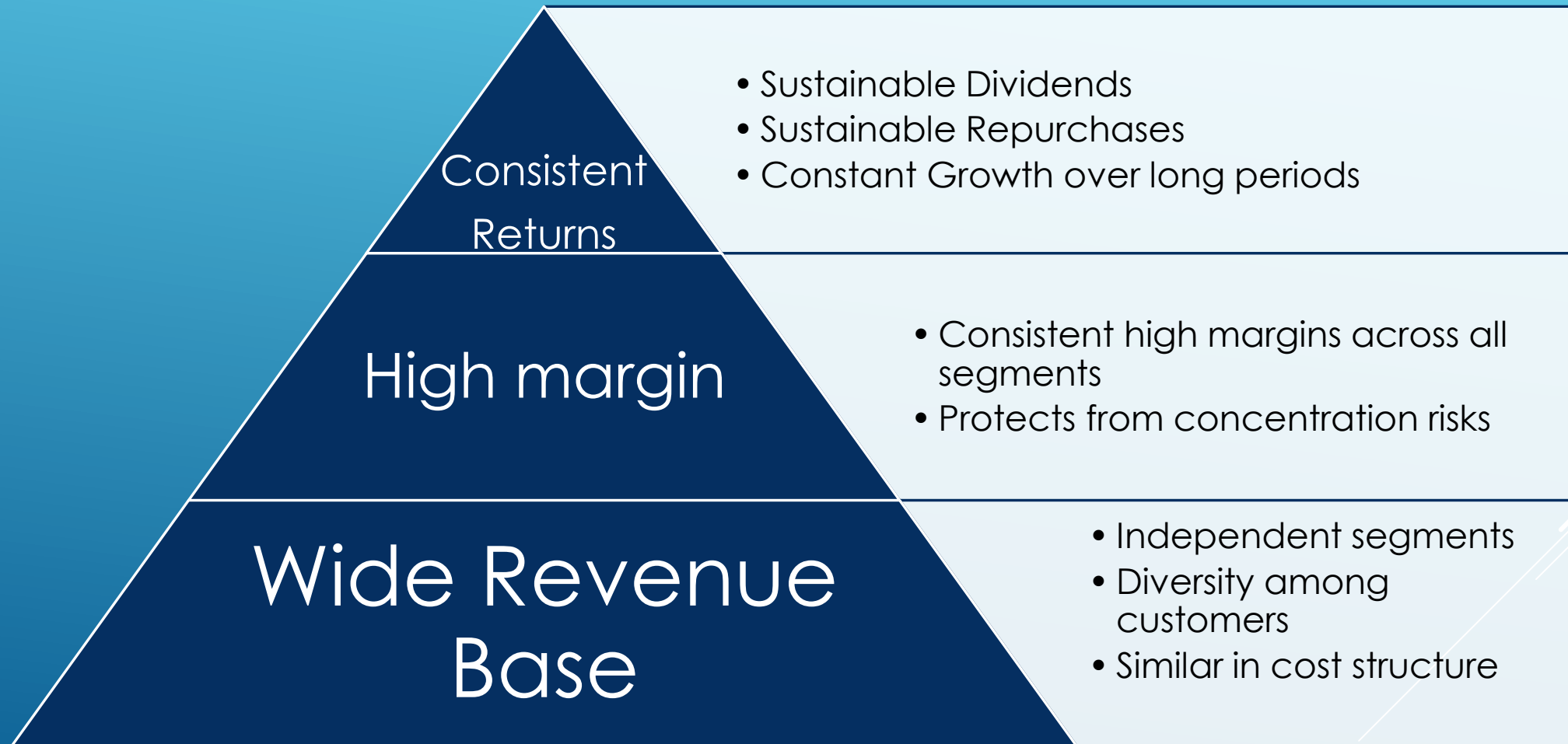
Competent management leads to more opportunities for acquisition

# ACQUISITION HISTORY

## Company Leverage Over Time



# DIVERSIFICATION





Company Overview



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# Black Knight

Michael Resendez

# WHAT IS BLACK KNIGHT?

What is Black Knight?

Provider of software and data and analytics for mortgage and home equity lending and servicing

What does Black Knight do?

Assist Real Estate Finance industries in serving clients, mitigating risks and operating more efficiently

What services does Black knight offer?

Real Estate Data, Mortgage Origination, Mortgage Servicing, and Capital and Secondary Market

