

## Cboe Global Markets Reports Third Quarter 2017 Results

### Third Quarter 2017 Highlights

- **Revenue Less Cost of Revenue of \$269.7 Million, up 98 Percent, Reflects the Bats Acquisition**
- **Net Revenue up 10 Percent Compared to 3Q16 Adjusted Combined Revenue<sup>1</sup>**
- **Organic Net Revenue of \$157.1 Million, up 15 Percent, Driven by Increased Trading in VIX Futures and Index Options<sup>1,2</sup>**
- **Diluted EPS of \$0.53; Adjusted Diluted EPS of \$0.89<sup>1</sup>**
- **Bats Integration on Track; Continue to Realize Cost Synergies**
- **Debt Reduction of \$100 Million in 3Q17; \$325 Million Through September**
- **Record Trading in VIX Options and Futures; Second Consecutive Quarterly Record for VIX Futures**

**CHICAGO, IL - November 7, 2017** - Cboe Global Markets, Inc. (Cboe: CBOE | NASDAQ: CBOE) today reported financial results for the third quarter of 2017.

Consolidated results for the third quarter of 2017 include Bats Global Markets, Inc. (Bats), which was acquired by the company on February 28, 2017.

"I am pleased to report strong financial results for Cboe Global Markets led by record quarterly average daily trading volume in VIX options and futures, with increases of 56 percent and 36 percent, respectively, compared to the third quarter of 2016, despite record lows in realized volatility," said Edward T. Tilly, Cboe Global Markets Chairman and Chief Executive Officer. "I am also very excited to move forward under our new name, Cboe Global Markets. This change signals how we have greatly expanded beyond our options heritage to a business with multiple asset classes and a much larger global footprint to serve customers and deliver enhanced value to shareholders."

"Our third quarter results reflect strong organic growth and margin expansion as we benefit from a broader global business model," said Alan J. Dean, Cboe Global Markets Executive Vice President and Chief Financial Officer. "Our strong cash flow generation allowed us to pay down \$100 million of our term loan and we continue to make solid progress on delivering our acquisition-related synergies."

<sup>(1)</sup> A full reconciliation of our non-GAAP results to our GAAP results is included in the attached tables. See "Non-GAAP Information" in the accompanying financial tables.

<sup>(2)</sup> Organic net revenue excludes the net revenue contribution resulting from the acquisition of Bats to arrive at net revenue for legacy Cboe. See "Non-GAAP Information" in the accompanying financial tables.

**Consolidated Third Quarter Results -Table 1**

Table 1 below presents summary selected unaudited condensed consolidated financial information for the company as reported, on an adjusted basis and on an adjusted combined basis for the three months ended September 30, 2017 and 2016. The adjusted combined results reflect the Bats acquisition and related financing transactions as if they had occurred on January 1, 2016.

<b>Table 1</b>						
<b>Consolidated Third Quarter Results (\$ in millions except per share)</b>	<b>3Q17</b>	<b>3Q16</b>	<b>Change</b>	<b>3Q17 Adjusted<sup>1</sup></b>	<b>3Q16 Adjusted Combined<sup>1</sup></b>	<b>Change</b>
Total Revenues Less Cost of Revenues	\$ 269.7	\$ 136.2	98%	\$ 269.7	\$ 245.0	10%
Total Operating Expenses	\$ 150.4	\$ 70.4	114%	\$ 101.9	\$ 103.4	(2)%
Operating Income	\$ 119.3	\$ 65.8	81%	\$ 167.8	\$ 141.6	19%
Operating Margin %	44.2%	48.3%	-410 bps	62.2%	57.8%	440 bps
Net Income Allocated to Common Stockholders	\$ 59.7	\$ 40.3	48%	\$ 100.1	\$ 80.1	25%
Diluted EPS	\$ 0.53	\$ 0.50	6%	\$ 0.89	\$ 0.72	24%
EBITDA	\$ 171.2	\$ 77.6	121%	\$ 180.9	\$ 155.7	16%
EBITDA Margin %	63.5%	57.0%	650 bps	67.1%	63.6%	350 bps

