



BUY: Intercontinental Exchange (NYSE:ICE)

Financials Sector

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Company Overview

Intercontinental Exchange operates global exchanges, clearing houses, and provides mortgage technology, data, and listing services

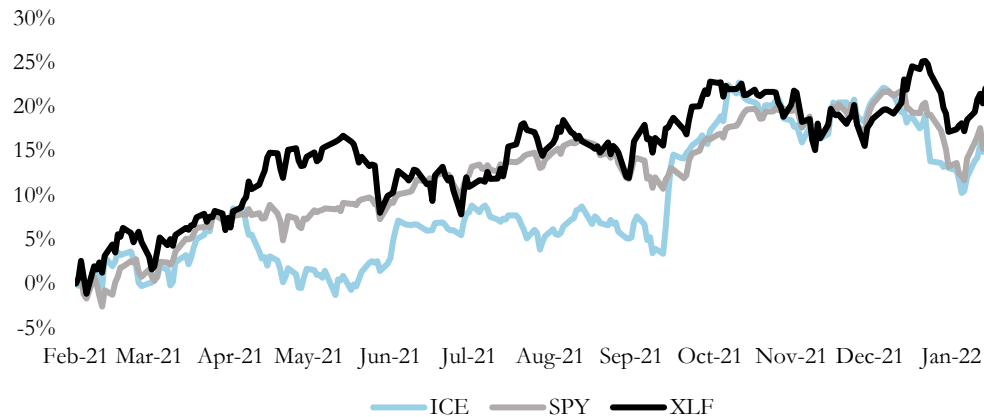
Key Statistics

Share Price	\$127.92
52-week range	\$109.04 - \$139.79
Market Cap	\$69.5bn
TTM EBITDA	\$4.2bn
P/E Ratio	25.0x
TTM EV/EBITDA	25.3x

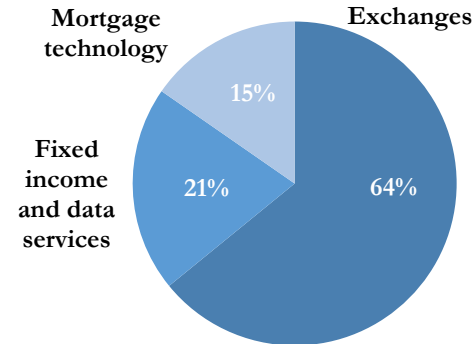
Business Segments

Fixed Income & Data	Comprehensive fixed income data and analytics solutions
Exchanges	Global futures network, the NYSE, and other exchanges
Mortgage Technology	Digitization of the U.S. residential mortgage process