# REVENUE SEGMENTS

## Software Solutions

Automates Mortgage process

Entirety of Mortgage Life Cycle

60% Recurring Revenue

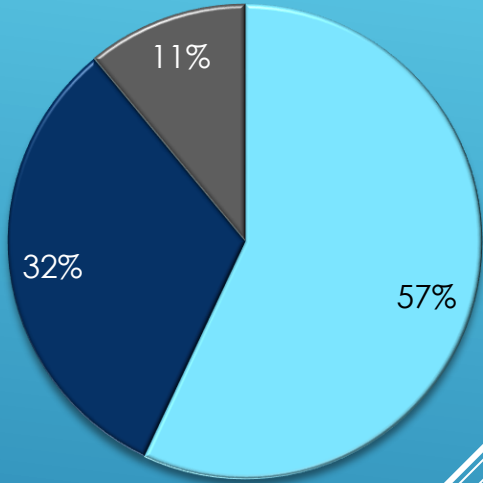
## Data and Analytics

Lenders, Real Estate Investors, and other capital market players

Property info, Credit and Repayment models, Valuation Models

85% Recurring Revenue

Revenue Segments



- Software Solutions
- Data and Analytics
- Origination technology

# ORIGINATION TECHNOLOGY

Empower LOS

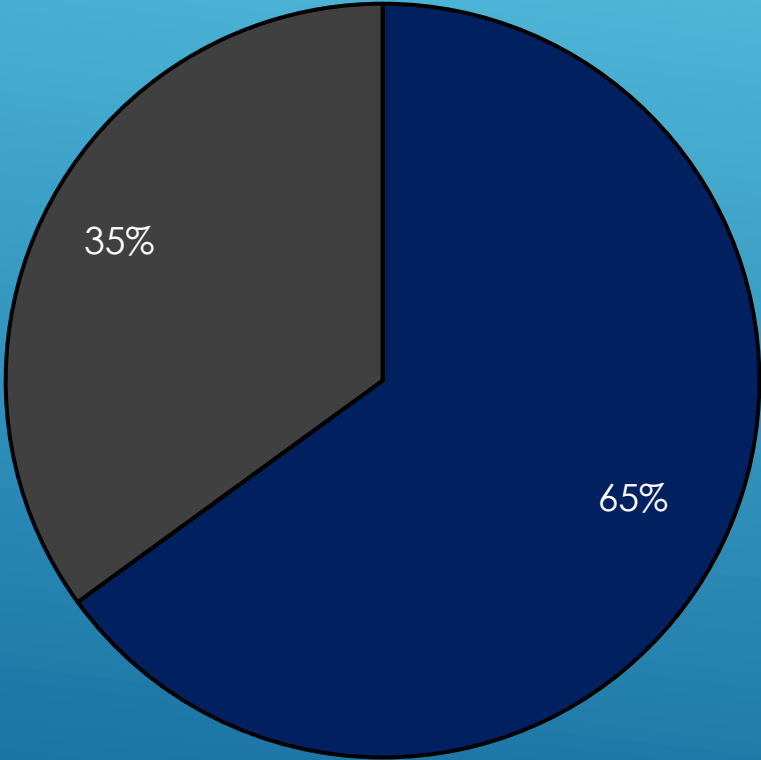
Divesting Segment  
for 400M

Encompass LOS

# BLACK KNIGHT RECURRING REVENUE

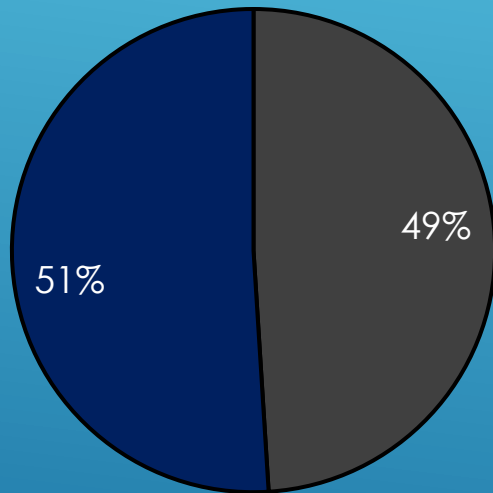
Revenue Mix

Recurring  Transactional 

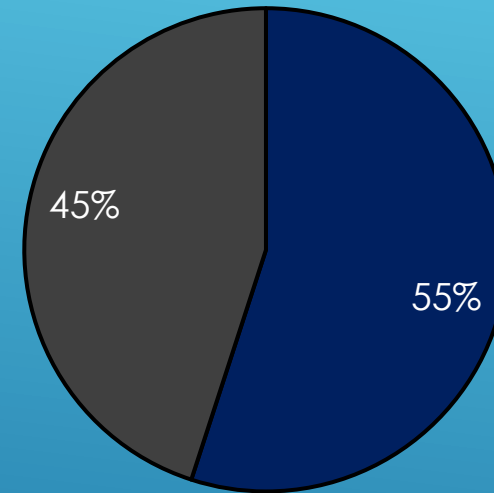


# RECURRING REVENUE

ICE Revenue Mix



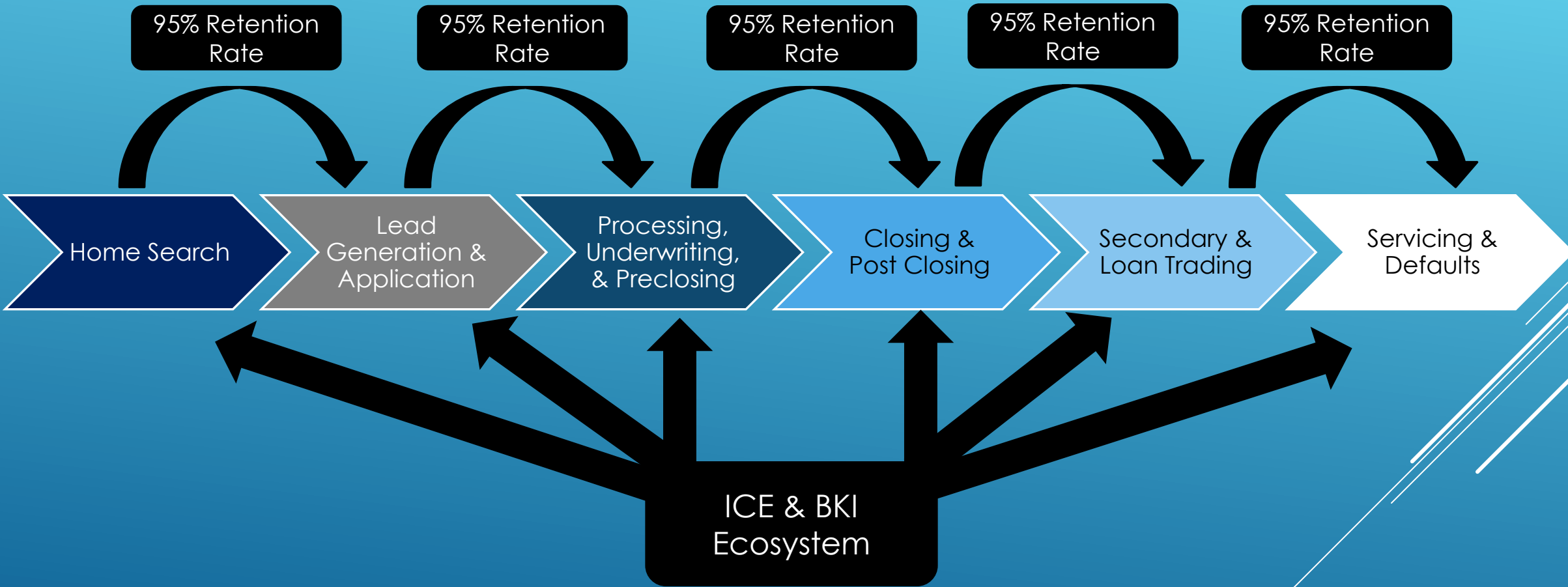
ICE Revenue Mix (Post-Acquisition)



Recurring  Transactional 

Recurring  Transactional 

# MORTGAGE PROCESS



# LITIGATION

## Federal Trade Commission

Filing litigation to prevent the acquisition

Control of entirety of loan origination ecosystem

Pricing Power brings risk for higher costs for consumers

Divest Empower LOS does not address the anticompetitive effects in the market

## ICE/BKI

ICE confident in presenting their position in court

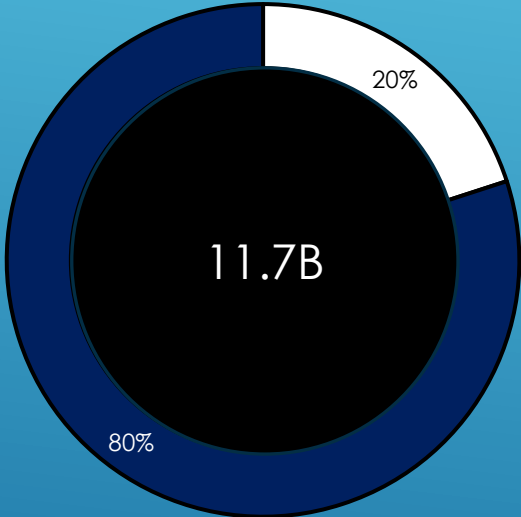
Less inefficiencies, unnecessary delays, and cost efficient for consumers

Legal actions citing failure to provide intelligible principle in exercising their delegated power

FTC failed to consider divestiture prior to filing the complaint



# ACQUISITION



Stock 

Cash 

Automate, streamline, increase transparency

Expected to close in 3<sup>rd</sup> or 4<sup>th</sup> quarter of 2023

Pending regulatory approvals

Spread

\$55

\$75

36%

Company Overview



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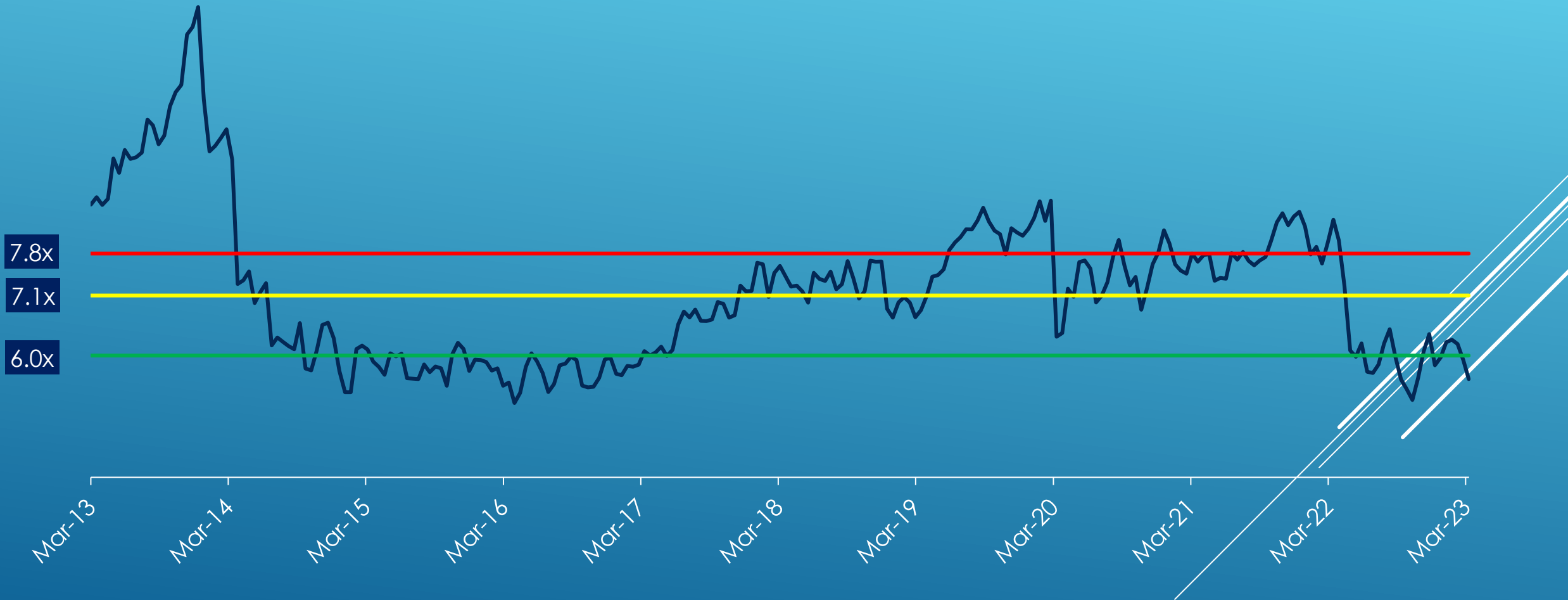
Competent Management