- Total revenues less cost of revenues (referred to as "net revenue"), were \$269.7 million, up 98 percent from \$136.2 million in the prior year period, driven primarily by a \$112.6 million net revenue contribution from legacy Bats for the third quarter of 2017 and increases in net transaction fees.
- Excluding legacy Bats' net revenue contribution, the company's organic net revenue<sup>2</sup> was \$157.1 million, up \$20.9 million or 15 percent, compared to third quarter 2016. The increase is primarily attributable to stronger trading volume and revenue contributed from VIX<sup>®</sup> futures and proprietary index options.
- The mix of non-transaction net revenue as a percentage of total net revenue increased 9 percentage points to 42 percent in the third quarter of 2017 from 33 percent in the third quarter of 2016.
- Operating expenses were \$150.4 million versus \$70.4 million in the prior year quarter. The increase primarily resulted from \$42.6 million in amortization of acquired intangible assets and incremental operating expenses of \$36.1 million related to Bats for the third quarter of 2017.
- The effective tax rate for the third quarter was 43.1 percent compared with 39.9 percent in the third quarter of 2016. The rate increase primarily resulted from the increased Illinois tax rate effective July 1, 2017 and includes a one-time charge of \$7.4 million the company recognized in the quarter to re-measure its deferred tax positions.
- Net revenue of \$269.7 million was up \$24.7 million or 10 percent compared with adjusted combined net revenue<sup>1</sup> of \$245.0 million in the prior-year period. The increase primarily reflects higher revenue from net transaction fees, market data fees and exchange services and other fees. Net transaction fees increased \$22.0 million year-over-year primarily due to higher transaction fees in futures and index options, offset somewhat by lower net transaction fees from U.S. Equities.
- Adjusted operating expenses<sup>1</sup> for the third quarter declined by 2 percent, to \$101.9 million compared with adjusted combined operating expenses of \$103.4 million for the third quarter of 2016. The decrease was primarily driven by lower expenses related to compensation and benefits and professional fees and outside services.

<sup>(1)</sup>A full reconciliation of our non-GAAP and adjusted combined results to our GAAP results is included in the attached tables. See "Non-GAAP Information" in the accompanying financial tables.

<sup>(2)</sup>Organic net revenue excludes the net revenue contribution resulting from the acquisition of Bats to arrive at net revenue for legacy Cboe. See "Non-GAAP Information" in the accompanying financial tables.

- The operating margin for the third quarter was 44.2 percent. The adjusted combined operating margin<sup>1</sup> increased to 62.2 percent in the third quarter of 2017 from 57.8 percent in the third quarter a year ago, reflecting increased leverage gained from lower expenses and a higher revenue base.
- Diluted EPS for the third quarter of 2017 was \$0.53. Adjusted combined diluted EPS<sup>1</sup> was \$0.89, up 24 percent compared to \$0.72 for 2016's third quarter.

**Business Segment Information:**

<b>Table 2</b>					
<b>Total Revenues Less Cost of Revenues by Business Segment (in millions)</b>	<b>3Q17</b>	<b>3Q16</b>	<b>Change</b>	<b>3Q16 Combined</b>	<b>Change</b>
Options <sup>1</sup>	\$ 130.7	\$ 107.8	21%	\$ 119.2	10 %
U.S. Equities	70.2	—	—	71.1	(1)%
Futures	38.9	28.4	37%	28.4	37 %
European Equities	18.4	—	—	15.9	16 %
Global FX	11.3	—	—	10.4	9 %
Corporate	0.2	—	—	—	—
<b>Total</b>	<b>\$ 269.7</b>	<b>\$ 136.2</b>	<b>98%</b>	<b>\$ 245.0</b>	<b>10 %</b>

**Discussion of Results by Business Segment Based on 3Q17 Financial Results and 3Q16 Combined Financials:**

**Options:**

- Options net revenue of \$130.7 million was up \$11.5 million or 10 percent, reflecting increases in net transaction fees, offset somewhat by higher royalty fees and lower regulatory fees.
- Net transaction fees for Options increased \$13.8 million or 15 percent, primarily driven by higher net transaction fees from index options. Total options average daily volume (ADV) increased 11 percent and the average revenue per contract (RPC) increased 5 percent for the third quarter, primarily due to a shift in the mix of trading volume towards higher RPC index options.
- Net transaction fees generated by Cboe's proprietary index options accounted for 83 percent of options net transaction fees and were up \$12.9 million or 17 percent versus the third quarter of 2016 combined. The increase was generated by a 26 percent increase in index options ADV, driven by increases of 56 percent and 12 percent in VIX and SPX options, respectively, offset somewhat by a 5 percent decrease in the RPC for index options to \$0.669 from \$0.707 in last year's third quarter.
- The company's total options market share was 41.7 percent for the third quarter of 2017 compared with combined market share of 39.4 percent in the third quarter of 2016.