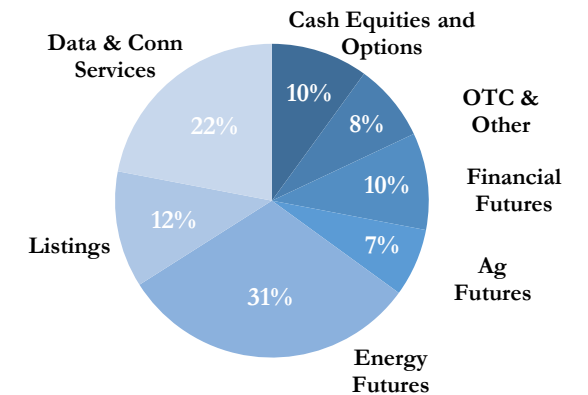
Historical Price Performance



Revenue by Segment

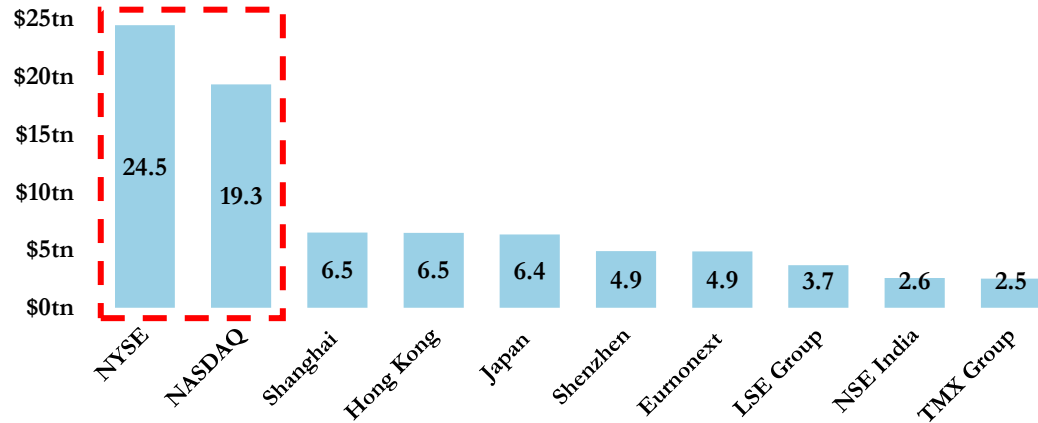


Exchanges Revenue

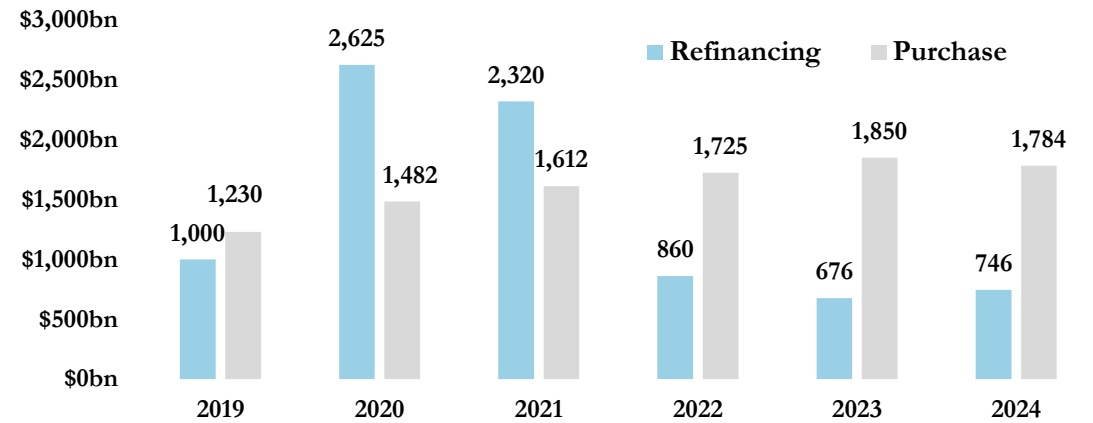


Industry Overview

Global Exchange Market Capitalization

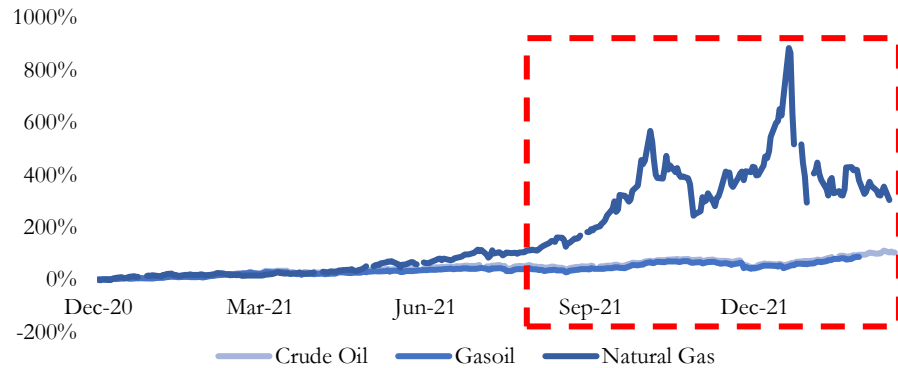


Mortgage Origination Transformation¹



Commodity Prices

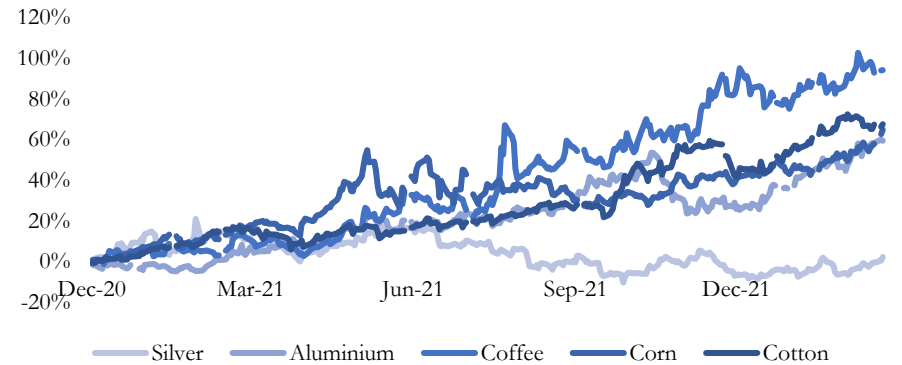
Oil and Gas



Rising global energy prices due to **supply/demand imbalance** and macroeconomic uncertainty

Elevated agri. commodity prices will likely remain as supported by **inflation & shortage of labor**

