

CME Group 1Q 2025 Earnings Introductory Script

April 23, 2025

Adam Minick

Good morning, and I hope you are all doing well today. We released our executive commentary earlier this morning, which provides extensive details on the first quarter 2025 which we will be discussing on this call. I will start with the safe harbor language, then I'll turn it over to Terry.

Statements made on this call and in the other reference documents on our website that are not historical facts are forward-looking statements. These statements are not guarantees of future performance. They 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 statement. Detailed information about factors that may affect our performance can be found in the filings with the SEC, which are on our website.

Lastly, in the earnings release, you will see a reconciliation between GAAP and non-GAAP measures following the financial statements.

With that, I'll turn the call over to Terry.

Terrence Duffy

Thanks Adam and thank you all for joining us this morning. I'm going to make a few brief comments about our record quarter and the current business environment and will ask Suzanne and Sunil to comment on our market operations during this high volatility environment. Following that, Lynne will provide an overview of our first quarter results. In addition to Suzanne, Sunil and Lynne, we have other members of our management team present to answer questions after the prepared remarks.

This quarter represented the highest volume, revenue, operating income, and diluted earnings per share in the history of CME Group. Our quarterly revenue crossed \$1.6 billion for the first time and we also exceeded \$1.0 billion in adjusted net income.

Our record-breaking performance in the first quarter demonstrated the growing need for risk management globally. The first quarter average daily volume of 29.8 million contracts not only was the highest quarterly ADV in CME Group's history, it also increased 13% compared to the same period last year. This strong growth was broad-based with year-over-year volume growth in all six asset classes, including all-time quarterly volume records in interest rates, equities, agricultural commodities and foreign exchange. In aggregate, our commodities sector volumes

grew by 19% and our financial products volume grew by 12%. This quarter highlighted the strength of our product diversity and ability to help customers manage risk in times of uncertainty. It also reinforces our past comments about the importance of deep liquidity, especially in times of market stress.

This was also a record quarter for our International business, which averaged 8.8 million contracts per day, up 19% from the prior year. This strength was driven by growth across all asset classes, and included quarterly volume records in both EMEA and APAC.

We also continue to innovate and evolve our product offerings to meet the risk management needs of our clients. We've recently announced several new offerings that will create opportunities for stronger links between cash and futures markets:

- Later this year we plan to launch BrokerTec Chicago - a central limit order book for cash U.S. Treasuries that will be co-located next to our U.S. Treasury futures and options markets
- Just last week we launched FX Spot+ which enables spot FX participants to tap into CME FX futures liquidity and gives FX futures users broader access to OTC liquidity

Looking forward, we continue to see very strong volumes to start the second quarter as market participants look to hedge exposure to tariff policies and geopolitical dynamics. Open interest today is 7% higher than the same point last year with strong open interest growth in our interest rate, energy and agricultural complexes. These strong open interest trends indicate that despite the high level of volatility, market participants are not leaving the markets but rather continue to use our products to manage their risk exposures.

Risk management and resiliency is paramount at CME Group. With the record activity this past quarter and leading into April, I'm going to ask Suzanne Sprague to give you an update on margins, and Sunil Cutinho to give some color on our resiliency during some of the most unprecedented times.

Suzanne Sprague

Thanks Terry. In response to the heightened levels of volatility earlier this month, we proactively increased margin requirements in various products across all asset classes in incremental steps over the course of April to ensure adequate collateral coverage. Liquidity demands due to margin increases are typically a fraction of the size of mark-to-market cycles attributed to daily price moves. We set a new single day record for moving cash

associated with mark-to-market on April 9th, collecting \$32 billion from firms with losses that day and paying out \$32 billion to firms with gains that day. This far exceeded our previous record of \$22 billion. In comparison, increased collateral requirements due to margin increases on April 9th totaled \$7 billion. Clearing members and settlement banks have been performing well given the increased volatility and liquidity needs. Risk management is of utmost importance to our business and we are monitoring risk on a real time basis every day regardless of market conditions.

Sunil Cutinho

Despite the high volatility and record activity in our markets including 7 straight trading days over 40 million contracts, our systems functioned as designed, ensuring market continuity during a period of extreme volatility. During the week of April 7th, we saw record order entry volumes on Globex, exceeding 13 billion messages over the course of the week. The system's ability to handle record volumes underscores its resilience.

Terrence Duffy

Thank you Suzanne and Sunil. We will continue to focus on operating the world's most liquid and efficient markets to provide effective risk management solutions for our clients.

With that, I'll now turn the call over to Lynne to review our financial results in more detail.