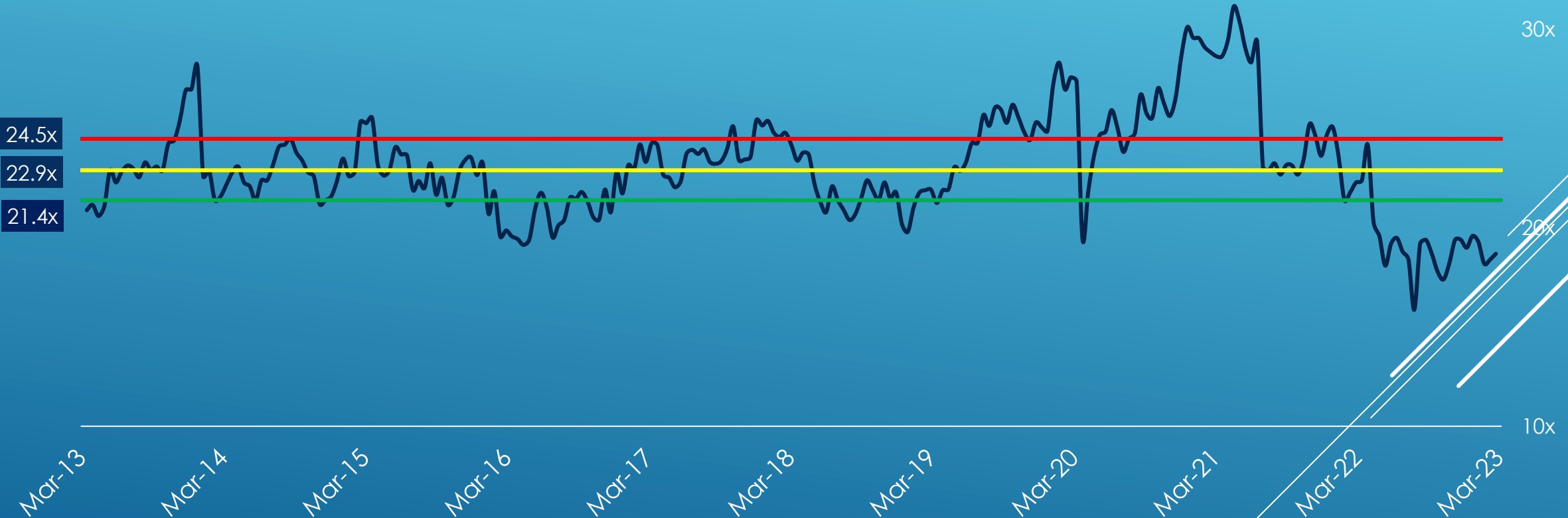
# Valuation

Michael Resendez

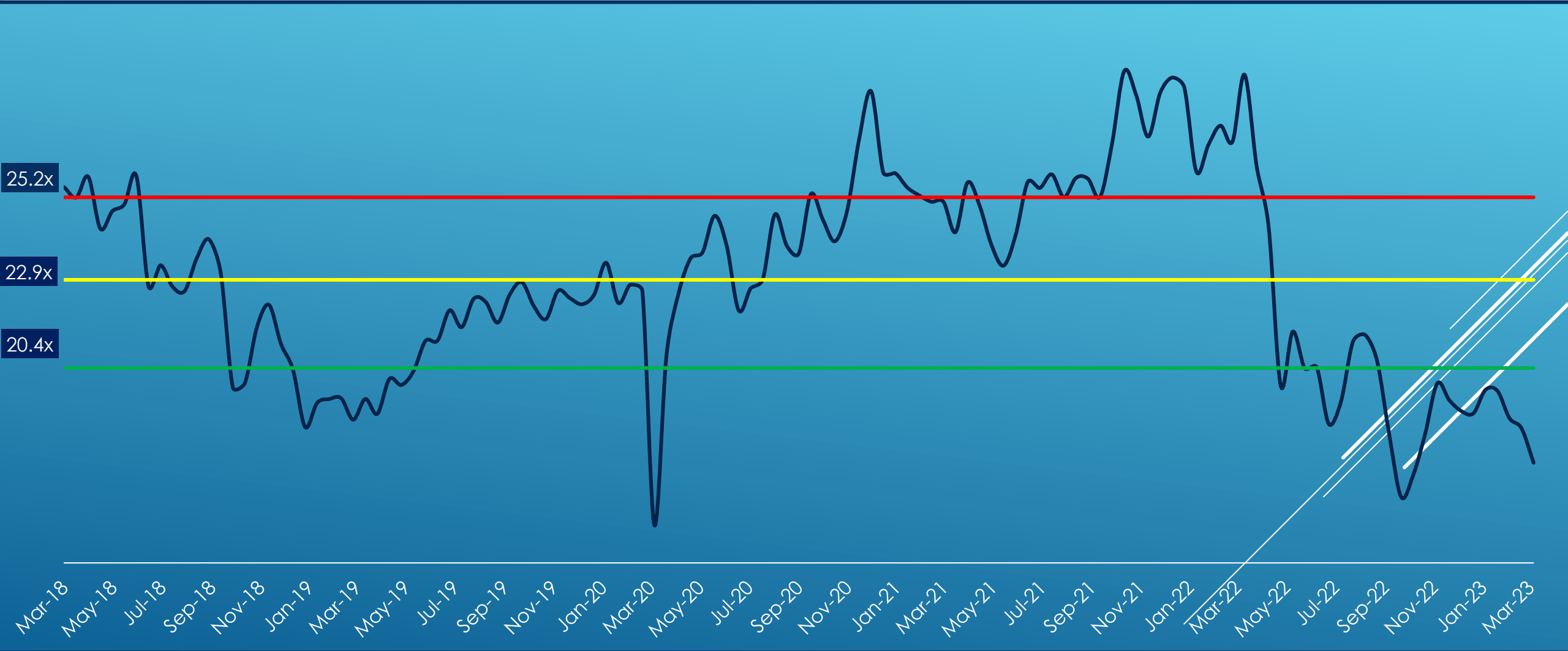
# PRICE TO SALES



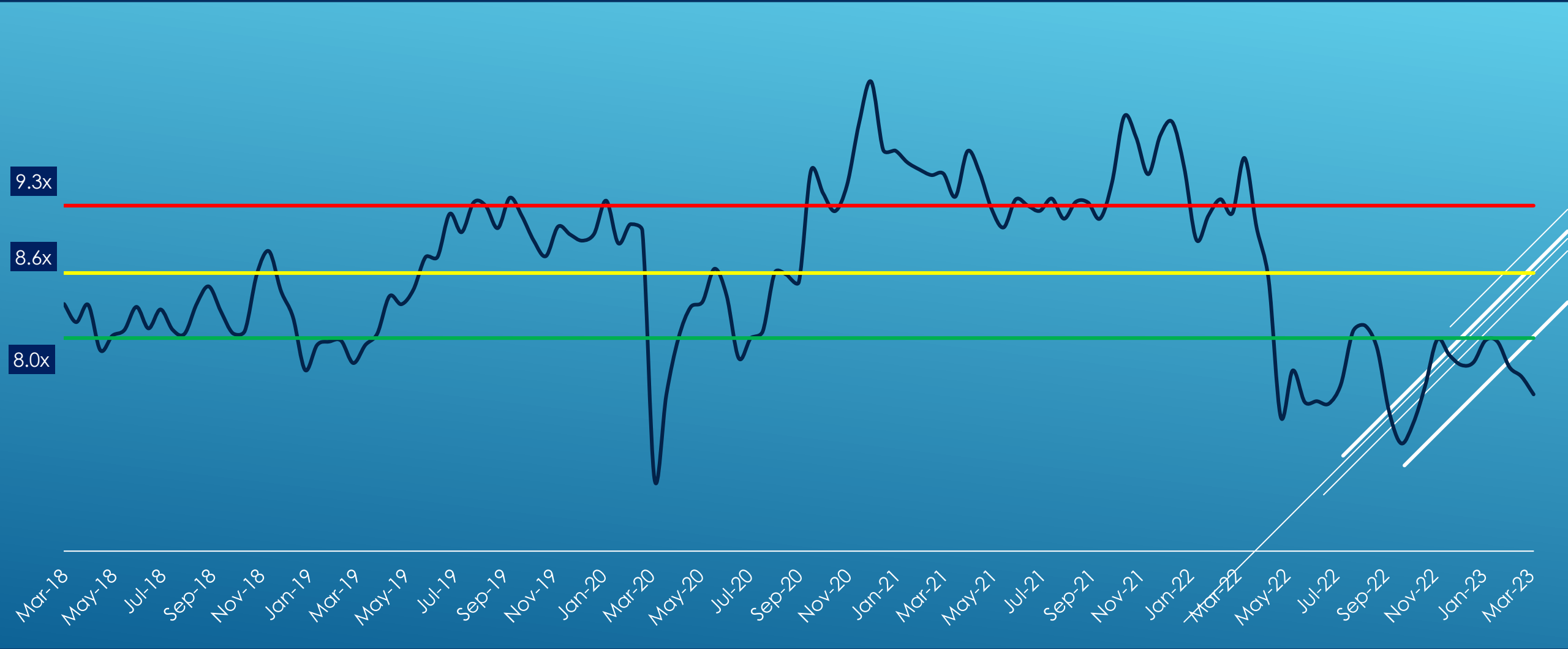
# PRICE TO EARNINGS



# PRICE TO FREE CASH FLOW



# EV TO SALES



# EV TO EBITDA

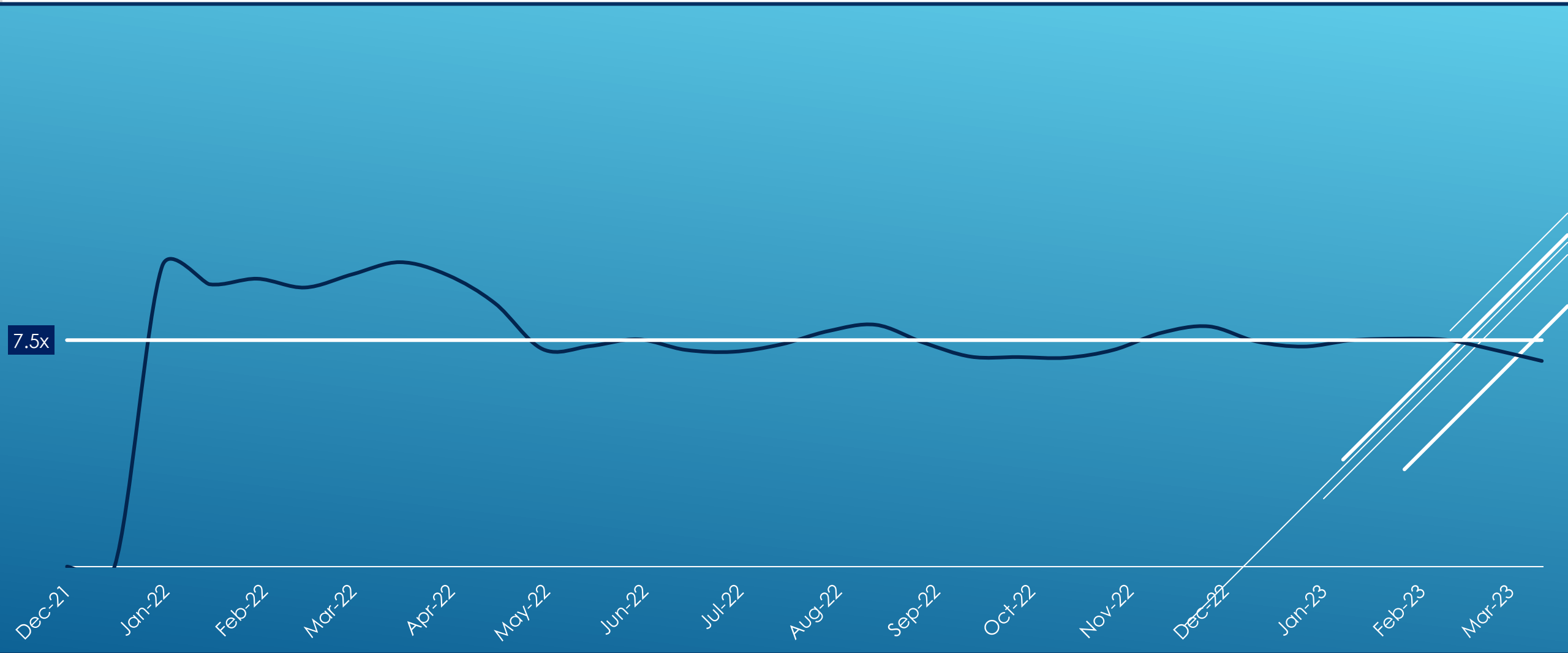


# EV TO FREE CASH FLOW

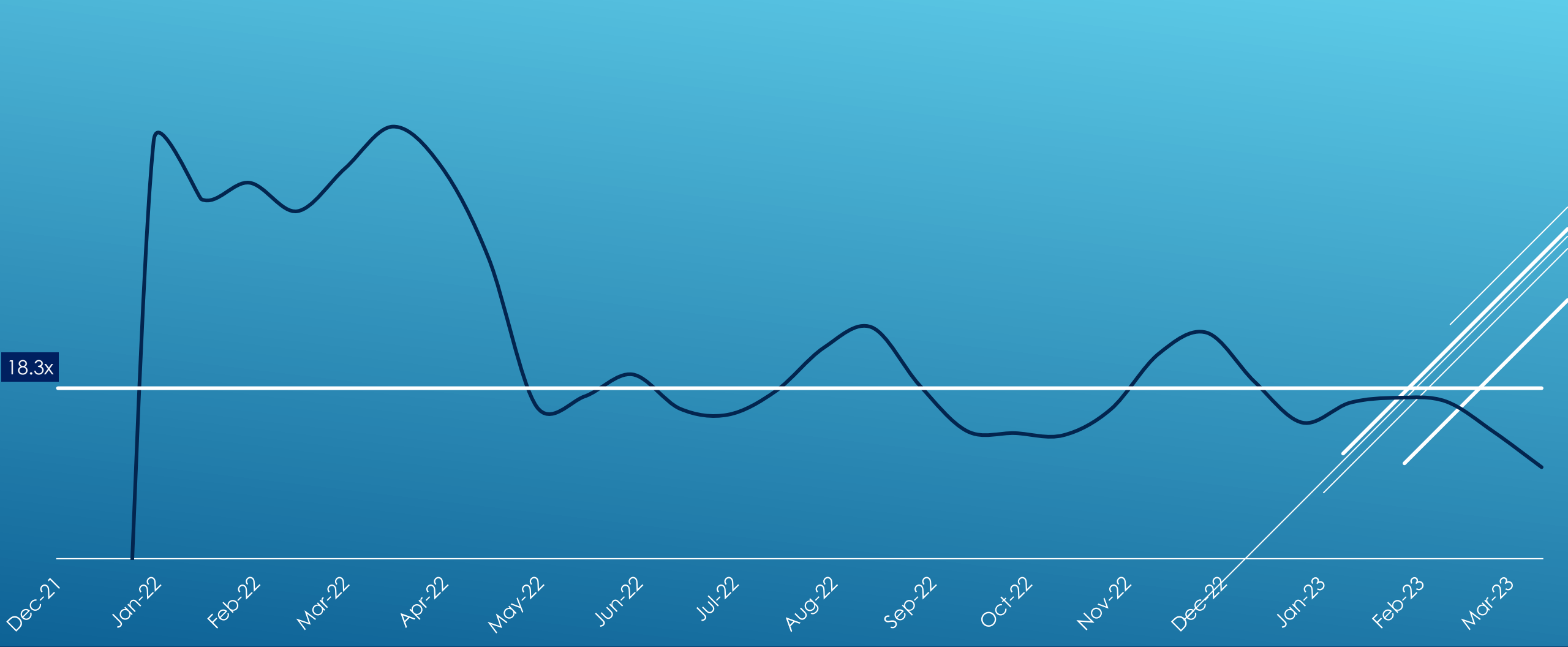




# FORWARD PRICE TO SALES

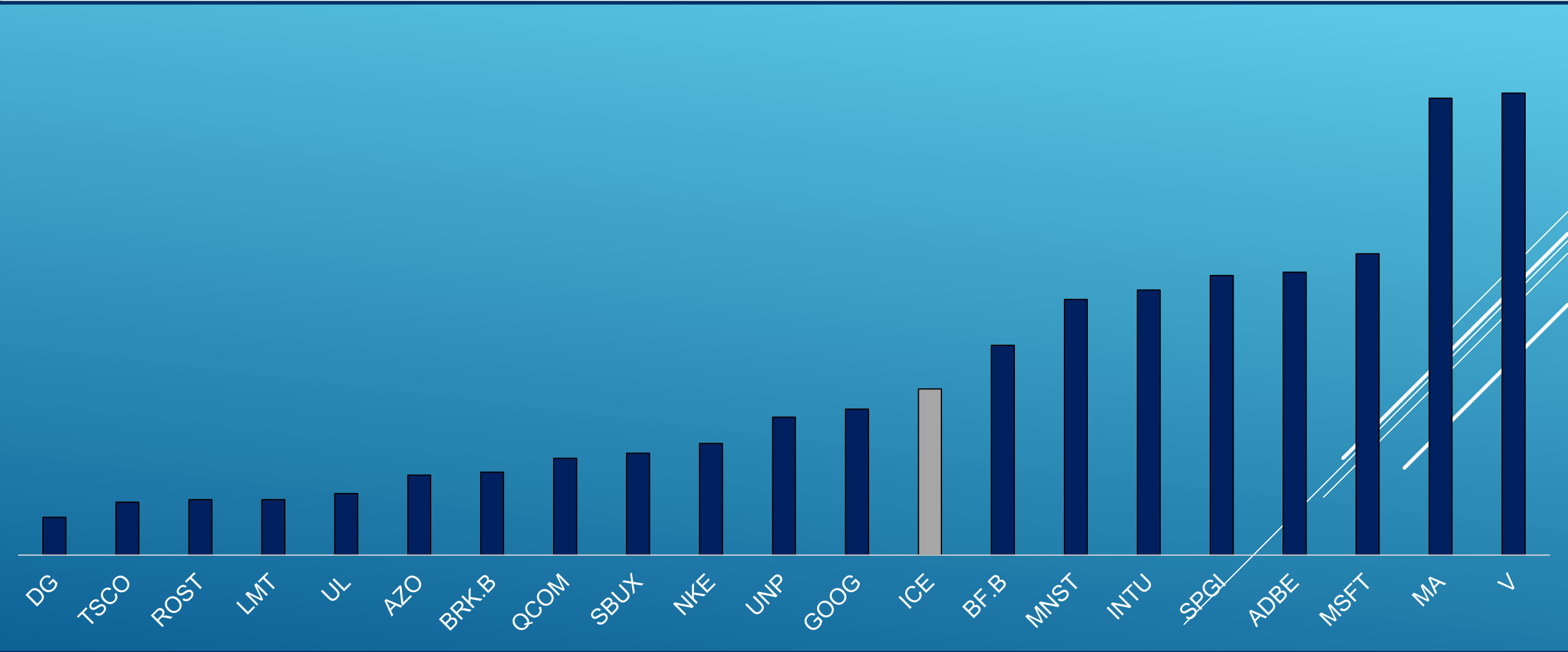


# FORWARD PRICE TO EARNINGS

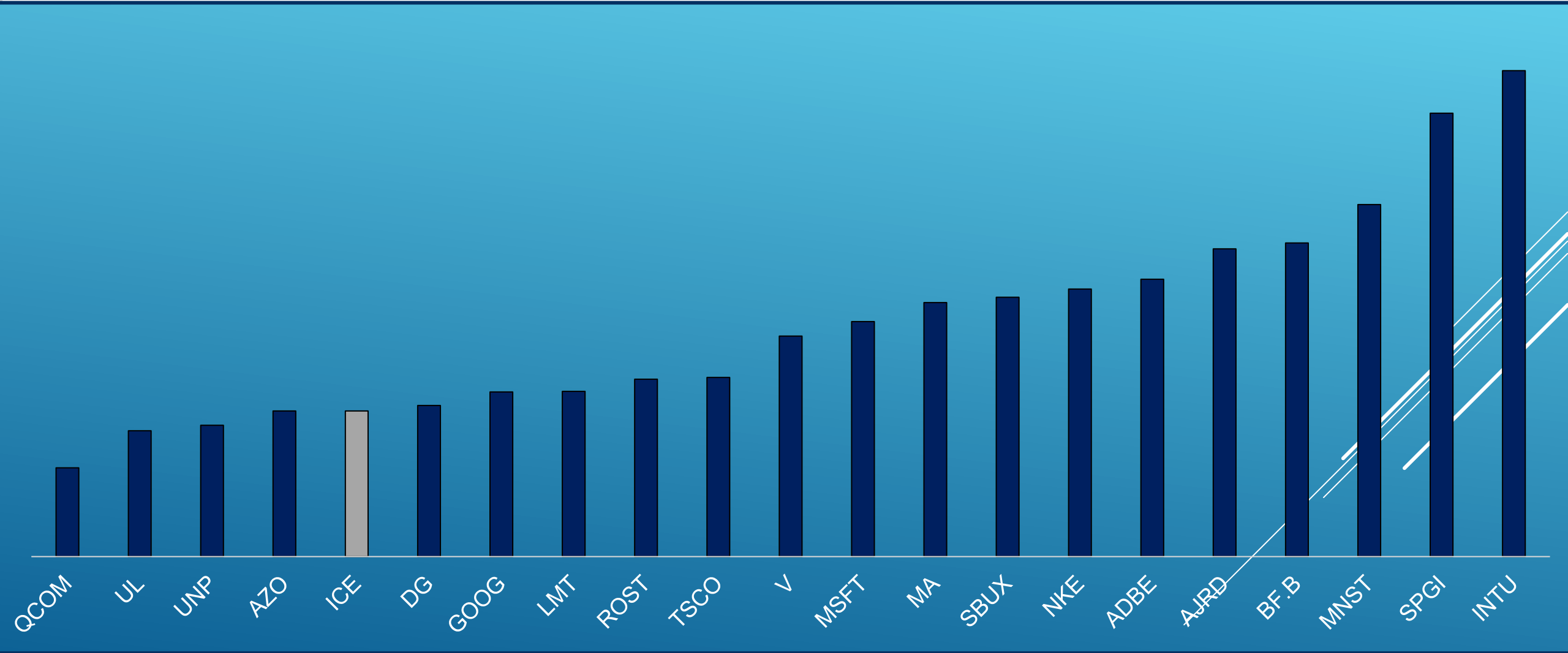


# INTRA PORTFOLIO

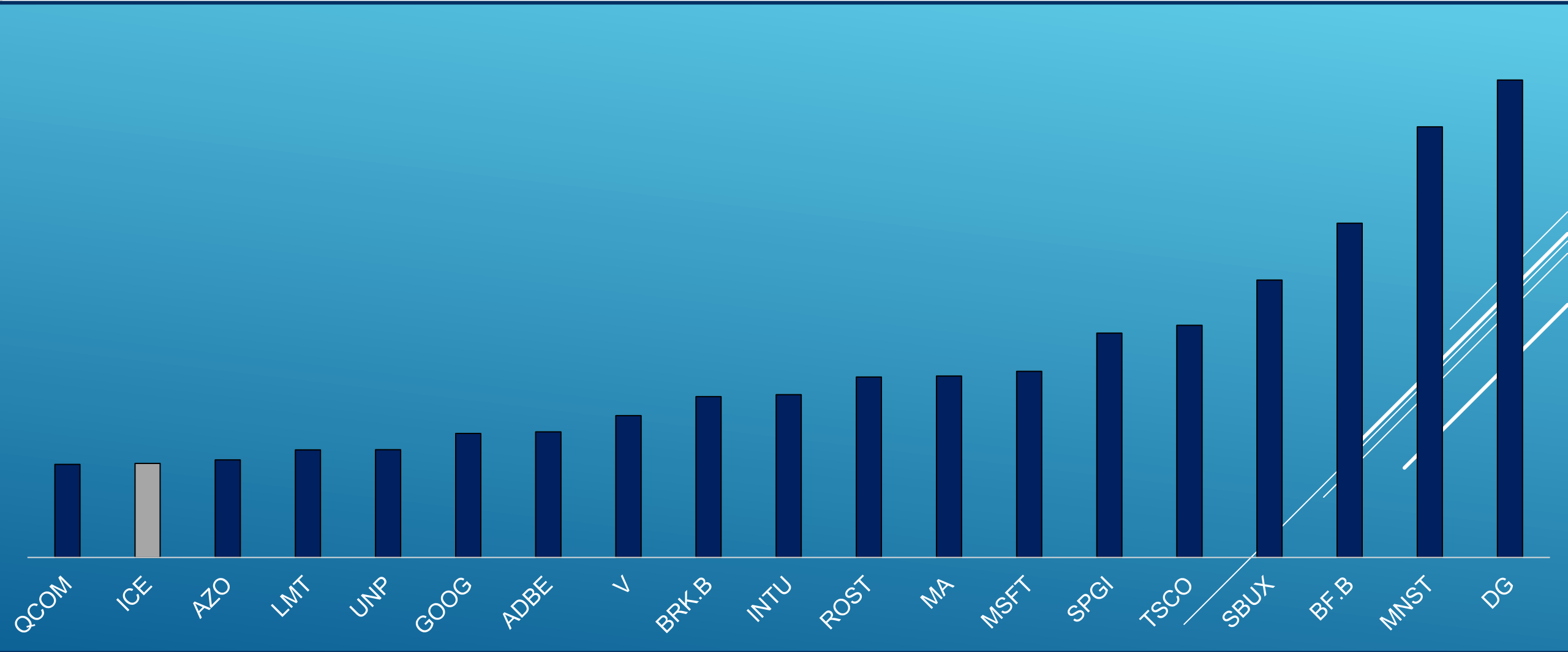
# PRICE TO SALES



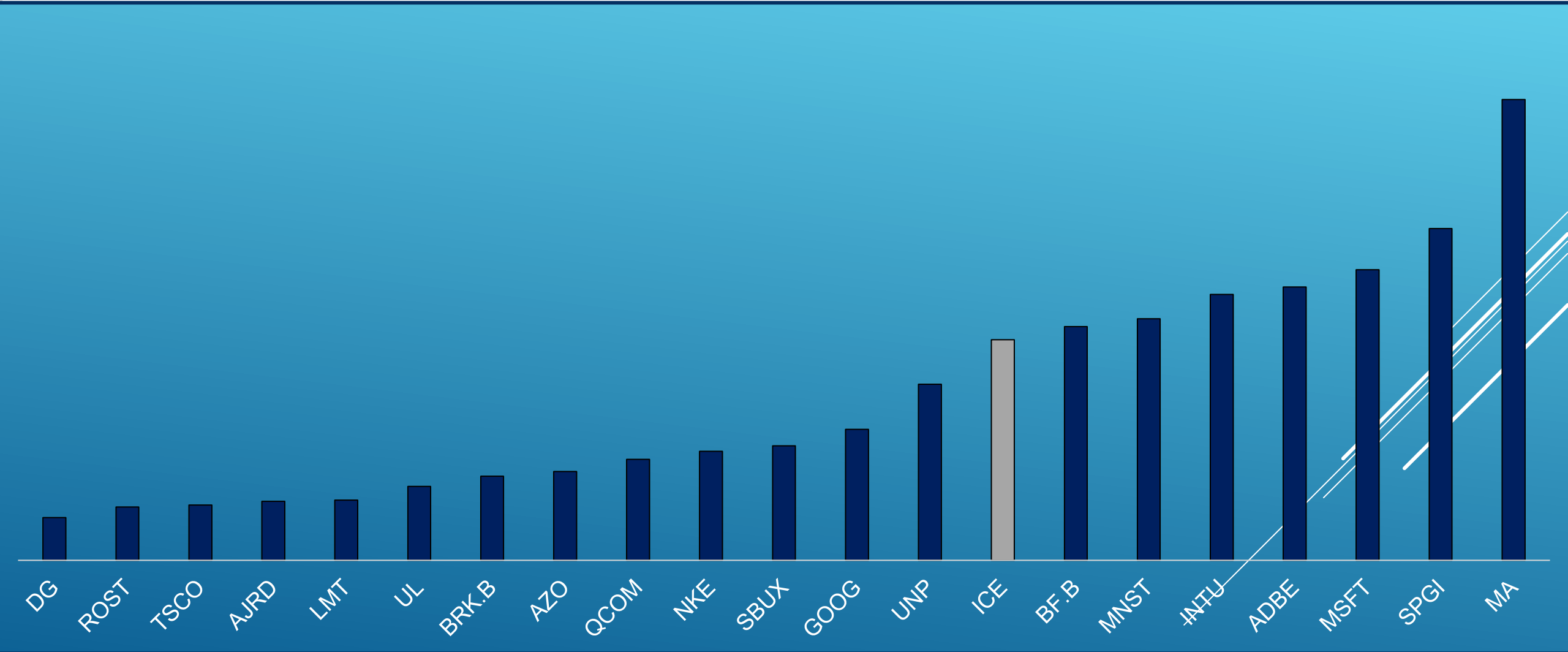
# PRICE TO EARNINGS



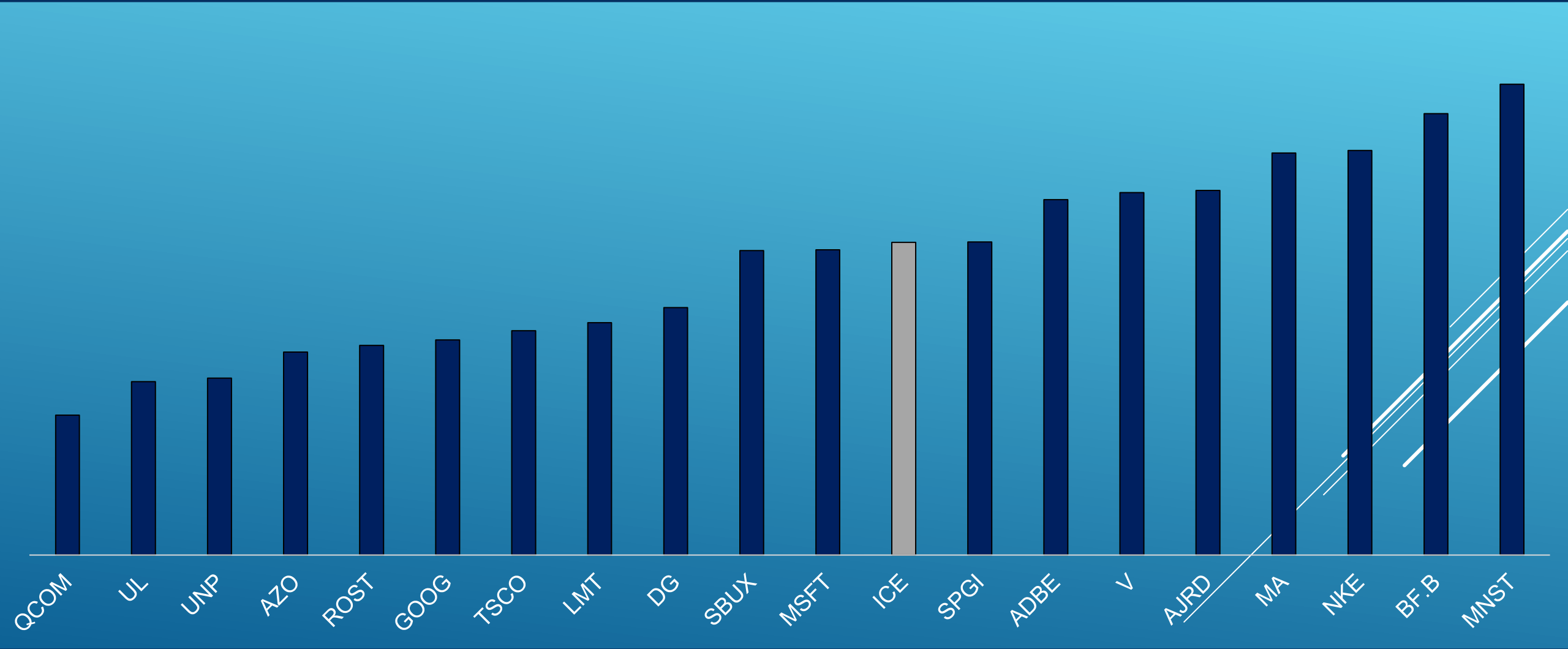
# PRICE TO FREE CASH FLOW



# EV TO SALES

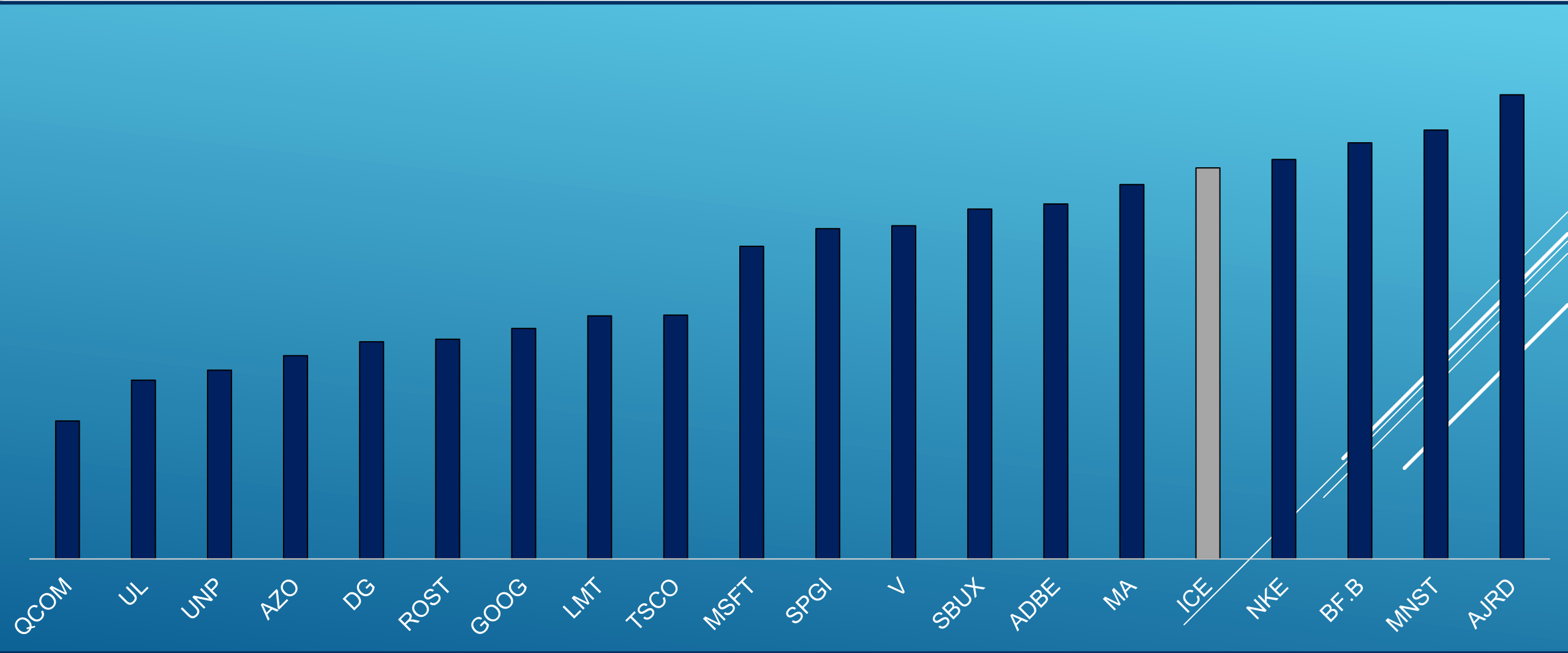


# EV TO EBITDA





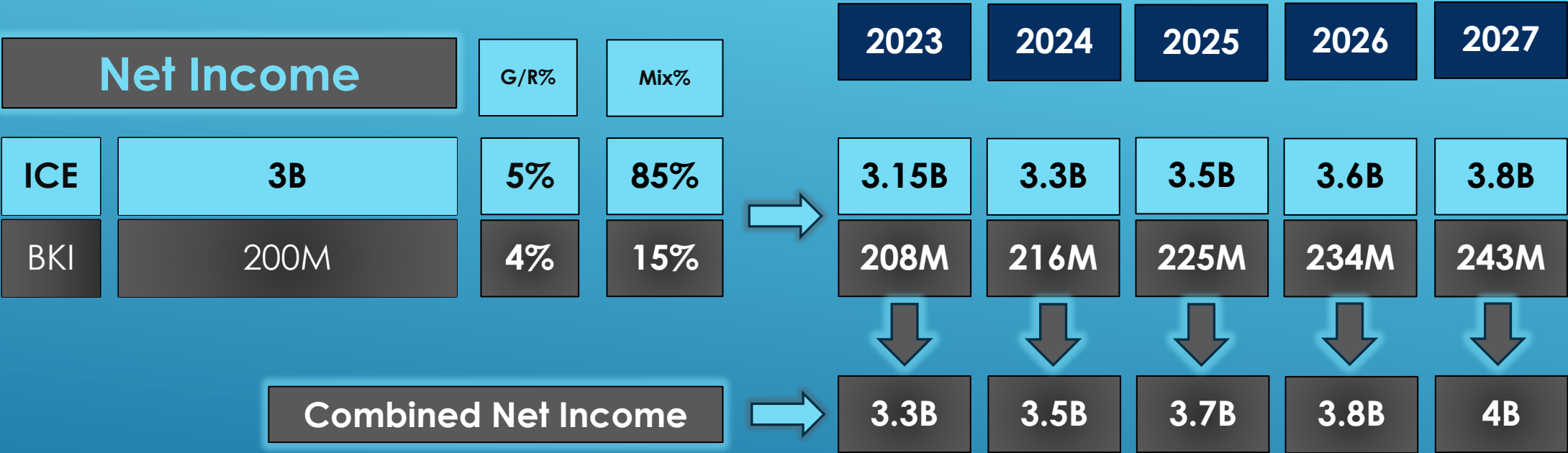
