

CME Group

3Q 2018 Earnings

Q&A Conference Call

APPENDIX SLIDES

October 25, 2018

As a replacement to formal conference call prepared remarks, please see the CME Group 3Q 2018 Quarterly Earnings Commentary document posted with all other CME Group 3Q 2018 earnings documents at the following link:
<http://investor.cmegroup.com/investor-relations/results.cfm>

Forward Looking Statements

Statements in this presentation that are not historical facts are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. We want to caution you not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that might affect our performance are increasing competition by foreign and domestic entities, including increased competition from new entrants into our markets and consolidation of existing entities; our ability to keep pace with rapid technological developments, including our ability to complete the development, implementation and maintenance of the enhanced functionality required by our customers while maintaining reliability and ensuring that such technology is not vulnerable to security risks; our ability to continue introducing competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and our ability to maintain the competitiveness of our existing products and services, including our ability to provide effective services to the swaps market; our ability to adjust our fixed costs and expenses if our revenues decline; our ability to maintain existing customers, develop strategic relationships and attract new customers; our ability to expand and offer our products outside the United States; changes in regulations, including the impact of any changes in laws or government policy with respect to our industry, such as any changes to regulations and policies that require increased financial and operational resources from us or our customers; the costs associated with protecting our intellectual property rights and our ability to operate our business without violating the intellectual property rights of others; decreases in revenue from our market data as a result of decreased demand; changes in our rate per contract due to shifts in the mix of the products traded, the trading venue and the mix of customers (whether the customer receives member or non-member fees or participates in one of our various incentive programs) and the impact of our tiered pricing structure; the ability of our financial safeguards package to adequately protect us from the credit risks of clearing members; the ability of our compliance and risk management methods to effectively monitor and manage our risks, including our ability to prevent errors and misconduct and protect our infrastructure against security breaches and misappropriation of our intellectual property assets; changes in price levels and volatility in the derivatives markets and in underlying equity, foreign exchange, interest rate and commodities markets; economic, political and market conditions, including the volatility of the capital and credit markets and the impact of economic conditions on the trading activity of our current and potential customers; our ability to accommodate increases in contract volume and order transaction traffic and to implement enhancements without failure or degradation of the performance of our trading and clearing systems; our ability to execute our growth strategy and maintain our growth effectively; our ability to manage the risks and control the costs associated with our strategy for acquisitions, investments and alliances; our ability to continue to generate funds and/or manage our indebtedness to allow us to continue to invest in our business; industry and customer consolidation; decreases in trading and clearing activity; the imposition of a transaction tax or user fee on futures and options on futures transactions and/or repeal of the 60/40 tax treatment of such transactions; our failure to maintain our brand's reputation; the unfavorable resolution of material legal proceedings and the uncertainties of the ultimate impact of the Tax Cut and Jobs Act. For a detailed discussion of these and other factors that might affect our performance, see our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q.

NOTE: Unless otherwise noted, all references to CME Group volume, open interest and rate per contract information in the text of this document is based on pro forma results assuming the merger with CBOT Holdings and the acquisition of NYMEX Holdings were completed as of the beginning of the period presented. All data exclude CME Group's non-traditional TRAKRSSM products, for which CME Group received significantly lower clearing fees of less than one cent per contract on average. Unless otherwise noted, all year, quarter and month to date volume is through 9/30/2018.

CME Group – Compelling Investment

Only Pure Play Derivatives Exchange

- Unmatched product diversity and 24 hour liquidity
- Leader in innovation
- Capital efficiency provides customer value
- Network effect similar to large technology companies
- Confidence in our markets, especially in times of stress
- Important partnership with S&P Financial, with “active to passive” trend underway

Positioned for Growth

- Focused on customer challenges / working collaboratively
- Oriented to attract order flow from adjacent markets
- Products have global appeal - have invested in global sales efforts
- World’s largest options on futures exchange
- Recurring customer relationships
- Valuable proprietary data

Several Potential Tailwinds

- Increasing global relevance of U.S. Energy products (WTI Crude Oil and Henry Hub Nat Gas benchmarks – increase in exporting)
- Fed Balance Sheet reduction
- Uncleared Margin Rule (especially within FX)
- FASB Hedge Accounting Rules
- Russell 2000 transition
- More stable regulatory environment in the U.S.

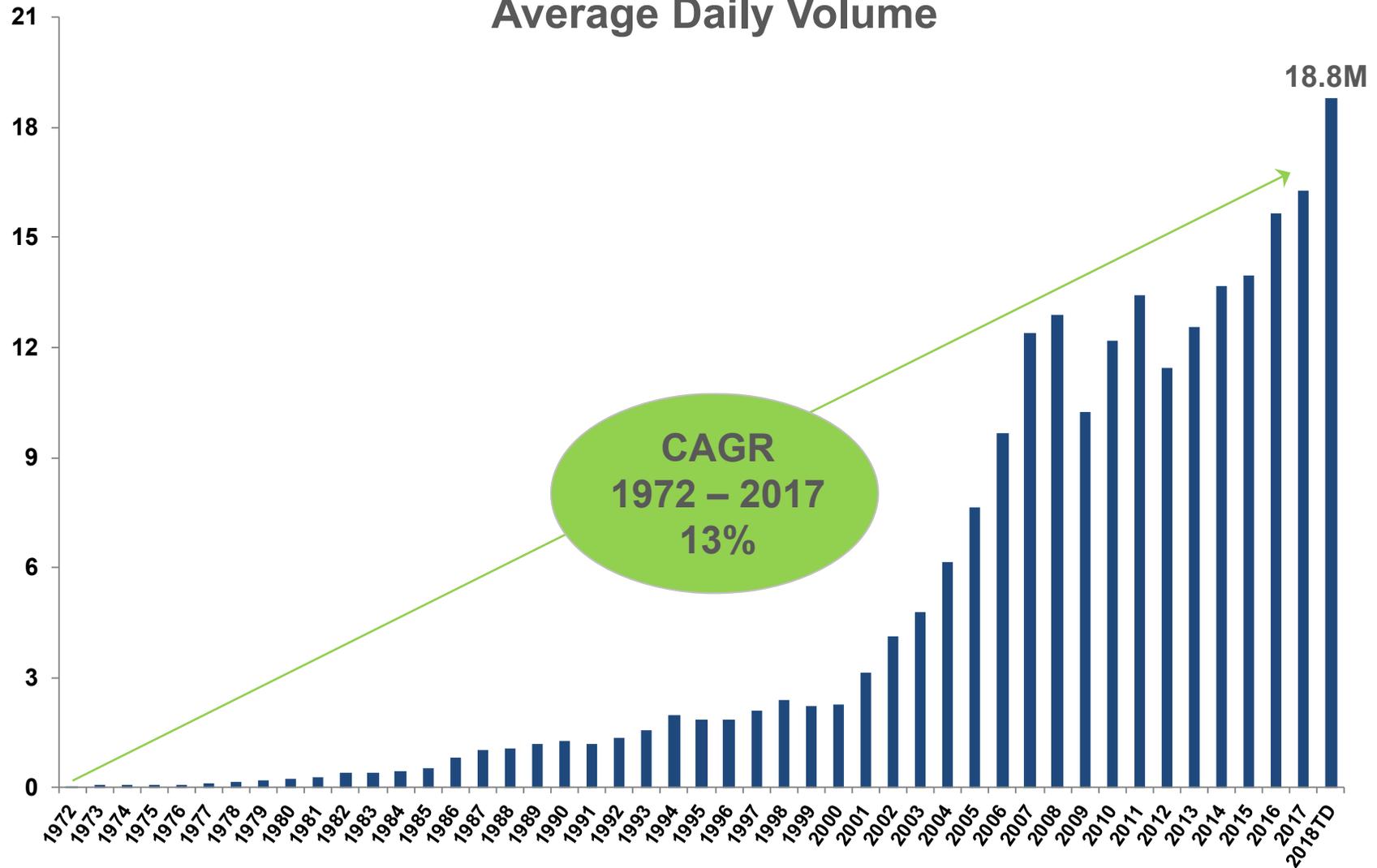
- Improved internal focus on execution and efficiency
- Do not take on trading risk like other financials