**U.S. Equities:**

- U.S. Equities net revenue of \$70.2 million was down \$0.9 million or 1 percent, reflecting lower net transaction fees offset somewhat by an increase in non-transaction fees.
- Net transaction fees for U.S. Equities of \$17.0 million decreased by \$3.2 million or 16 percent, reflecting weaker market conditions and tougher comparisons against last year's third quarter. The decrease in net transaction fees resulted from an 8 percent decline in market volumes and a 1.6 percentage point decline in market share, with net capture unchanged.

<sup>(1)</sup>A full reconciliation of our non-GAAP and combined results to our GAAP results is included in the attached tables. See "Non-GAAP Information" in the accompanying financial tables.

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- Cboe's U.S. Equities business maintained its position as the second-largest market operator during the third quarter of 2017, with market share of 19.2 percent.
- Cboe's U.S. Equities business, the second-largest U.S. market operator for ETF trading, executed 22.1 percent of all ETF volume during the third quarter of 2017 and won 37 percent of all new ETF listings during the quarter.

#### **Futures:**

- Futures net revenue of \$38.9 million increased \$10.5 million or 37 percent, primarily due to higher transaction fees resulting from a 36 percent increase in VIX futures ADV and a 3 percent increase in RPC. The RPC rose to \$1.752 in the third quarter of 2017 compared with \$1.709 in the third quarter of 2016, primarily due to pricing changes implemented in January 2017.
- The third quarter of 2017 was the highest quarter ever for trading of VIX futures, with ADV of 331,000 contracts versus the previous high of 307,000 contracts set in the second quarter of 2017.

#### **European Equities:**

- Net revenue for European Equities increased 16 percent, reflecting growth in both net transaction fees and non-transaction revenue.
- For the third quarter of 2017, Cboe Europe Equities retained its position as the largest Pan-European stock exchange with 21.1 percent market share.

#### **Global FX:**

- Global FX net revenue of \$11.3 million rose 9 percent from \$10.4 million primarily due to higher transaction fees compared with the third quarter of 2016.
- Third quarter 2017 market share for Cboe FX held steady at 12.9 percent and \$29 billion of average daily notional value (ADNV) traded on the Cboe FX platform.

#### **2017 Fiscal Year Financial Guidance**

The company updated its guidance for the 2017 fiscal year as follows:

- Adjusted operating expenses are expected to be in a range of \$413 million to \$415 million, down from the prior guidance range of \$415 million to \$423 million.<sup>1</sup>
  - Guidance for 2017 adjusted operating expenses excludes acquisition-related expenses of \$75.4 million (which represents expenses recognized through September 30, 2017), accelerated stock-based compensation of \$9.1 million and amortization of acquired intangible assets of \$169 million. The company plans to include these adjustments in its non-GAAP reconciliation.
- The effective tax rate on earnings for the year is now expected to be in the range of 37.5 percent to 38.5 percent compared with prior guidance of 36.5 percent to 38.5 percent. The effective tax rate on adjusted combined earnings for the year is expected to be in the range of 36.0 percent to 37.0 percent compared with prior guidance of 35.5 percent to 37.5 percent. The tax rate guidance incorporates the impact of corporate income tax law changes enacted in Illinois in early July. Significant changes in trading volume, expenses, federal, state and local tax laws or rates and other items could materially impact this expectation.

<sup>(1)</sup>Specific quantifications of the amounts that would be required to reconcile the company's adjusted operating expenses guidance are not available. The company believes that there is uncertainty and unpredictability with respect to certain of its GAAP measures, primarily related to acquisition-related expenses that would be required to reconcile to GAAP operating expenses, which preclude the company from providing accurate guidance on certain forward-looking GAAP to non-GAAP reconciliations. The company believes that providing estimates of the amounts that would be required to reconcile the range of the company's adjusted operating expenses would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.