# EV TO EBIT



# VALUATION



# NET INCOME GROWTH RATES



# SYNERGIES

## Synergies

Cost Synergies  
200M

Net Revenue Synergies  
125M

105M    210M    245M    280M    315M

Combined Net Income

3.3B    3.5B    3.7B    3.8B    4B



Total Net Income



3.4B    3.6B    3.9B    4.1B    4.3B

Net Income Growth



8%    6%    6%    6%    6%

Rollover +2%

# BUYBACKS GROWTH RATES

		2023	2024	2025	2026	2027	FCF > NI
5yr CAGR	12%	3.4B	3.6B	3.8B	4.1B	4.3B	Net Income
Dividends	853M	955M	1.1B	1.2B	1.26B	1.3B	
Debt		2.4B	2.5B	1.5B	1.6B	1.7B	
		0	0	1.1B	1.2B	1.3B	Excess FCF

# EPS PROJECTION BUYBACKS

	2023	2024	2025	2026	2027	
	0	0	1.1B	1.2B	1.3B	FCF used for Buybacks
Price	\$100	\$120	\$140	\$160	\$180	
Buyback Rate	0%	0%	1%	1%	1%	

# EPS PROJECTION INPUTS

	2023	2024	2025	2026	2027
Net Income	8%	6%	6%	6%	6%