- Significant operating leverage / incremental margin over 90 percent
- Strong free cash flow generation / unique dividend structure

Long-Term Growth in a Variety of Environments

(round turns, in millions)

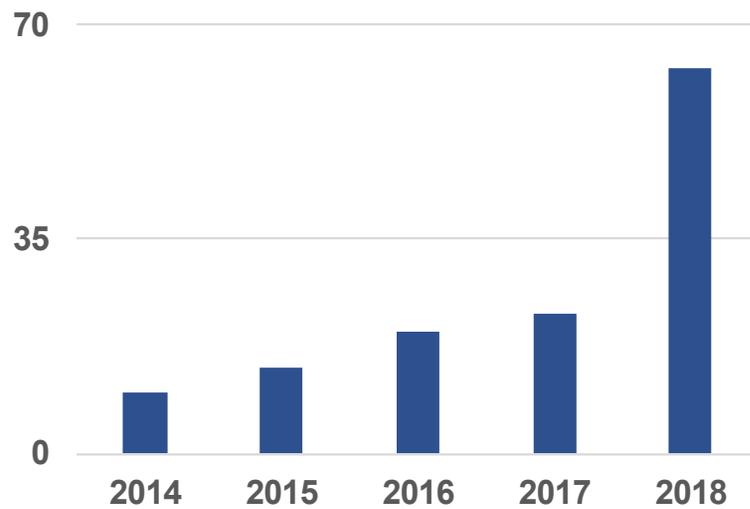
Pro Forma Average Daily Volume



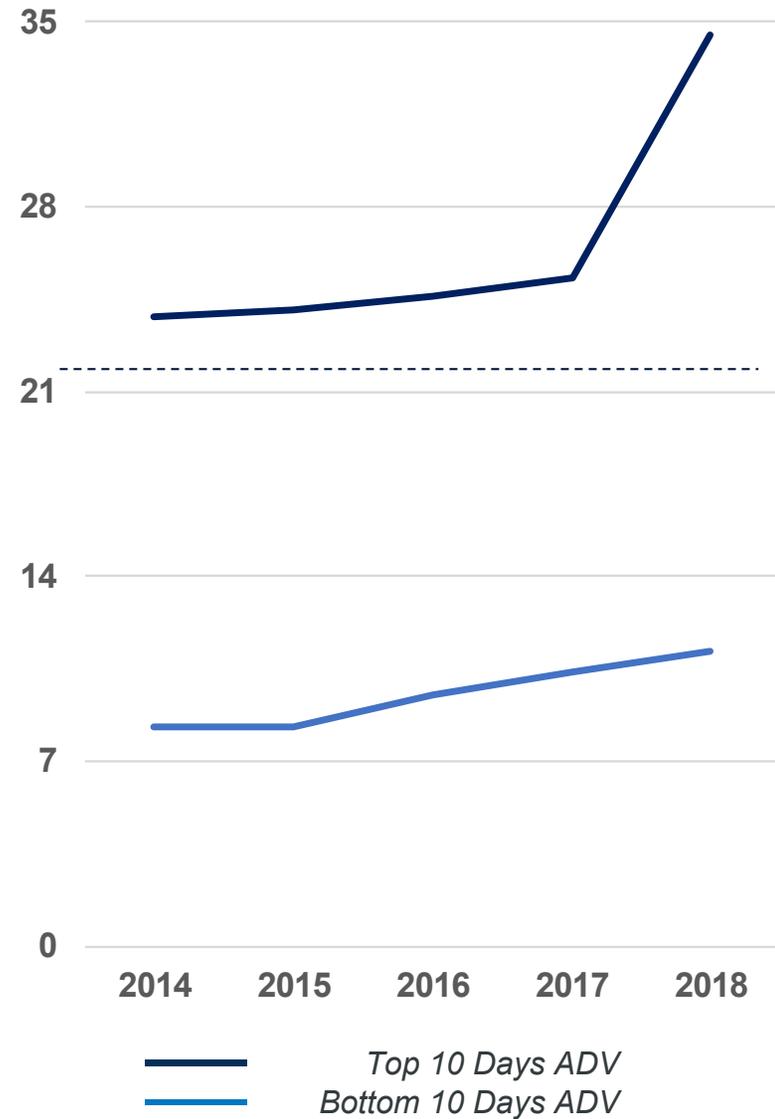
Note: Volumes are all pro forma as if CME owned NYMEX and CBOT over the illustrated period and 2018TD ADV is through 10/23/18

Significant Momentum in 2018 To Date

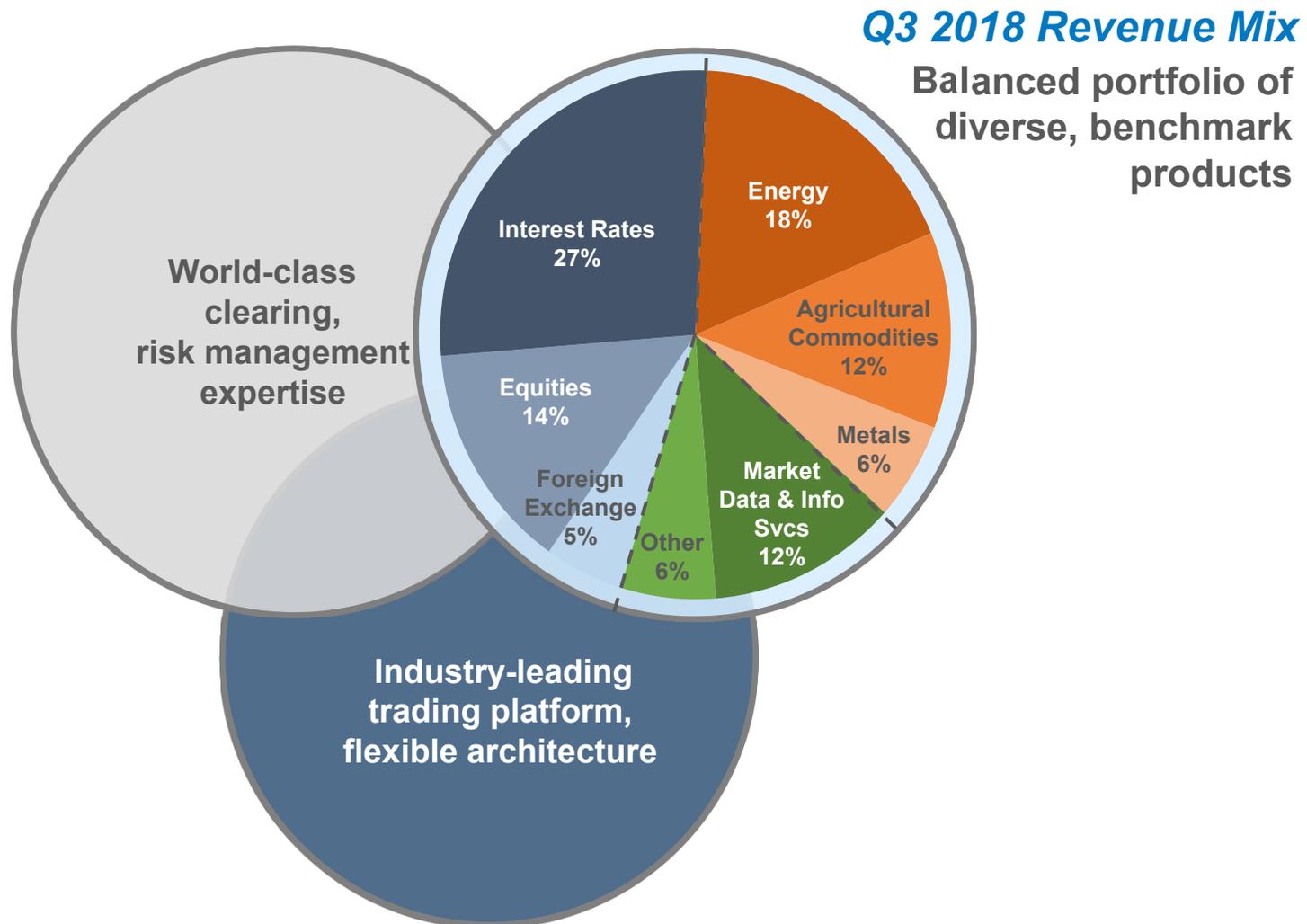
Number of Days Exceeding ADV of 20 Million Contracts to date in 2018