Agriculture and Metal

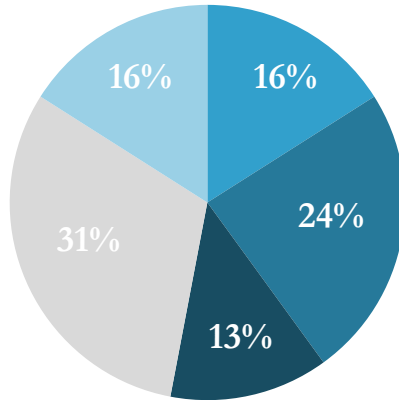


1. Source: Mortgage Bankers Association

Exceptional Cash Flow Generation

Diversified Recurring Revenue

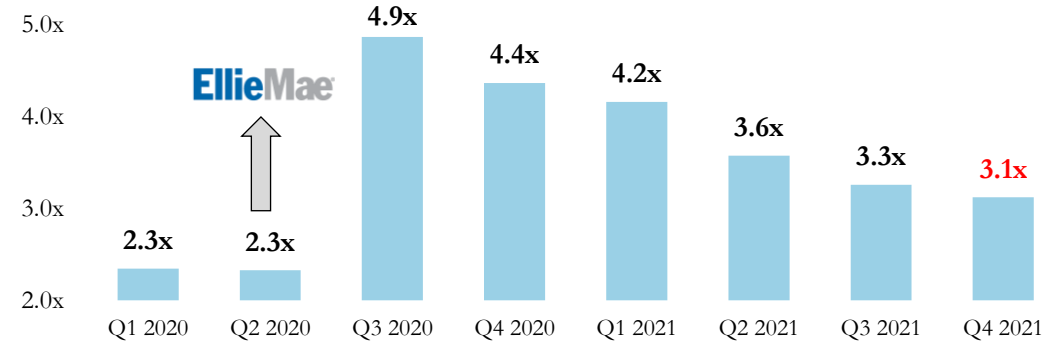
- Mortgage Technology
- Exchange Data & Conn Svcs
- Listings
- Fixed Income Data & Analytics
- Other Data & Network Svcs



+10% in Recurring Revenue FY 2021

49.1% of Total Revenue

Total Debt/TTM EBITDA



\$5.6 Billion Available for M&A

New York Stock Exchange



Leading equities exchange in size and liquidity

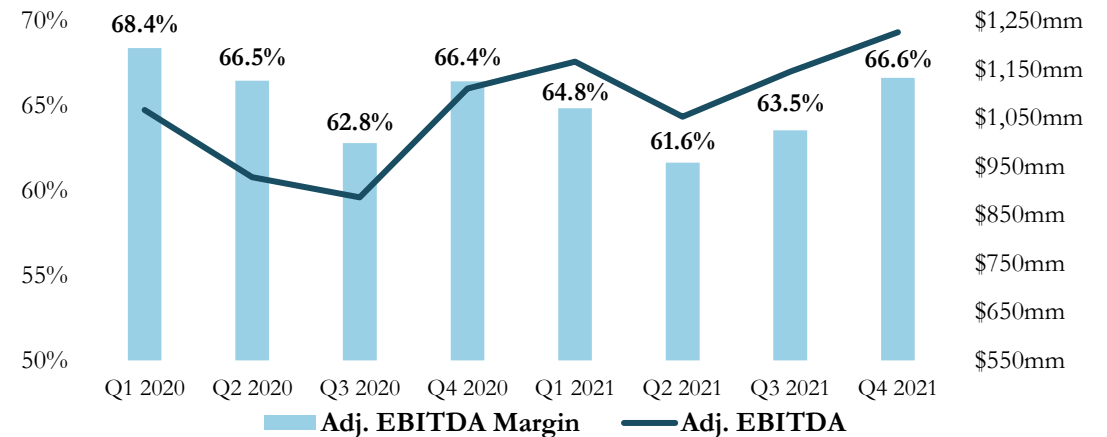
74% of the S&P 500 and 83% of the DOW listed

68% of US tech proceeds raised since 2014

Effective duopoly with NASDAQ

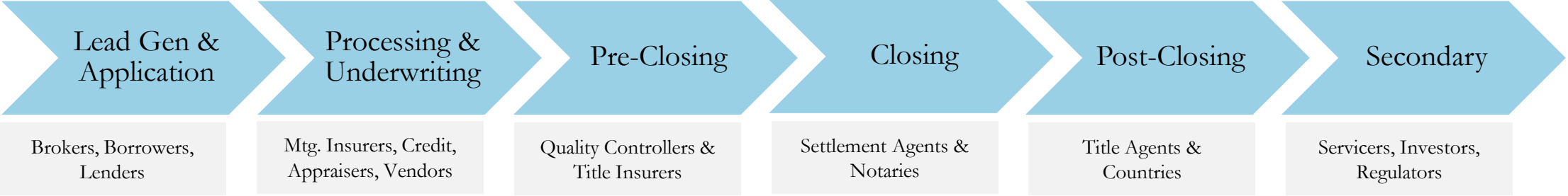
Median listing market cap 7x closest peer