Buybacks	0%	0%	1%	1%	1%
EPS Growth	8%	6%	7%	7%	7%

# 5-YEAR EPS MODEL

Ticker: ICE		5 Year EPS Forecast										
Price: \$100.00												
							Total Return			Annual		
							P/E	Price	PV	5 YR Return	Return	
Bear	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	21.0x	\$149.64	\$92.91	49.6%	8.4%
		\$5.30	\$5.62	\$5.84	\$6.13	\$6.44	\$6.76	23.0x	\$163.16	\$101.31	63.2%	10.3%
			6%	4%	5%	5%	5%	25.0x	\$176.69	\$109.71	76.7%	12.1%
Base	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	21.0x	\$163.69	\$101.64	63.7%	10.4%
		\$5.30	\$5.72	\$6.07	\$6.49	\$6.95	\$7.43	23.0x	\$177.96	\$110.50	78.0%	12.2%
			8%	6%	7%	7%	7%	25.0x	\$193.42	\$120.10	93.4%	14.1%
Bull	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	21.0x	\$178.83	\$111.04	78.8%	12.3%
		\$5.30	\$5.83	\$6.30	\$6.86	\$7.48	\$8.15	23.0x	\$195.14	\$121.17	95.1%	14.3%
			10%	8%	9%	9%	9%	25.0x	\$211.45	\$131.29	111.5%	16.2%



# SENSITIVITY ANALYSIS

Total RoR Sensitivity				
		Est. EPS growth rate		
		5%	7%	9%
P/E	\$5.30			
	21.0x	8.4%	10.4%	12.3%
	23.0x	10.3%	12.2%	14.3%
	25.0x	12.1%	14.1%	16.2%

# EPS PROJECTION INPUTS WITHOUT ACQUISITION

	G/R%	2023	2024	2025	2026	2027
Net Income	5%	3.15B	3.3B	3.5B	3.6B	3.8B
Dividends	853M	955M	1.1B	1.2B	1.26B	1.3B
Debt	40%	1.26B	1.32B	1.4B	1.44B	1.52B
Excess FCF		835M	880M	900M	945M	1B

# BUYBACK GROWTH RATES

FCF used for Buybacks

2023

2024

2025

2026

2027

Excess FCF

835M

880M

900M

945M

1B

Price

\$100

\$120

\$140

\$160

\$180

Buyback Rate

1%

1%

1%

1%

1%

# EPS PROJECTION INPUTS

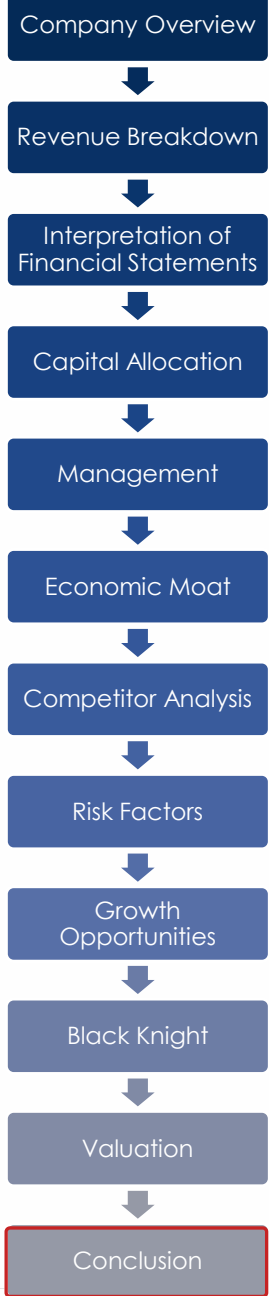
	2023	2024	2025	2026	2027
Net Income	5%	5%	5%	5%	5%
Buybacks	1%	1%	1%	1%	1%
EPS Growth	6%	6%	6%	6%	6%