Lynne Fitzpatrick

Thanks, Terry and thank you all for joining us this morning. As Terry mentioned, during the first quarter CME Group generated revenue over \$1.6 billion for the first time, up 10% from the first-quarter in 2024. The average rate per contract for the quarter was strong at 68.6¢, down 1% from the prior year on 13% volume growth, resulting in the highest quarterly clearing and transaction fees in our history of \$1.3 billion, up 11% year over year. Market Data revenue also reached a record level, up 11% to \$195 million.

Continued strong cost discipline led to adjusted expenses of \$475 million for the quarter and \$378 million excluding license fees. Our adjusted operating income came in at a record \$1.2 billion, up 14% year-over year. Our adjusted operating margin for the quarter was 71.1%, up from 68.9% in the same period last year. CME Group had an adjusted effective tax rate of 23.1%. Driven by the strong demand for our risk management products, we delivered the highest quarterly adjusted net income and adjusted diluted earnings per share attributable to CME Group in our history at \$1 billion and \$2.80 per share, respectively, both up

12% from the first quarter last year. This represents an adjusted net income margin for the quarter of over 62%.

Capital expenditures for the first quarter were approximately \$12 million and cash at the end of the quarter was \$1.6 billion. CME Group paid dividends during the quarter of approximately \$2.6 billion, and \$3.8 billion over the past year.

We are very proud to deliver the best adjusted quarterly earnings in our history and are pleased to see this strong start continue into the second quarter with year to date volumes through April 17th up 20% versus 2024. At CME Group, we continue to focus on providing the risk management products needed by our clients and driving earnings growth for our shareholders.

We'd now like to open up the call for your questions. Thank you.

Statements in this document 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 innovative and competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and derive revenues that are commensurate with our efforts and expectations, and our ability to maintain the competitiveness of our existing products and services; our ability to adjust our fixed costs and expenses if our revenues decline; our ability to manage variable costs relating to CME Group's transition to the Google Cloud and minimize duplicative costs during the transition between maintaining the on-premise environment and the Google Cloud environment; our ability to maintain existing customers at substantially similar trading levels, develop strategic relationships and attract new customers; our ability to expand and globally offer our products and services; changes in regulations, including the impact of any changes in laws or government policies with respect to our products or services or our industry, such as any changes to regulations and policies that require increased financial and operational resources from us or our customers, as well as the impact of tariffs and tax policy changes, restrictions on our ability to offer CME Group products and services in specific geographies or to specific customers or limitations or changes in underlying/physical product flows across geographies; 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 or changes to regulations in various jurisdictions; 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 credit and liquidity risk management practices to adequately protect us from the credit risks of clearing members and other counterparties, and to satisfy the margin and liquidity requirements associated with the BrokerTec matched principal business; the ability of our compliance and risk management programs 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; our dependence on third-party providers and exposure to risk through third parties, including risks related to the performance, reliability and security of technology used by our third-party providers and third-party providers that our clients and third-parties rely on; our reliance on third-party distribution partners, including

independent software vendors (ISVs), Futures Commission Merchants (FCMs), introducing brokers, broker-dealers around the world, regulatory reporting and data distributors and platform operators, and other partners, for facilitating trading and for market data information, and potential impacts from changes in their business models and priorities; volatility in commodity, equity and fixed income prices, and price volatility of financial benchmarks and instruments such as interest rates, equity indices, fixed income instruments and foreign exchange rates; economic, social, 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 market data and order transaction traffic across the entire trade cycle and the ability to implement enhancements without failure or degradation of the performance of our trading and clearing systems and meeting our regulatory reporting obligations; our ability to execute our growth strategy and maintain our growth effectively; our ability to manage the risks, control the costs and achieve the synergies associated with our strategy for acquisitions, investments and alliances, including those associated with the performance of our joint ventures with S&P Dow Jones (S&P Dow Jones Indices LLC) in index services, our primary business and distribution partners' actions and our partnership with Google Cloud, including our ability to manage the successful implementation of our agreements with Google and our data center partners; variances in earnings on cash accounts and collateral that our clearing house holds for its clients; impact of CME Group pricing/fee level and structure and incentive changes; impact of aggregation services and internalization on trade flow and volumes; any negative financial impacts from changes to the terms of intellectual property and index rights; our ability to continue to generate funds and/or manage our indebtedness to allow us to continue to invest in our business; industry, channel partner and customer consolidation and/or concentration; decreases in trading and clearing activity; the imposition of a transaction tax or user fee on futures and options transactions and/or repeal of the 60/40 tax treatment of such transactions; increases in effective tax rates, borrowing costs, or changes in tax policy; our ability to maintain our brand and reputation; and the unfavorable resolution of material legal proceedings. For a detailed discussion and additional information concerning these and other factors that might affect our performance, see our other recent periodic filings, including our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission ("SEC") on February 27, 2025, under the caption "Risk Factors".