Operating Margins



Mortgage Technology Platform

Increases workflow efficiency through connecting the key players across the mortgage origination within an **end-to-end B2B digital network**



\$2,800
targeted customers saving per loan

EllieMae
End-to-end electronic workflow solutions serving U.S. residential mortgage industry

simplifile
Electronic signing and recording technology services

MERS
Recording and tracking changes in mortgage servicing rights and interests

8-10%
targeted annual growth rate

\$10bn Total Addressable Market

Financials Sector

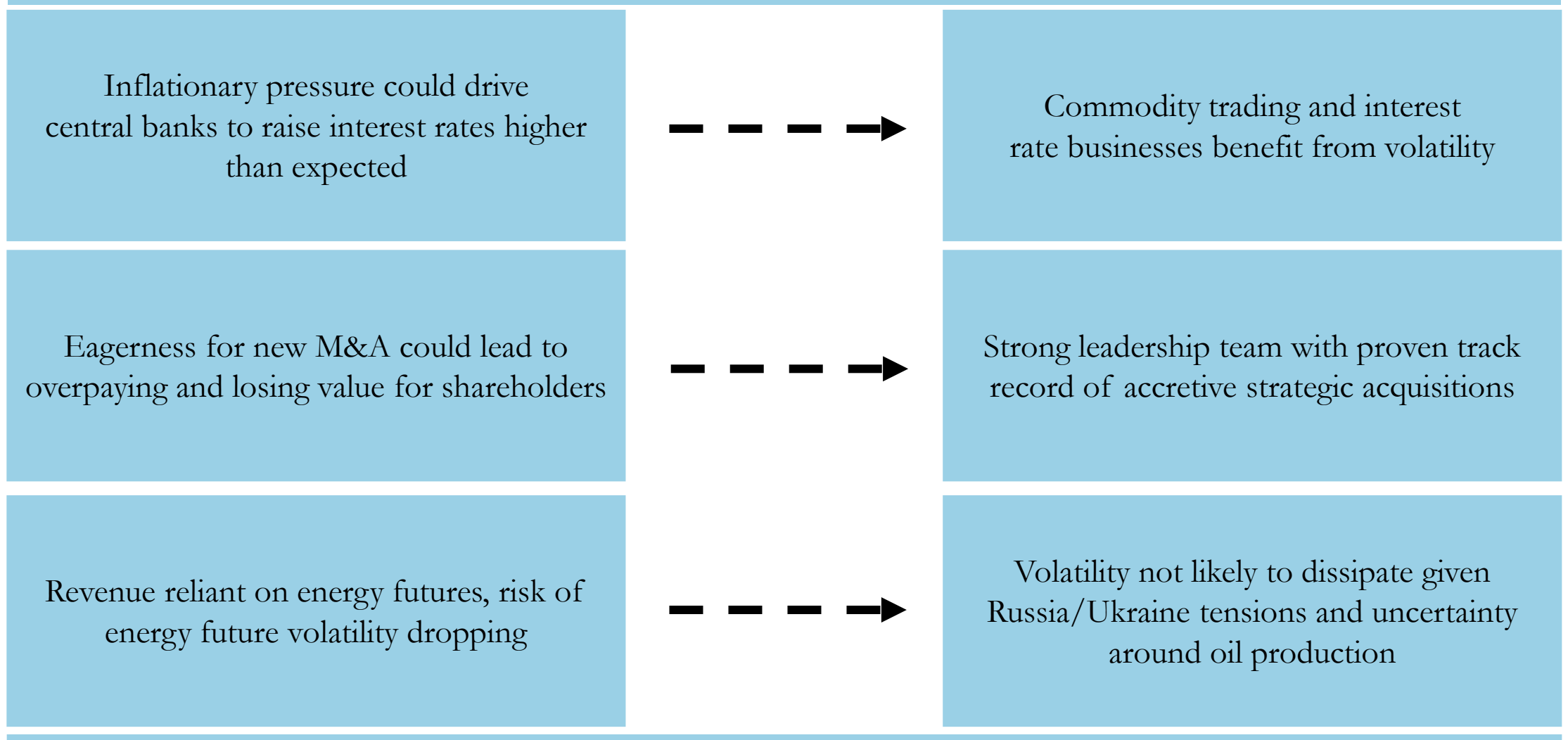
Valuation

			Current: \$127	Target: \$152	Sensitivity Analysis					
Intrinsic	DCF Multiples	FY23 EBITDA of 19.37x			Multiple					
	DCF GGM	Terminal Growth Rate of 2.75%				17.37x	18.37x	19.37x	20.37x	21.37x
Market	EV/2023E EBITDA	FY3 EBITDA of \$4.8B			5.87%	141.30	149.04	156.77	164.51	172.25
	EV/2022E EBITDA	FY2 EBITDA of \$5.0B			6.22%	139.32	146.94	154.56	162.19	169.81
	2023E P/E	FY3 Earnings of \$3.0B			6.57%	137.38	144.89	152.40	159.91	167.42
	2022E P/E	FY2 Earnings of \$2.9B			6.92%	135.47	142.87	150.27	157.67	165.07
						7.27%	133.59	140.88	148.17	155.47
Hist.	52-Week Range	Trading at 91% of 52 Week High			Analyst Ratings					
	Analyst Estimates	Average PT of \$153			Raymond James	STRONG BUY		\$161		
					Jefferies	BUY		\$161		
					Atlantic Equities	BUY		\$160		
					Credit Suisse	BUY		\$160		
					JP Morgan	BUY		\$155		

Financials Sector

Risks to Investment

Financials Sector



Thank you! Questions?



BINGHAMTON INVESTMENT FUND

Appendix

Appendix A: Projected IS

Appendix B: Projected BS

Appendix C: Cash Flow

Appendix D: Working Capital

Appendix E: Revenue Build

Appendix F: Model

Appendix G: Comps

Appendix H: WACC

Appendix I: Recent Investments

Appendix J: Strategic Investment into tZero

Appendix K: Expansion into Crypto/NFT Space

Appendix A: Projected IS

Intercontinental Exchange, Inc.								
Income Statement								
Fiscal year ended	FY 2019	FY 2020	FY 2021	2022E	2023E	2024E	2025E	2026E
<i>(in millions, except per share data)</i>								
Revenue:								
Revenue	6,547	8,244	9,168	9,746	10,215	10,673	11,094	11,448
Transaction-based expenses:								
Section 31 fees	379	622	248	521	546	571	593	612
Cash liquidity payments, routing and clearing	966	1,586	1,774	1,733	1,816	1,898	1,973	2,036
Gross profit	5,202	6,036	7,146	7,492	7,853	8,205	8,528	8,801
Expenses:								
Compensation and benefits	1,042	1,188	1,462	1,503	1,576	1,646	1,711	1,766