- Capital expenditures are projected to be in the range of \$49 million to \$53 million, down from previous guidance of \$55 million to \$60 million. Capital expenditures include the company's ongoing investments in systems hardware and software, including Cboe's systems migration to Bats technology.

The company reaffirmed its guidance for the 2017 fiscal year as follows:

- Depreciation and amortization expense, which is included in operating expenses above, is expected to be in the range of \$52 million to \$54 million, excluding the amortization of acquired intangibles of \$169 million.

### **Capital Management**

As announced on October 27, 2017, the Cboe Global Markets Board of Directors declared a dividend of \$0.27 per share for the fourth quarter of 2017 payable December 15, 2017, to stockholders of record as of December 1, 2017.

The company paid cash dividends of \$30.6 million, or \$0.27 per share, during the third quarter of 2017.

At September 30, 2017, the company had cash and financial investments of \$127.2 million. Long-term debt as of September 30, 2017 was \$1.3 billion and reflects a payment of \$100 million made during the quarter towards the company's term loan.

### **Earnings Conference Call**

Executives of Cboe Global Markets will host a conference call to review its third-quarter financial results today, November 7, 2017, at 8:30 a.m. ET/7:30 a.m. CT. The conference call and any accompanying slides will be publicly available via live webcast from the Investor Relations section of the company's website at [www.cboe.com](http://www.cboe.com) under Events & Presentations. Participants may also listen via telephone by dialing (877) 255-4313 from the United States, (866) 450-4696 from Canada or (412) 317-5466 for international callers. Telephone participants should place calls 10 minutes prior to the start of the call. The webcast will be archived on the company's website for replay. A telephone replay of the earnings call also will be available from approximately 11:00 a.m. CT, November 7, 2017, through 11:00 p.m. CT, November 14, 2017, by calling (877) 344-7529 from the U.S., (855) 669-9658 from Canada or (412) 317-0088 for international callers, using replay code 10112523.

### **About Cboe Global Markets**

Cboe Global Markets, Inc. (Cboe: CBOE | NASDAQ: CBOE) is one of the world's largest exchange holding companies, offering cutting-edge trading and investment solutions to investors around the world. The company is committed to relentless innovation, connecting global markets with world-class technology, and providing seamless solutions that enhance the customer experience.

Cboe offers trading across a diverse range of products in multiple asset classes and geographies, including options, futures, U.S. and European equities, exchange-traded products (ETPs), global foreign exchange (FX) and multi-asset volatility products based on the Cboe Volatility Index (VIX Index), the world's barometer for equity market volatility.

Cboe's trading venues include the largest options exchange in the U.S. and the largest stock exchange by value traded in Europe. In addition, the company is the second-largest stock exchange operator in the U.S. and a leading market globally for ETP trading.

The company is headquartered in Chicago with offices in Kansas City, New York, London, San Francisco, Singapore, Hong Kong and Ecuador. For more information, visit [www.cboe.com](http://www.cboe.com).