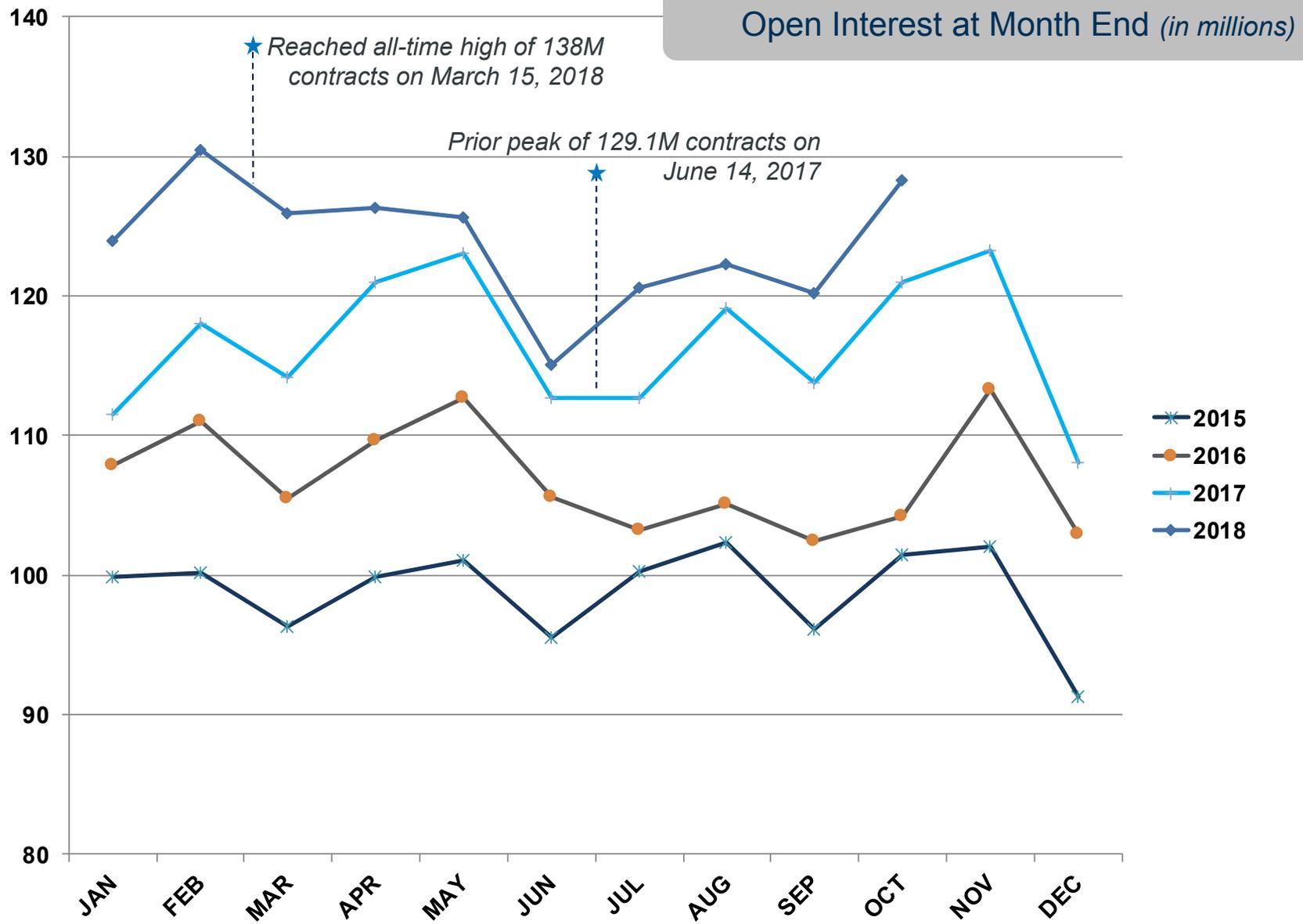
Top / Bottom 10 Days ADV to date*
Millions