# 5-YEAR EPS MODEL PE: 20,22,24

Ticker: ICE		5 Year EPS Forecast										
Price: \$100.00												
								P/E	Total Return Price	PV	5 YR Return	Annual Return
Bear	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	21.0x	\$149.65	\$92.92	49.7%	<b>8.4%</b>
		\$5.30	\$5.57	\$5.84	\$6.14	\$6.44	\$6.76	23.0x	\$163.18	\$101.32	63.2%	<b>10.3%</b>
			5%	5%	5%	5%	5%	25.0x	\$176.71	\$109.72	76.7%	<b>12.1%</b>
Base	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	21.0x	\$156.54	\$97.20	56.5%	<b>9.4%</b>
		\$5.30	\$5.62	\$5.96	\$6.31	\$6.69	\$7.09	23.0x	\$170.13	\$105.64	70.1%	<b>11.2%</b>
			6%	6%	6%	6%	6%	25.0x	\$184.91	\$114.82	84.9%	<b>13.1%</b>
Bull	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	21.0x	\$163.70	\$101.65	63.7%	<b>10.4%</b>
		\$5.30	\$5.67	\$6.07	\$6.49	\$6.95	\$7.43	23.0x	\$178.57	\$110.88	78.6%	<b>12.3%</b>
			7%	7%	7%	7%	7%	25.0x	\$193.44	\$120.11	93.4%	<b>14.1%</b>

# SENSITIVITY ANALYSIS

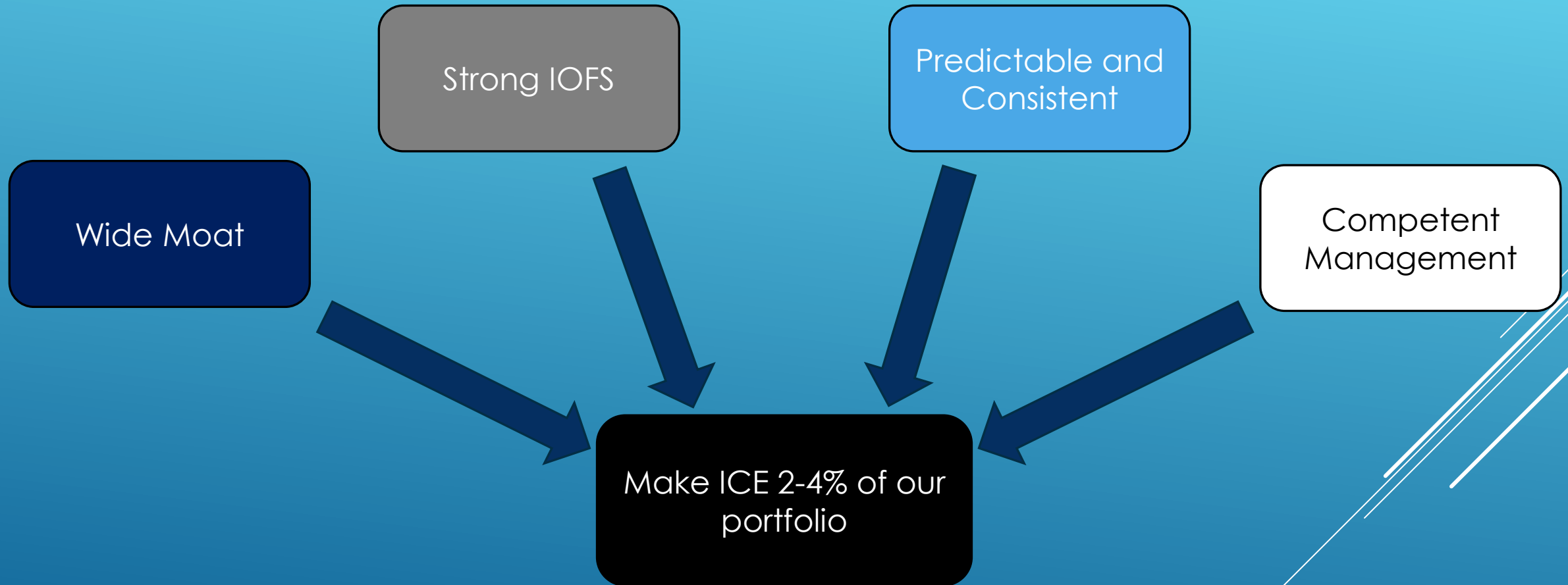
Total RoR Sensitivity				
		Est. EPS growth rate		
		5%	6%	7%
P/E	\$5.30			
	21.0x	8.4%	9.4%	10.4%
	23.0x	10.3%	11.2%	12.3%
	25.0x	12.1%	13.1%	14.1%



# Conclusion

William Errett

# OUR THESIS





# WIDE MOAT

4

Intangible  
Assets

Switching  
Costs

Network  
Effect

Cost  
Advantages

# STRONG INTERPRETATION OF FINANCIAL STATEMENTS

ICE meets and surpasses our thresholds for IOFS, except for interest

ICE utilizes debt carefully to acquire valuable companies

ICE allocates free cash flow in a defined and effective way

# PREDICTABLE AND CONSISTENT

Diversified Revenues

Recurring Revenues

Management's  
strategies of acquisition  
and investment have  
consistently generated  
returns

# COMPETENT MANAGEMENT

40  
Years



**Jeffrey**

**King of digital networks & acquisitions**

**Pioneer of trading marketplaces**



**Benjamin**

**Expert in mortgage industry**

**2 decades of experience**



**Warren**

**Expert in analyzing companies**

**2 decades of experience**

# RECOMMENDATION

Companies that embody all our most important metrics over long periods of time rarely trade at attractive multiples

## Buy Outright

- 500 Shares
- \$95 - \$105 price target
- 3% of Portfolio

# INTERCONTINENTAL EXCHANGE

Question and Answer Session

# APPENDIX

Additional  
Resources

Content  
Definitions

# INTERCONTINENTAL EXCHANGE

Additional Resources



# ADJUSTMENTS TO IOFS

## Non-operating income adjustments:

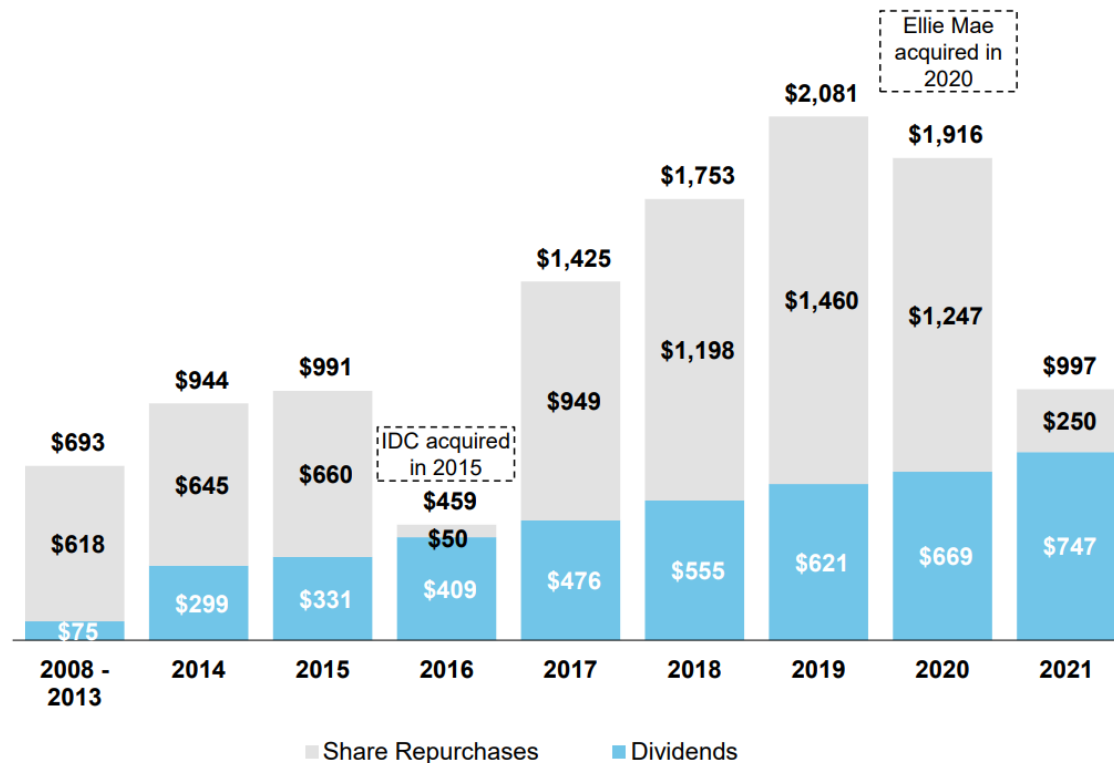
Net income attributable to ICE common stockholders	\$ 1,446	\$ 4,058	\$ 2,089
Add: Amortization of acquisition-related intangibles	610	622	388
Add: Transaction and integration costs and acquisition-related success fees	91	98	101
Less: Gain on sale and fair value adjustment of equity investments and dividends received, net	(41)	(1,321)	(55)
Less: Gain on deconsolidation of Bakkt	—	(1,419)	—
Add/(Less): Net losses/(income) from and impairment of unconsolidated investees	1,340	42	(71)
Add: Net interest expense on pre-acquisition-related debt and debt extinguishment	89	4	19
Add: Other	9	9	51
Add/(Less): Net income tax effect for the above items and deferred tax adjustments	(579)	587	(109)
Add: Deferred tax adjustments on acquisition-related intangibles	9	183	36
Adjusted net income attributable to ICE common stockholders	<u>\$ 2,974</u>	<u>\$ 2,863</u>	<u>\$ 2,449</u>
Diluted earnings per share attributable to ICE common stockholders	<u>\$ 2.58</u>	<u>\$ 7.18</u>	<u>\$ 3.77</u>
Adjusted diluted earnings per share attributable to ICE common stockholders	<u>\$ 5.30</u>	<u>\$ 5.06</u>	<u>\$ 4.41</u>
Diluted weighted average common shares outstanding	<u>561</u>	<u>565</u>	<u>555</u>