### **Cautionary Statements Regarding Forward-Looking Information**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. You can identify these statements by forward-looking words such as "may," "might," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," and the negative of these terms and other comparable terminology. All statements that reflect our expectations, assumptions or projections about the future other than statements of historical fact are forward-looking statements. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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Some factors that could cause actual results to differ include: the loss of our right to exclusively list and trade certain index options and futures products; economic, political and market conditions; compliance with legal and regulatory obligations; price competition and consolidation in our industry; decreases in trading volumes, market data fees or a shift in the mix of products traded on our exchanges; legislative or regulatory changes; increasing competition by foreign and domestic entities; our dependence on and exposure to risk from third parties; our index providers' ability to maintain the quality and integrity of their indexes and to perform under our agreements; our ability to operate our business without violating the intellectual property rights of others and the costs associated with protecting our intellectual property rights; our ability to attract and retain skilled management and other personnel, including those experienced with post-acquisition integration; our ability to accommodate trading volume and transaction traffic, including significant increases, without failure or degradation of performance of our systems; our ability to protect our systems and communication networks from security risks, including cyber-attacks and unauthorized disclosure of confidential information; challenges to our use of open source software code; our ability to meet our compliance obligations, including managing potential conflicts between our regulatory responsibilities and our for-profit status; damage to our reputation; the ability of our compliance and risk management methods to effectively monitor and manage our risks; our ability to manage our growth and strategic acquisitions or alliances effectively; unanticipated difficulties or expenditures relating to the acquisition of Bats Global Markets, Inc., including, without limitation, difficulties that result in the failure to realize expected synergies, accretion, efficiencies and cost savings from the acquisition within the expected time period (if at all), whether in connection with integration, migrating trading platforms, broadening distribution of product offerings or otherwise; restrictions imposed by our debt obligations; our ability to maintain an investment grade credit rating; potential difficulties in our migration of trading platforms and our ability to retain employees as a result of the acquisition; and the accuracy of our estimates and expectations. More detailed information about factors that may affect our actual results to differ may be found in our filings with the SEC, including in our Annual Report on Form 10-K for the year ended December 31, 2016 and other filings made from time to time with the SEC.

We do not undertake, and we expressly disclaim, any duty to update any forward-looking statement whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The condensed consolidated statements of income and balance sheets are unaudited and subject to reclassification.

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**Cboe Global Markets, Inc.**  
**Combined Key Performance Statistics by Business Segment<sup>1</sup>**

	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016
<b>Options (ADV in thousands)</b>					
Total industry ADV	16,182	16,676	16,558	16,195	15,448
<b>Total company Options ADV</b>	<b>6,751</b>	<b>7,035</b>	<b>6,852</b>	<b>6,477</b>	<b>6,082</b>
Multiply-listed options	4,685	5,188	4,914	4,735	4,443
Index options	2,066	1,847	1,938	1,741	1,638
<b>Total Options Market Share %</b>	<b>41.7%</b>	<b>42.2%</b>	<b>41.4%</b>	<b>40.0%</b>	<b>39.4%</b>
<b>Total Options RPC:</b>	<b>\$ 0.247</b>	<b>\$ 0.225</b>	<b>\$ 0.243</b>	<b>\$ 0.234</b>	<b>\$ 0.234</b>
Multiply-listed options	\$ 0.061	\$ 0.058	\$ 0.059	\$ 0.059	\$ 0.060
Index options	\$ 0.669	\$ 0.694	\$ 0.708	\$ 0.712	\$ 0.707
<b>U.S. Equities</b>					
Total industry ADV (shares in billions)	6.1	6.9	6.8	7.1	6.6
Market share %	19.2%	19.2%	19.2%	20.0%	20.8%
Net capture (per 100 touched shares)	\$ 0.022	\$ 0.023	\$ 0.023	\$ 0.021	\$ 0.022
<b>Futures</b>					
ADV (in thousands)	331	307	255	236	244
RPC	\$ 1.752	\$ 1.762	\$ 1.814	\$ 1.683	\$ 1.709
<b>European Equities</b>					
Total industry ADNV (Euros - in billions)	€ 41.1	€ 48.6	€ 45.5	€ 44.6	€ 39.8
Market share %	21.1%	21.3%	21.5%	21.9%	23.0%
Net capture (bps)	0.168	0.162	0.169	0.160	0.156
<b>Global FX</b>					
Market share %	12.9%	12.9%	12.9%	11.6%	12.4%
ADNV (\$ in billions)	\$ 29.0	\$ 27.9	\$ 28.8	\$ 26.7	\$ 25.7
Net revenue (per one million shares traded)	\$ 2.63	\$ 2.65	\$ 2.57	\$ 2.65	\$ 2.70

<sup>1</sup>For informational purposes, the operating statistics for these periods are presented on a combined basis to reflect information pertaining to Bats Global Markets, Inc. which was acquired by Cboe Global Markets, Inc. on February 28, 2017.

ADV = average daily volume; ADNV = average daily notional value

RPC, average revenue per contract, for options and futures represents total net transaction fees recognized for the period divided by total contracts traded during the period.