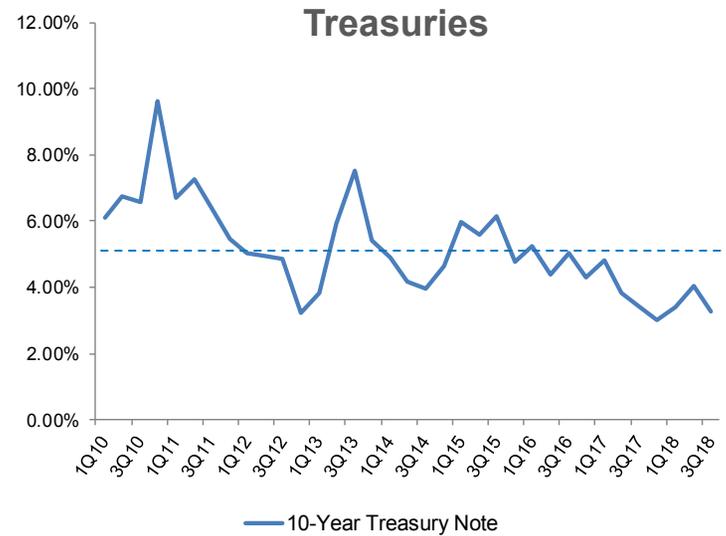
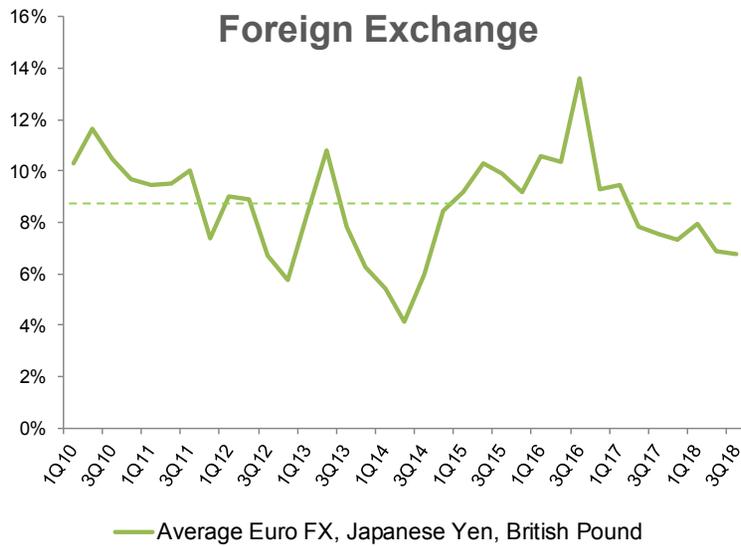
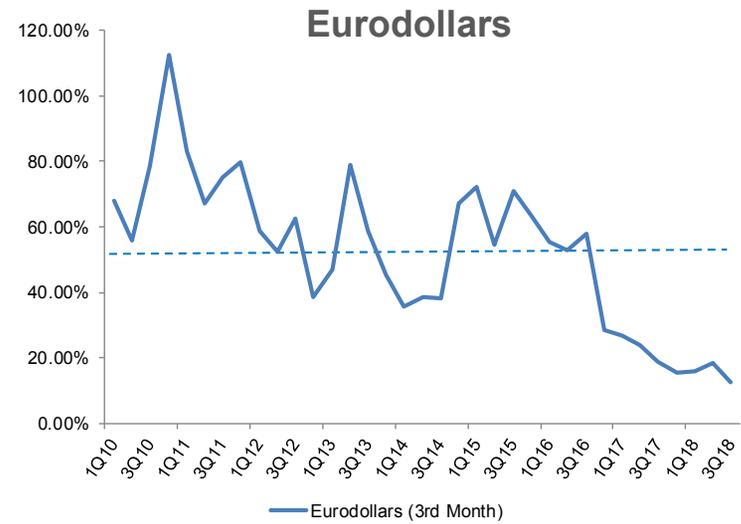
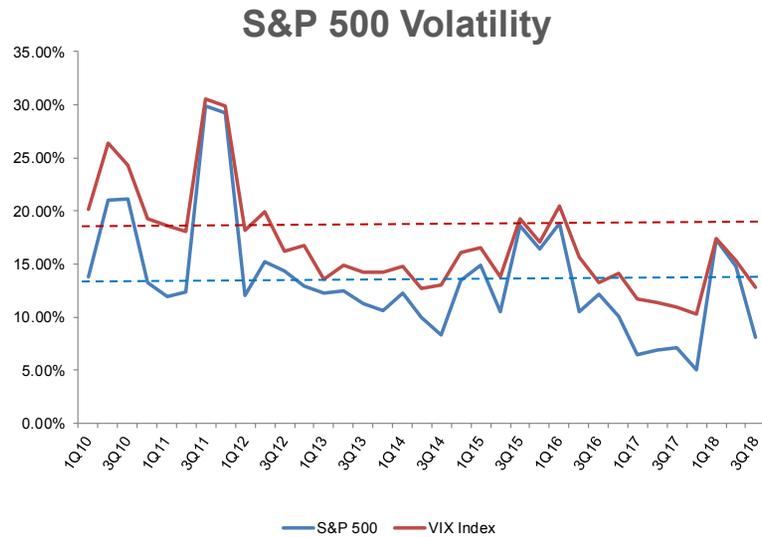
Unique Assets Provide Competitive Advantages



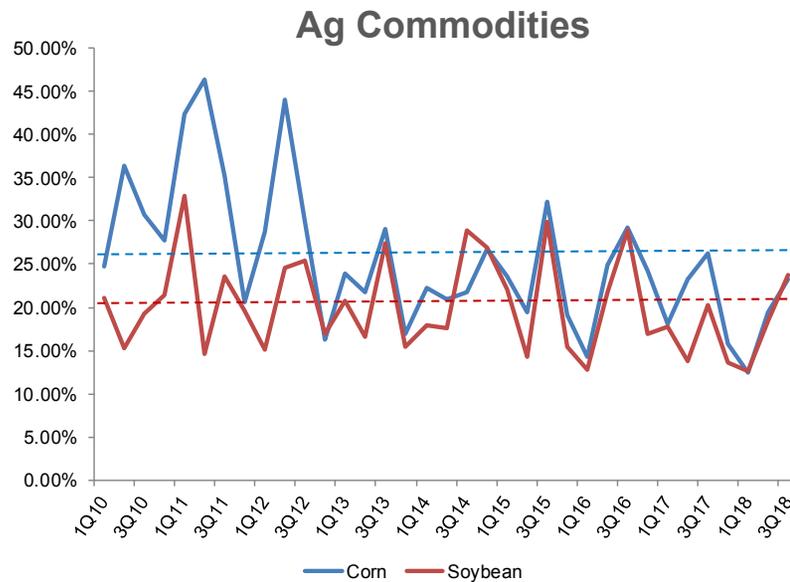
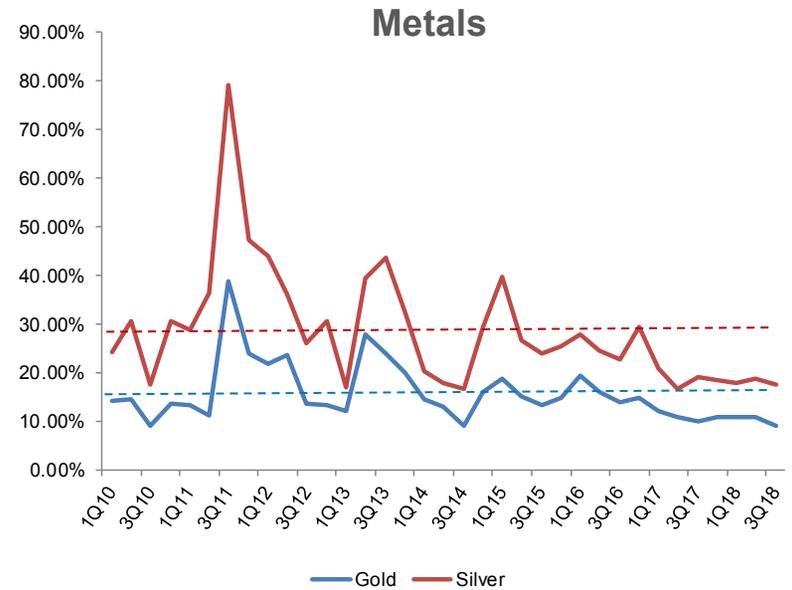
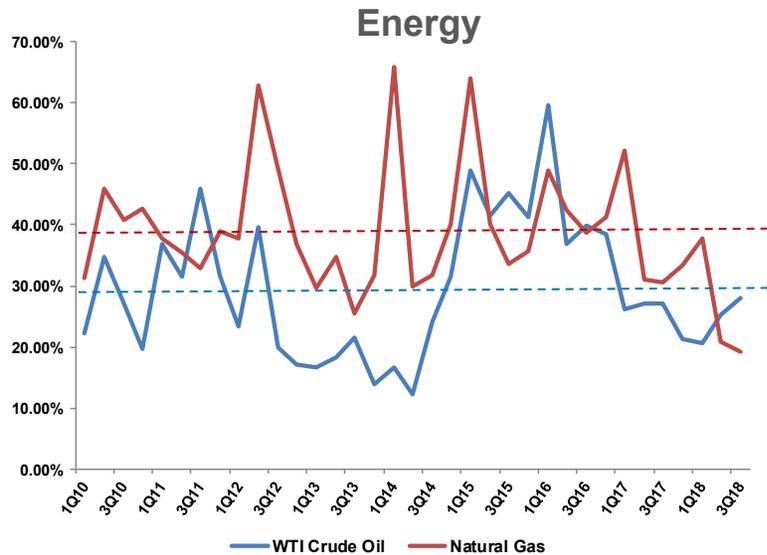
Open Interest Reaching All-Time Highs