Professional services	125	144	159	175	184	192	199	206
Acquisition-related transaction and integration costs	2	105	102					
Technology and communication	469	549	666	685	718	750	780	805
Rent and occupancy	68	81	84	95	100	105	109	112
Selling, general and administrative	161	185	215	229	240	251	261	269
Depreciation and amortization	662	751	1,009	751	748	703	695	681
Total expenses	2,529	3,003	3,697	3,439	3,565	3,647	3,754	3,838
EBIT	2,673	3,033	3,449	4,053	4,287	4,558	4,774	4,962
Other income	93	90	2,672	122	128	134	139	144
Interest expense	(285)	(357)	(423)	(432)	(452)	(473)	(491)	(507)
EBT	2,481	2,766	5,698	3,744	3,963	4,219	4,422	4,599
Income tax expense	521	658	1,629	880	931	992	1,083	1,127
Noncontrolling interest	(27)	(19)	(11)					
Net income	1,933	2,089	4,058	2,864	3,032	3,228	3,339	3,472

Appendix B: Balance Sheet

Intercontinental Exchange, Inc. Balance Sheet				Intercontinental Exchange, Inc. Balance Sheet			
Fiscal year ended	FY 2019	FY 2020	FY2021	Fiscal year ended	FY 2019	FY 2020	FY2021
<i>(in millions, except per share data)</i>							
Assets				Current liabilities:			
Current assets:				Accounts payable and accrued liabilities	505	639	703
Cash and cash equivalents	\$ 841	\$ 583	\$ 607	Section 31 fees payable	138	207	57
Short-term restricted cash and cash equivalents	943	1,000	1,035	Accrued salaries and benefits	291	346	354
Margin deposits, guaranty funds and delivery contracts receivable	64,987	84,083	150,429	Deferred revenue	129	158	194
Customer accounts receivable	988	1,230	1,208	Short-term debt	2,569	2,411	1,521
Prepaid expenses and other current assets	220	323	1,021	Margin deposits, guaranty funds and delivery contracts payable	64,987	84,083	150,429
Total current assets	67,979	87,219	154,300	Other current liabilities	197	155	153
Property and equipment, net	1,536	1,713	1,699	Total current liabilities	68,816	87,999	153,411
Other non-current assets:				Non-current liabilities:			
Goodwill	13,342	21,291	21,123	Non-current deferred tax liability, net	2,314	3,563	4,100
Other intangible assets, net	10,258	14,408	13,736	Long-term debt	5,250	14,126	12,397
Long-term restricted cash and cash equivalents	404	408	398	Accrued employee benefits	198	206	200
Other non-current assets	974	1,161	2,246	Non-current operating lease liability	281	320	252
Total other non-current assets	24,978	37,268	37,503	Other non-current liabilities	270	359	394
Total assets	\$ 94,493	\$ 126,200	\$ 193,502	Total non-current liabilities	8,313	18,574	17,343
				Total liabilities	\$ 77,129	\$ 106,573	\$ 170,754