# SENIOR NOTES LISTING

	As of December 31,	
	2022	2021
Debt:		
Short-term debt:		
Commercial Paper	\$ —	\$ 1,012
2022 Senior Notes (2.35% senior notes due September 15, 2022)	—	499
Other short-term debt	4	10
<b>Total short-term debt</b>	<b>4</b>	<b>1,521</b>
Long-term debt:		
2023 Senior Notes (0.70% senior notes due June 15, 2023)	—	997
2023 Senior Notes (3.45% senior notes due September 21, 2023)	—	399
2023 Senior Notes (4.00% senior notes due October 15, 2023)	—	797
2025 Senior Notes (3.65% senior notes due May 23, 2025)	1,243	—
2025 Senior Notes (3.75% senior notes due December 1, 2025)	1,247	1,246
2027 Senior Notes (4.00% senior notes due September 15, 2027)	1,487	—
2027 Senior Notes (3.10% senior notes due September 15, 2027)	498	497
2028 Senior Notes (3.75% senior notes due September 21, 2028)	594	594
2029 Senior Notes (4.35% senior notes due June 15, 2029)	1,240	—
2030 Senior Notes (2.10% senior notes due June 15, 2030)	1,235	1,234
2032 Senior Notes (1.85% senior notes due September 15, 2032)	1,485	1,483
2033 Senior Notes (4.60% senior notes due March 15, 2033)	1,488	—
2040 Senior Notes (2.65% senior notes due September 15, 2040)	1,231	1,230
2048 Senior Notes (4.25% senior notes due September 21, 2048)	1,231	1,230
2050 Senior Notes (3.00% senior notes due June 15, 2050)	1,221	1,220
2052 Senior Notes (4.95% senior notes due June 15, 2052)	1,464	—
2060 Senior Notes (3.00% senior notes due September 15, 2060)	1,471	1,470
2062 Senior Notes (5.20% senior notes due June 15, 2062)	983	—
<b>Total long-term debt</b>	<b>18,118</b>	<b>12,397</b>
<b>Total debt</b>	<b>\$ 18,122</b>	<b>\$ 13,918</b>

# CAPITAL RETURN PHILOSOPHY

## Strong Capital Return



## Capital Return Philosophy

### Dividend Growth

- Grow the dividend as the company grows
- Double-digit increase on avg. since 2013; 1Q22 dividend +15% y/y

### Share Repurchases

- 100% of excess FCF, net of strategic M&A & dividends, allocated to share repurchases

### Strong Capital Return

- Nearly \$1B returned to shareholders in 2021
- Achieved target leverage nearly a year ahead of schedule after Ellie Mae transaction

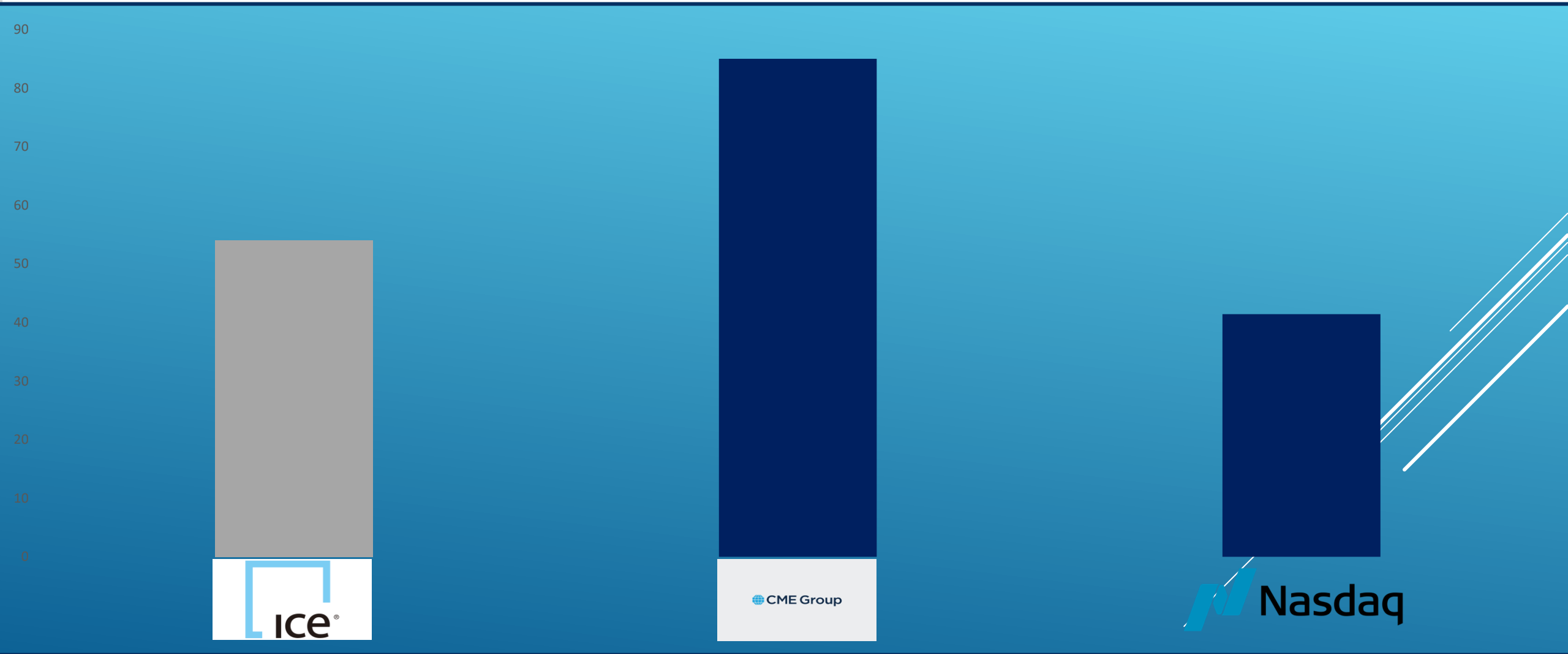
# MANAGEMENT COMPENSATION

Name and Position	Base Salary as of June 1, 2021 (\$)(1)	2021 Target Annual Bonus (% of Base Salary)(2)	Target Equity Compensation (\$)(3)	(\$)
<b>Jeffrey C. Sprecher</b> Chair and Chief Executive Officer	\$1,050,000	250%	\$10,750,000	\$14,425,000
<b>A. Warren Gardiner (4)</b> Chief Financial Officer	\$550,000	125%	\$1,250,000	\$2,487,500
<b>Benjamin R. Jackson</b> President, Intercontinental Exchange	\$725,000	200%	\$3,750,000	\$5,925,000

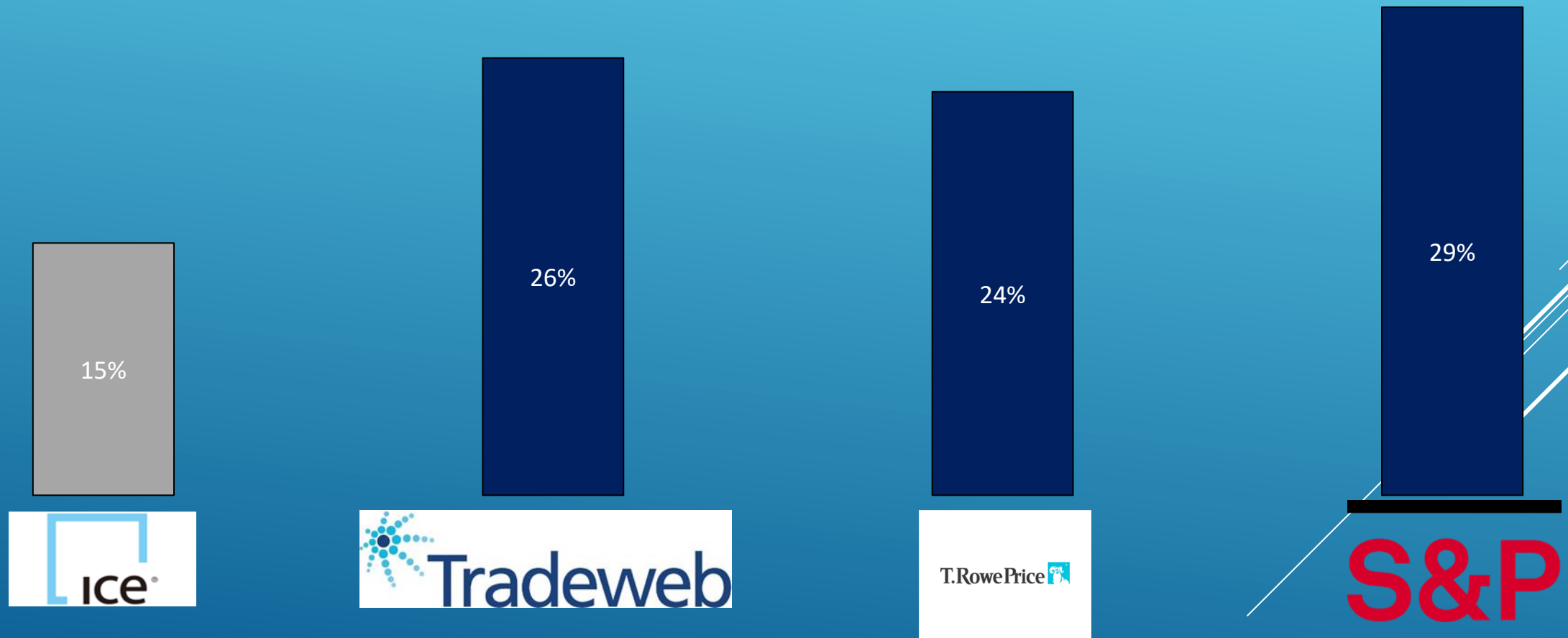
# EPS PROJECTION INPUTS BUYBACKS

FCF > NI		2023	2024	2025	2026	2027	SO 559,000,000
5yr CAGR	12%	↓	↓	↓	↓	↓	
Dividends	853M	955M	1.1B	1.2B	1.26B	1.3B	Net Income
Debt		2.4B	2.5B	1.5B	1.6B	1.7B	
		0	0	1.1B	1.2B	1.3B	Excess FCF/Buybacks
Price		\$99	\$120	\$140	\$160	\$180	
Buyback Rate		0%	0%	1%	1%	1%	

# EXCHANGE – GROSS MARGIN > 40%



# FIXED INCOME & DATA SERVICES – OPERATING MARGIN



# EXCHANGE – NET MARGIN > 15%





# FIXED INCOME & DATA SERVICES – GROSS, OPERATING, NET MARGINS



# MORTGAGE TECHNOLOGY – NET MARGINS