Volatility Through 3Q 2018

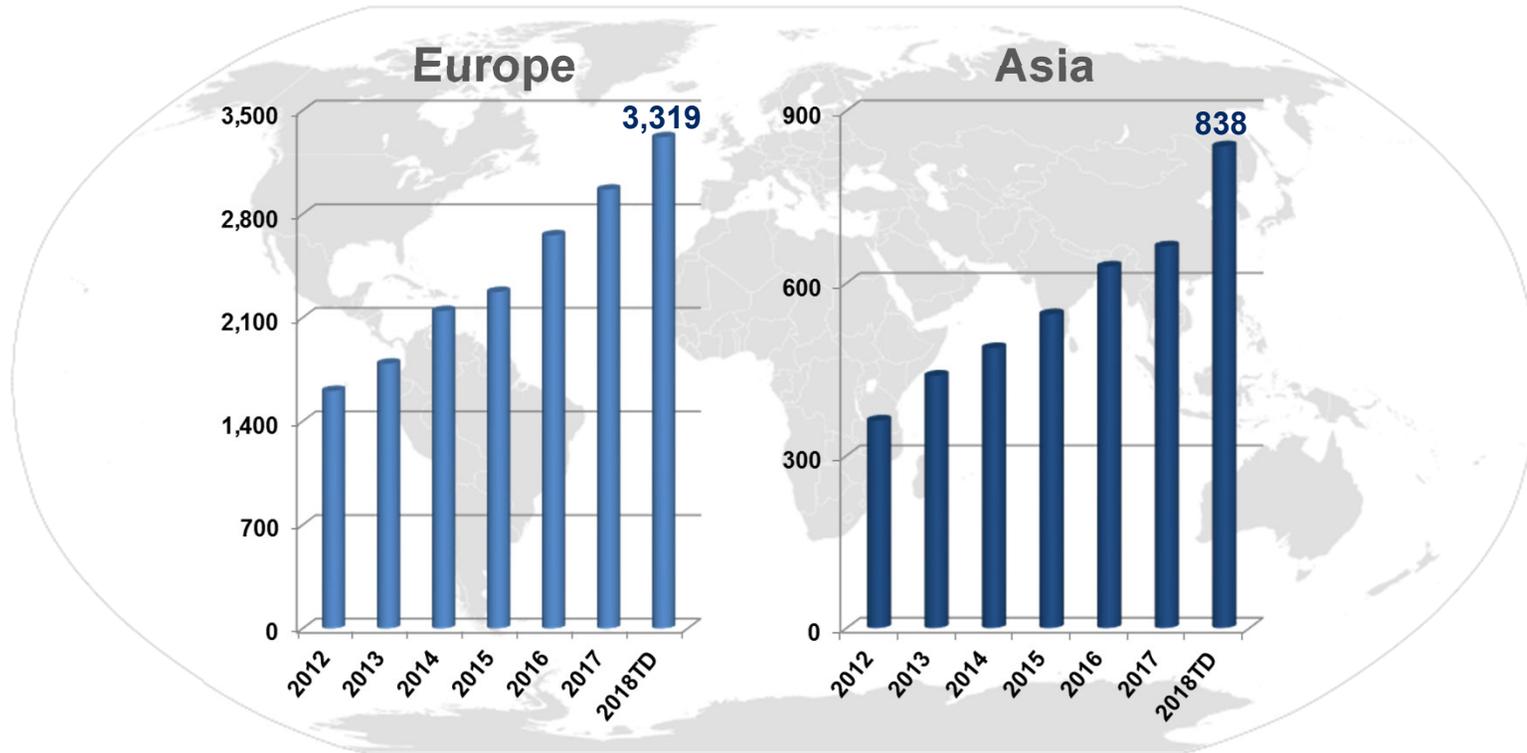


Volatility Through 3Q 2018

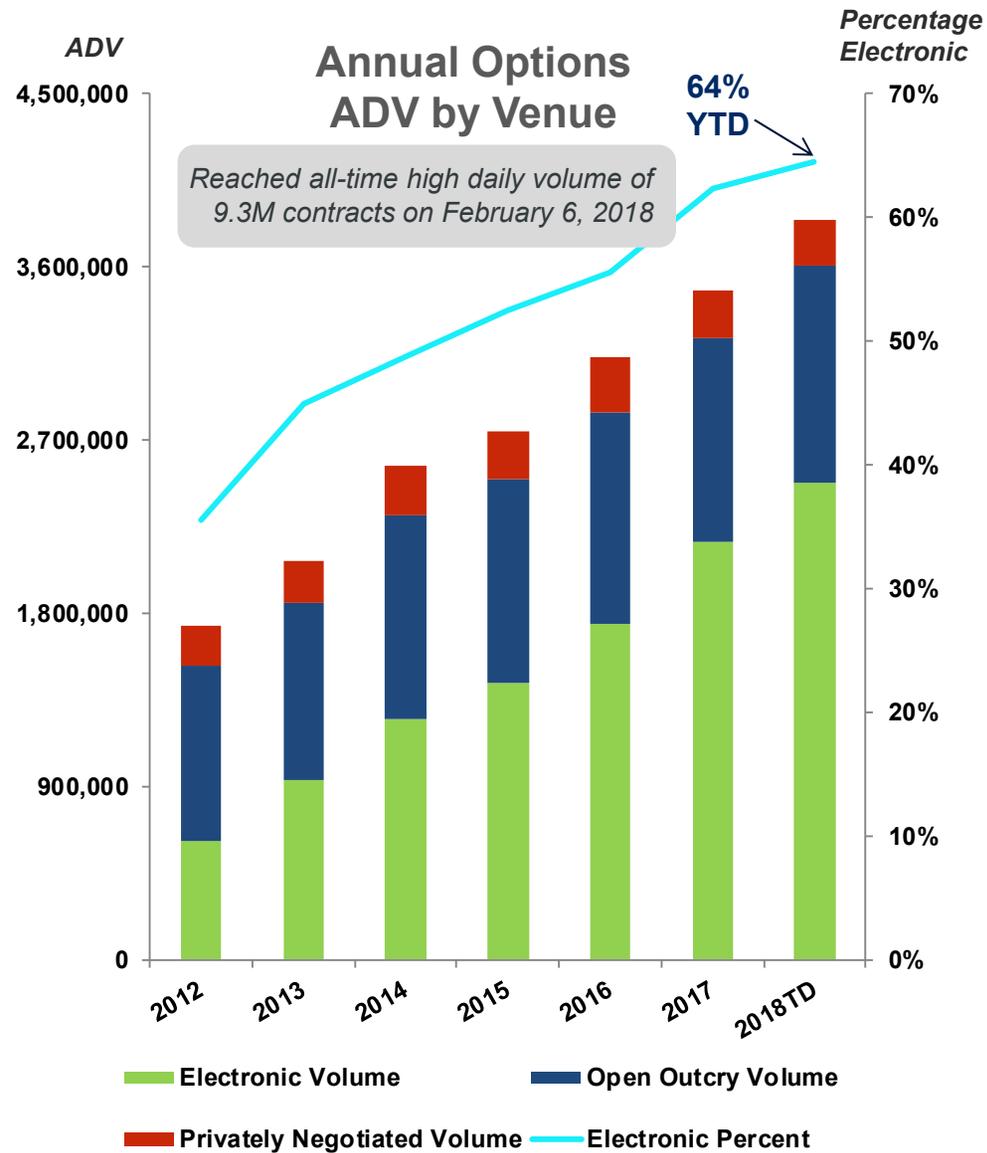


Investments in Globalization Are Paying Off

Electronic ADV based on origin of trade, in 000s

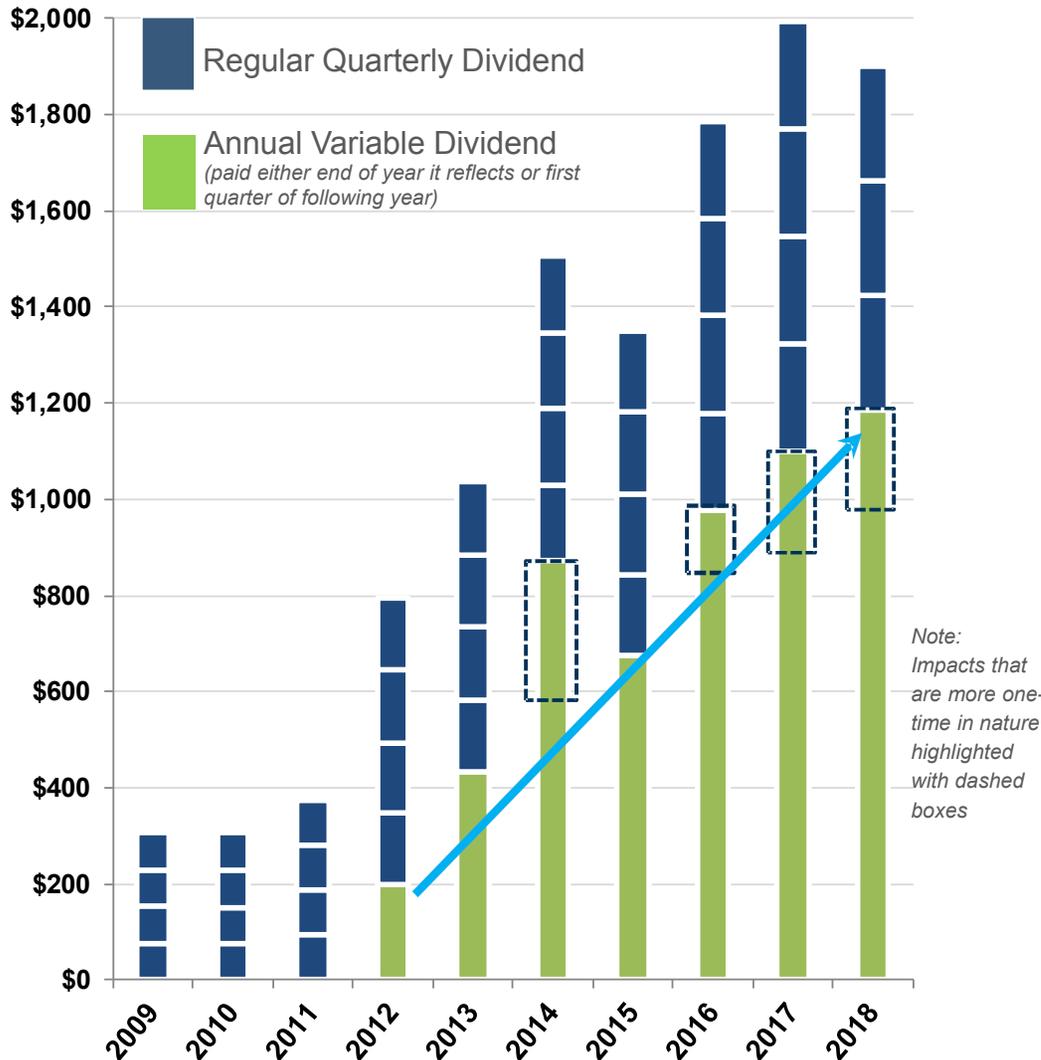


Options Business – Continued Momentum



Committed to Returning Cash to Shareholders

\$ (millions)



Note:
Impacts that
are more one-
time in nature
highlighted
with dashed
boxes

Note – Annual, variable dividend reflecting excess cash from 2011 was paid in 1Q 2012, and annual, variable dividend reflecting excess cash from 2012 (which is illustrated in 2013 on this chart), was paid early in 4Q 2012.

- Regular quarterly dividends to date in 2018 were declared/paid at \$0.70 per share, which was an increase of 6 percent from the regular quarterly dividends paid in 2017
- CME Group to keep \$700M minimum cash
- Creates opportunity to sweep excess cash to shareholders annually
- Unique annual, variable structure
- Have returned more than \$10.3 billion to shareholders in dividends since beginning of variable dividend policy in early 2012