Appendix C: Cash Flow Statement

Intercontinental Exchange, Inc.				Intercontinental Exchange, Inc.			
Statement of Cash Flow				Statement of Cash Flow			
Fiscal year ended	FY 2019	FY 2020	FY 2021	Fiscal year ended	FY 2019	FY 2020	FY 2021
<i>(in millions, except per share data)</i>				<i>(in millions, except per share data)</i>			
Operating activities:				Financing activities:			
Net income	\$ 1,960	\$ 2,108	\$ 4,069	Proceeds from debt facilities, net	10	9,606	-
Adjustments to reconcile net income to net cash provided by operating activities:				Repayments of debt facilities	-	(2,004)	(1,246)
Depreciation and amortization	662	751	1,009	Proceeds from/(redemption of) commercial paper, net	360	1,094	
Stock-based compensation	139	139	188	Repurchases of common stock	(1,460)	(1,247)	(250)
Deferred taxes	(33)	92	537	Dividends to stockholders	(621)	(669)	(747)
Gain on deconsolidation of Bakkt	-	-	(1,419)	Change in cash and cash equivalent margin deposits and guaranty funds	1,329	19,256	65,697
Gain on sale of Coinbase investment	-	-	(1,227)	Payments relating to treasury shares received for restricted stock tax payments and stock option exercises	(65)	(74)	(70)
Gain on equity investments	-	(55)	(34)	Other	23	38	35
Net losses/(income) from unconsolidated investees	(62)	(71)	42	Net cash provided by (used in) financing activities	(424)	26,000	62,026
Other	22	46	45	Effect of exchange rate changes on cash, cash equivalents, restricted cash and cash equivalents, and cash and cash equivalent margin deposits and guaranty funds	4	8	(6)
Changes in assets and liabilities:				Net increase in cash, cash equivalents, restricted cash and cash equivalents, and cash and cash equivalent margin deposits and guaranty funds	499	18,528	64,357
Customer accounts receivable	(30)	(149)	(5)	Beginning of year	64,592	65,091	83,619
Other current and non-current assets	(17)	(83)	(100)	End of year	65,091	83,619	147,976
Section 31 fees payable	34	69	(150)	Supplemental cash flow disclosures:			
Deferred revenue	(18)	2	34	Common stock issued for acquisition	-	1,895	-
Other current and non-current liabilities	2	32	134	Cash paid for income taxes	557	642	1,057
Total adjustments	699	773	(946)	Cash paid for interest	280	298	406
Net cash provided by operating activities	2,659	2,881	3,123				
Investing activities:							
Capital expenditures	(153)	(207)	(179)				
Capitalized software development costs	(152)	(203)	(273)				
Cash paid for acquisitions, net of cash acquired	(352)	(9,446)	(66)				
Return of capital from equity method investment	60	-	-				
Purchase of equity method investment	-	-	(117)				
Proceeds from the sale of Coinbase investment	-	-	1,237				
Proceeds from other investments, net	9	4	1				
Purchases of invested margin deposits	(1,890)	(3,371)	(5,050)				
Proceeds from sale of invested margin deposits	744	2,840	3,661				
Other	(6)	22	-				
Net cash used in investing activities	(1,740)	(10,361)	(786)				