- Dividend yield over the last 6 years of more than 5 percent

CME Group 3Q 2018 Adjusted Financial Results¹

- Revenue of \$904M, up 2%
- Operating Expense of \$295M, down 2%
- Operating Expense, excluding Licensing Fees, of \$261M, up 1%
- Operating Income of \$609M, up 3%
- Operating Margin of 67.4 percent
- Net Income of \$495M, up 22%
- Diluted EPS of \$1.45, up 22%

CME Group Average Rate Per Contract (RPC)

<u>Product Line</u>	<u>3Q 2017</u>	<u>4Q 2017</u>	<u>1Q 2018</u>	<u>2Q 2018</u>	<u>3Q 2018</u>
Interest Rates	\$ 0.485	\$ 0.467	\$ 0.464	\$ 0.491	\$ 0.493
Equities	0.738	0.768	0.781	0.797	0.761
Foreign Exchange	0.796	0.785	0.762	0.741	0.743
Energy	1.072	1.133	1.140	1.142	1.187
Ag Commodities	1.251	1.251	1.246	1.274	1.258
Metals	1.376	1.315	1.367	1.403	1.379
Average RPC	\$ 0.749	\$ 0.736	\$ 0.706	\$ 0.757	\$ 0.753

1) A reconciliation of the non-GAAP financial results mentioned to the respective GAAP figures can be found within the Reconciliation of GAAP to Non-GAAP Measures chart at the end of the financial statements and in the following slides of this presentation.