Appendix D: Working Capital

Intercontinental Exchange, Inc.								
Working Capital								
Fiscal year ended	FY 2019	FY 2020	FY 2021	2022E	2023E	2024E	2025E	2026E
<i>(in millions, except per share data)</i>								
Current assets:								
Customer accounts receivable	988	1,230	1,208	1,403	1,471	1,537	1,597	1,648
Prepaid expenses and other current assets	220	323	1,021	598	627	655	681	703
Total current assets	1,208	1,553	2,229	2,001	2,098	2,192	2,278	2,351
Current liabilities:								
Accounts payable and accrued liabilities	505	639	703	751	788	823	855	883
Other current liabilities	974	1,161	2,246	1,737	1,820	1,902	1,977	2,040
Total current liabilities	1,479	1,800	2,949	2,488	2,608	2,725	2,832	2,923
NWC	(271)	(247)	(720)	(487)	(510)	(533)	(554)	(572)
Change in NWC		24	(473)	233	(23)	(23)	(21)	(18)
Net working capital drivers:								
Current assets:								
AR turnover	15%	15%	13%	14%	14%	14%	14%	14%
DSO	55	54	48	53	53	53	53	53
Prepaid expenses and other current assets as a % of Sales	3.4%	3.9%	11.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Current liabilities:								
AP turnover	7.7%	7.8%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
DPO	28	28	28	28	28	28	28	28
Other current liabilities as a % of Sales	14.9%	14.1%	24.5%	17.8%	17.8%	17.8%	17.8%	17.8%

Appendix E: Revenue Build

Intercontinental Exchange, Inc.

Revenue Forecast

Fiscal year ended	FY 2019	FY 2020	FY 2021	2022E	2023E	2024E	2025E	2026E
<i>(in millions, except per share data)</i>								
Revenue:								
Exchanges:								
Energy futures and options	992	1,120	1,236	1,405	1,531	1,654	1,753	1,823
Agricultural and metals futures and options	251	245	228	244	262	279	293	302
Financial futures and options	332	357	394	419	440	457	473	485
Cash equities and equity options	1,643	2,585	2,377	2,460	2,509	2,572	2,636	2,689
OTC and other	233	296	326	357	379	405	437	464
Data and connectivity services	752	790	838	904	949	987	1,016	1,042
Listings	449	446	479	503	523	539	555	574
Total exchanges revenue	4,652	5,839	5,878	6,291	6,593	6,893	7,164	7,379
Fixed income and data services:								
Fixed income execution	83	70	52	51	52	53	54	55
CDS clearing	214	208	192	196	198	201	204	208
Fixed income data and analytics	969	1,018	1,082	1,144	1,205	1,262	1,314	1,362
Other data and network services	490	514	557	594	633	667	695	719
Total Fixed income and data services revenue	1,756	1,810	1,883	1,984	2,089	2,183	2,268	2,344
Mortgage technology:								
Origination technology		316	971	1,014	1,056	1,098	1,139	1,180
Closing solutions	135	238	310	322	335	348	362	377
Data and analytics		22	73	79	86	93	100	107
Other	4	19	53	55	56	58	60	61
Total mortgage technology revenue	139	595	1,407	1,470	1,534	1,597	1,662	1,726
Total revenue	6,547	8,244	9,168	9,746	10,215	10,673	11,094	11,448

Appendix F: Model

Intercontinental Exchange, Inc.									Terminal Value Calculation			
Discounted Cash Flow Model												
Fiscal year ended	EY 2019	EY 2020	2021E	2022E	2023E	2024E	2025E	2026E				
<i>(in millions, except per share data)</i>												
Free cash flow:									Growth rate		Multiple method	
Revenue	6,547	8,244	9,168	9,746	10,215	10,673	11,094	11,448	Terminal Cash Flow	3,979	Terminal revenue	5,643
EBIT	2,673	3,033	3,449	4,053	4,287	4,558	4,774	4,962	WACC	6.58%	WACC	6.58%
Taxes	521	658	1,629	880	931	992	1,083	1,127	Terminal growth rate	2.75%	EV/'23 EBITDA	19.37x
NOPAT	2,152	2,375	1,820	3,173	3,356	3,566	3,690	3,836	Terminal value	106,821	Terminal value	109,294
									PV of terminal value	80,198	PV of terminal value	82,054
D&A	662	751	1,009	751	748	703	695	681	Enterprise value	95,919	Enterprise value	97,775
CapEx	305	410	452	473	495	518	538	555	Debt	12,397	Debt	12,397
Change in NWC	-	24	(473)	233	(23)	(23)	(21)	(18)	Cash	607	Cash	607
FCFF	2,509	2,692	2,850	3,219	3,632	3,775	3,868	3,979	Equity value	84,129	Equity value	85,985
Discount factor				0.5	1.5	2.5	3.5	4.5	Diluted shares outstanding	564	Diluted shares outstanding	564
PV of cash flows				3,118	3,301	3,219	3,095	2,987	Price/share	149.08	Price/share	152.37
Drivers:									Premium/ (discount)	20.52%	Premium/ (discount)	23.18%
Revenue growth		25.9%	11.2%	6.3%	4.8%	4.5%	3.9%	3.2%				
EBIT margin	40.8%	36.8%	37.6%	41.6%	42.0%	42.7%	43.0%	43.3%				
Tax rate	21.0%	23.8%	28.6%	23.5%	23.5%	23.5%	24.5%	24.5%				
D&A as a % of CapEx	217.0%	183.2%	223.2%	159.0%	151.0%	135.9%	129.1%	122.7%				
CapEx as a % of revenue	4.7%	5.0%	4.9%	4.8%	4.8%	4.8%	4.8%	4.8%				