Notes / Guidance

- **Maintaining original 2018 guidance**

- Adjusted operating expense excluding license fees expected to be up between 2.5% and 3% to between \$1.100 billion and \$1.105 billion
- Capital expenditures, net of leasehold improvement allowances, expected to be between \$90 million and \$100 million
- Update: Adjusted 4Q18 effective tax rate expected to be approximately 25%

3Q18 Reconciliation of GAAP to non-GAAP Measures

CME Group Inc. and Subsidiaries
 Reconciliation of GAAP to non-GAAP Measures
 (dollars in millions, except per share amounts; shares in thousands)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net Income	\$ 411.8	\$ 308.6	\$ 1,576.7	\$ 1,124.2
Restructuring and severance	0.2	—	1.9	3.9
Amortization of purchased intangibles	23.7	23.8	71.0	71.8
Litigation matters	—	—	10.3	—
Acquisition-related costs ⁽¹⁾	6.7	—	21.0	—
Foreign exchange transaction (gains) losses ⁽²⁾	15.6	(2.9)	64.5	(10.0)
Acceleration of contractual commitments	—	—	0.7	—
Unrealized and realized (gains) losses on CME Ventures investments	3.4	—	(85.9)	—
Gains on sale of BM&FBOVESPA & Bolsa Mexicana shares	—	(2.0)	—	(88.5)
Intangible and fixed asset impairments	9.5	—	9.5	—
Loss on disposal of assets	1.5	—	1.5	0.6
Loss on derivatives	14.5	—	51.4	—
Debt costs related to acquisition	13.3	—	16.8	—
Income tax effect related to above	(17.1)	(7.4)	(32.6)	(25.4)
Other income tax items	11.9	86.1	13.1	164.0
Adjusted Net Income	<u>\$ 495.0</u>	<u>\$ 406.2</u>	<u>\$ 1,719.9</u>	<u>\$ 1,240.6</u>
GAAP Earnings per Common Share:				
Basic	\$ 1.21	\$ 0.91	\$ 4.64	\$ 3.32
Diluted	1.21	0.91	4.62	3.31
Adjusted Earnings per Common Share:				
Basic	\$ 1.46	\$ 1.20	\$ 5.07	\$ 3.66
Diluted	1.45	1.19	5.05	3.65
Weighted Average Number of Common Shares:				
Basic	339,586	338,771	339,453	338,557
Diluted	341,035	340,329	340,907	340,114

1. Acquisition-related costs include professional fees related to the proposed acquisition of NEX Group plc.

2. Results include foreign exchange transaction net gains and losses principally related to cash held in British pounds within entities whose functional currency is the U.S. dollar.

GAAP Income Statement Trend Excluding Deferred Compensation, FX, Amortization of Intangibles and Other Historically Noted Adjustments¹

CME Group Inc. and Subsidiaries
GAAP Income Statement Trend Excl Def Comp, FX, Amortization of intangibles and other historically noted adjustments
(in millions, except per share amounts)

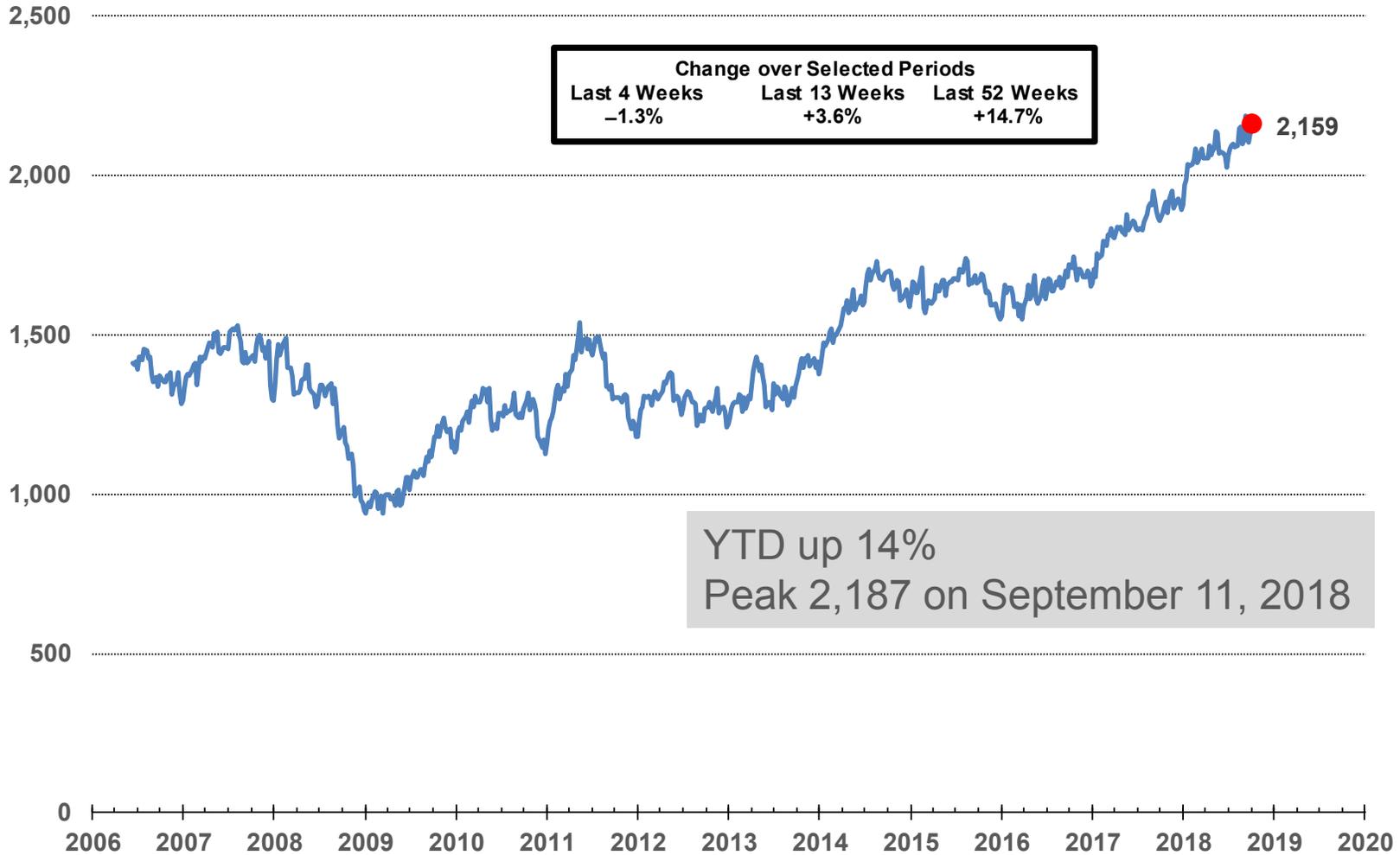
	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118	Q218	Q318
Revenues											
Clearing and transaction fees	\$ 796.1	\$ 767.6	\$ 704.2	\$ 768.5	\$ 792.0	\$ 792.0	\$ 756.2	\$ 758.4	\$ 973.6	\$ 906.1	\$ 752.5
Market data and information services	102.4	102.9	101.1	100.1	96.8	96.1	96.9	102.0	94.9	113.8	110.7
Access and communication fees	21.6	22.3	23.8	23.7	24.3	24.9	25.7	25.9	26.0	26.2	26.2
Other	14.1	13.6	12.6	20.6	16.2	11.6	12.0	13.7	14.5	13.5	14.8
Total Revenues	934.2	906.4	841.7	912.9	929.3	924.6	890.8	900.0	1,109.0	1,059.6	904.2
Expenses											
Compensation and benefits	132.5	131.5	128.3	133.7	137.1	134.8	139.2	134.7	151.0	148.5	142.2
Communications	6.7	6.3	6.9	6.9	6.3	6.0	6.1	5.9	5.9	5.9	6.5
Technology support services	17.4	17.7	17.3	18.4	18.7	18.2	19.3	21.1	19.6	19.3	18.2
Professional fees and outside services	30.6	39.0	33.5	40.2	28.6	28.6	25.8	34.1	24.4	25.8	24.9
Amortization of purchased intangibles											
Depreciation and amortization	32.6	30.4	31.2	31.1	29.4	28.2	26.9	27.9	28.1	27.5	26.2
Occupancy and building operations	21.1	20.4	19.6	20.0	20.1	19.2	19.8	21.1	20.0	20.2	21.0
Licensing and other fee agreements	39.0	32.8	31.5	32.5	33.8	32.9	41.5	38.1	49.5	39.9	33.4
Other	23.4	25.2	20.8	40.7	27.4	26.6	21.2	42.4	24.4	25.4	22.4
Total Expenses	303.3	303.3	289.1	323.5	301.4	294.5	299.8	325.3	322.9	312.5	294.8
Total Expenses less Licensing and other fee agreements	264.3	270.5	257.6	291.0	267.6	261.6	258.3	287.2	273.4	272.6	261.4
Operating Income	630.9	603.1	552.6	589.4	627.9	630.1	591.0	574.7	786.1	747.1	609.4
Non-Operating Income (Expense)											
Investment income	17.8	20.3	22.0	27.7	48.7	109.6	135.4	138.5	155.0	151.3	161.0
Gain (losses) on derivative investments	-	-	-	-	-	-	-	-	-	-	-
Interest and other borrowing costs	(29.8)	(31.0)	(31.1)	(31.6)	(29.8)	(29.0)	(29.1)	(29.1)	(29.9)	(29.3)	(30.1)
Equity in net gains (losses) of unconsolidated subsidiaries	26.8	27.0	28.6	27.8	30.8	31.8	33.9	32.7	40.1	36.4	37.1
Other non-operating income (expense)	(9.4)	(9.9)	(9.9)	(12.1)	(33.8)	(83.1)	(105.0)	(106.4)	(118.6)	(118.4)	(127.2)
Total Non-Operating	5.4	6.4	9.6	11.8	15.9	29.3	35.2	35.7	46.6	40.0	40.8
Income Before Income Taxes	636.3	609.5	562.2	601.2	643.8	659.4	626.2	610.4	832.7	787.1	650.2
Income tax provision	231.2	222.2	205.6	213.9	228.3	240.5	220.0	227.4	199.2	195.7	155.2
Net Income	\$ 405.1	\$ 387.3	\$ 356.6	\$ 387.3	\$ 415.5	\$ 418.9	\$ 406.2	\$ 383.0	\$ 633.5	\$ 591.4	\$ 495.0
Earnings per Diluted Common Share Attributable to CME Group	\$1.20	\$1.14	\$1.05	\$1.14	\$1.22	\$1.23	\$1.19	\$1.12	\$1.86	\$1.74	\$1.45
Weighted Avg. Number of Diluted Common Shares	338.55	338.71	339.14	339.34	339.95	340.02	340.33	340.49	340.75	340.87	341.04
Adjustments highlighted in above view:											
Deferred compensation gain (loss)	(0.2)	0.7	2.9	0.8	3.7	2.8	2.5	2.2	0.3	2.0	2.5
Currency fluctuation gain (loss)	(3.9)	(11.6)	(1.0)	(8.0)	2.5	4.6	2.9	(0.6)	(1.6)	(47.3)	(15.6)

¹ Please refer to each individual quarter's Reconciliation of GAAP to Non-GAAP Measures for the specific adjustments made during that period.

Interest Rate Futures – Large Open Interest Holders

CME Group Interest Rate Futures
Aggregate Number of Large Open Interest Holders*

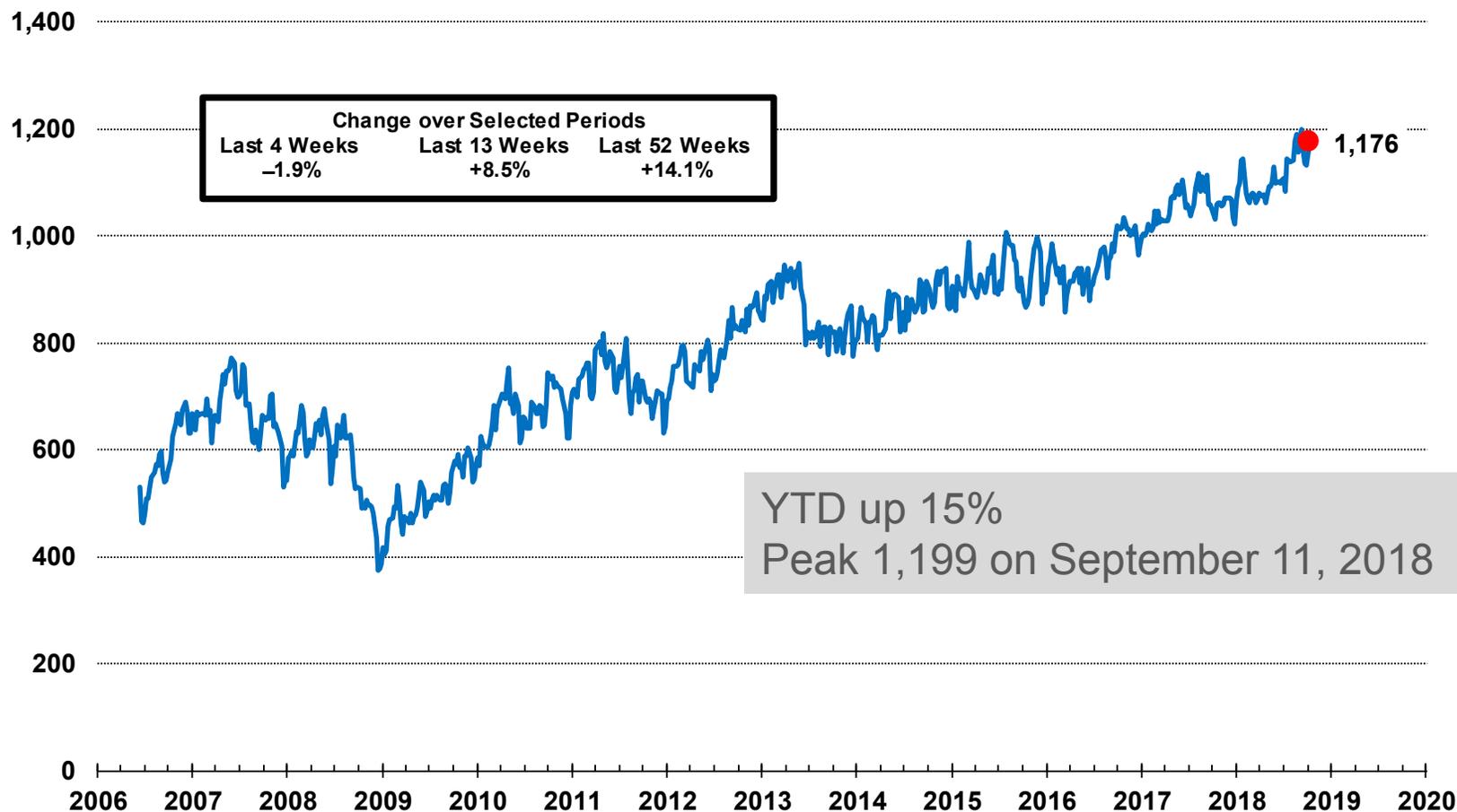
Source: CFTC



FX Futures – Large Open Interest Holders

CME Group Foreign Exchange Futures
Aggregate Number of Large Open Interest Holders*

Source: CFTC



*The CFTC defines large open interest holders as having at least **400** open contracts in Major Foreign Currency futures and at least **100** open contracts in Other Foreign Currency futures.

Equity Index Futures – Large Open Interest Holders

CME Group Equity Index Futures
Aggregate Number of Large Open Interest Holders*

Source: CFTC