Financials Sector

		Gordon Growth				
		2.25%	2.50%	2.75%	3.00%	3.25%
WACC	6.27%	143.56	152.96	163.70	176.07	190.50
	6.42%	137.73	146.40	156.25	167.55	180.62
	6.57%	132.30	140.32	149.39	159.74	171.64
	6.72%	127.23	134.67	143.05	152.56	163.43
	6.87%	122.49	129.41	137.17	145.93	155.90

		Multiple				
		17.37x	18.37x	19.37x	20.37x	21.37x
WACC	6.27%	139.05	146.66	154.27	161.87	169.48
	6.42%	138.22	145.78	153.33	160.89	168.45
	6.57%	137.39	144.90	152.41	159.92	167.43
	6.72%	136.57	144.03	151.49	158.95	166.42
	6.87%	135.75	143.17	150.58	158.00	165.41

Appendix G: Comps

Intercontinental Exchange, Inc.

Comparable Company Analysis

(in millions, except per share data)

Company	Ticker	Price	LTM EV/EBITDA	'22 EV/EBITDA	'23 EV/EBITDA	LTM P/E	'22 P/E	'23 P/E
Intercontinental Exchange	ICC	123.69	25.28x	16.92x	16.14x	17.23x	24.40x	23.05x
CME Group	CME	236.62	27.04x	24.46x	22.48x	32.24x	33.56x	30.14x
Nasdaq Inc	NDAQ	171.54	18.98x	17.30x	16.25x	24.33x	24.97x	22.96x
Cboe Global Markets	CBOE	118.81	13.66x	13.59x	13.05x	24.20x	21.56x	20.10x
MarketAxess Holdings Inc.	MKTX	372.01	33.89x	31.24x	27.64x	54.95x	48.63x	42.96x

Appendix H: WACC

WACC Calculation		Weighted Average of Debt					
<i>(in millions, except per share data)</i>		2021 10-K					
		\$ in millions	Due	Debt	Yield	Weight	Contribution
Risk free rate (U.S. 10-year T-bill)	1.93%	Intercontinental Exchange Senior					
Market Return	9.00%	0.7% senior notes	6/15/23	997	1.61%	8.04%	0.13%
Equity risk premium	7.07%	3.45% senior notes	9/21/23	399	1.74%	3.22%	0.06%
Beta	0.77	4.00% senior notes	10/15/23	797	1.74%	6.43%	0.11%
Cost of Equity	7.34%	3.75% senior notes	12/1/25	1,246	2.31%	10.05%	0.23%
		3.10% senior notes	9/15/27	497	2.54%	4.01%	0.10%
		3.75% senior notes	9/21/28	594	2.80%	4.79%	0.13%
Weighted Average of Yields	2.96%	2.10% senior notes	6/15/30	1,234	3.00%	9.95%	0.30%
Tax rate	23.50%	1.85% senior notes	9/15/32	1,483	3.11%	11.96%	0.37%
Cost of debt after taxes	2.26%	2.65% senior notes	9/15/40	1,230	3.52%	9.92%	0.35%
		4.25% senior notes	9/21/48	1,230	3.70%	9.92%	0.37%
Stock price	123.69	3.00% senior notes	6/15/50	1,220	3.70%	9.84%	0.36%
Shares outstanding	564	3.00% senior notes	9/15/60	1,470	3.71%	11.86%	0.44%
MV of equity	69,802	Totals		12,397			2.96%
MV of debt	12,397						
Weight of equity	84.92%						
Weight of debt	15.08%						
WACC	6.58%						

Appendix J: Strategic Investment into tZero

Intercontinental Exchange Announces Strategic Investment in tZERO Group, Inc.

Longtime ICE executive David Goone to be named tZERO's new Chief Executive Officer



- Operates an SEC-regulated alternative trading system and broker-dealer in the digital asset space and is a technology firm with the goal of democratizing access to capital markets.
- Brings together issuers and financial firms seeking a transparent, automated, digitally enabled marketplace and investors seeking access to unique private assets, public equities, cryptocurrencies, and other digital assets, including non-fungible tokens.

Appendix K: Expansion into Crypto/NFT Space

Trademark/Service Mark Application, Principal Register

Serial Number: 97261560

Filing Date: 02/10/2022

“Financial exchange of virtual currency in the field of digital currency, virtual currency, cryptocurrency, digital tokens, crypto tokens, utility tokens, and non-fungible tokens (NFTs)” – Section 1(b)