U.S. Equities, "net capture per 100 touched shares" refers to annual transaction fees less liquidity payments and routing and clearing costs divided by the product of one-hundredth ADV of touched shares on BZX, BYX, EDGX and EDGA and the number of trading days.

European Equities, "net capture per matched notional value" refers to transaction fees less liquidity payments in British pounds divided by the product of ADNV in British pounds of shares matched on Cboe Europe Equities and the number of trading days.

Global FX, "net capture per one million dollars traded" refers to net transaction fees divided by the product of one-thousandth of ADNV traded on the Cboe FX market and the number of trading days, divided by two, which represents the buyer and seller that are both charged on the transaction. Market share represents Cboe FX volume divided by the total volume of publicly reporting spot FX venues (Cboe FX, NEX, Reuters/FXall, and FastMatch).

Average transaction fees per contract can be affected by various factors, including exchange fee rates, volume-based discounts and transaction mix by contract type and product type.

**Cboe Global Markets, Inc. and Subsidiaries**

**Condensed Consolidated Statements of Income (Unaudited)**

**Three and Nine Months Ended September 30, 2017 and 2016**

(in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Revenue:</b>				
Transaction fees	\$ 423.3	\$ 124.5	\$ 1,133.6	\$ 378.3
Access fees	30.1	13.0	77.6	39.4
Exchange services and other fees	20.0	11.4	55.3	34.2
Market data fees	46.8	8.3	117.3	24.5
Regulatory fees	83.5	9.1	205.1	27.4
Other revenue	7.7	2.4	19.5	8.5
<b>Total Revenues</b>	<b>611.4</b>	<b>168.7</b>	<b>1,608.4</b>	<b>512.3</b>
<b>Cost of Revenue</b>				
Liquidity payments	234.3	9.5	606.1	23.2
Routing and clearing	9.4	3.6	27.9	7.9
Section 31 fees	75.9	—	180.5	—
Royalty fees	22.1	19.4	63.9	57.8
<b>Total Cost of Revenue</b>	<b>341.7</b>	<b>32.5</b>	<b>878.4</b>	<b>88.9</b>
<b>Revenues Less Cost of Revenues</b>	<b>269.7</b>	<b>136.2</b>	<b>730.0</b>	<b>423.4</b>
<b>Operating Expenses:</b>				
Compensation and benefits	50.4	28.3	148.2	83.9
Depreciation and amortization	55.4	10.2	136.3	34.4
Technology support services	11.4	5.6	30.9	17.0
Professional fees and outside services	17.6	12.7	48.9	41.0
Travel and promotional expenses	4.5	2.6	12.0	7.6
Facilities costs	2.9	1.3	7.7	4.2
Acquisition-related costs	5.5	8.6	75.4	8.6
Change in contingent consideration	0.4	—	1.1	—
Other expenses	2.3	1.1	6.3	3.4
<b>Total Operating Expenses</b>	<b>150.4</b>	<b>70.4</b>	<b>466.8</b>	<b>200.1</b>
<b>Operating Income</b>	<b>119.3</b>	<b>65.8</b>	<b>263.2</b>	<b>223.3</b>
<b>Other Income/(Expense):</b>				
Interest expense, net	(10.5)	(0.2)	(30.9)	(0.2)
Other (expense)/ income	(2.9)	1.8	(2.0)	8.6
<b>Total Other Income</b>	<b>(13.4)</b>	<b>1.6</b>	<b>(32.9)</b>	<b>8.4</b>
<b>Income Before Income Taxes</b>	<b>105.9</b>	<b>67.4</b>	<b>230.3</b>	<b>231.7</b>
Income tax provision	45.6	26.9	86.8	91.1
<b>Net Income</b>	<b>60.3</b>	<b>40.5</b>	<b>143.5</b>	<b>140.6</b>
Net loss attributable to noncontrolling interests	0.2	0.3	0.8	0.8
<b>Net Income Excluding Noncontrolling Interests</b>	<b>60.5</b>	<b>40.8</b>	<b>144.3</b>	<b>141.4</b>
Change in redemption value of noncontrolling interests	(0.2)	(0.3)	(0.8)	(0.8)
Net income allocated to participating securities	(0.6)	(0.2)	(1.4)	(0.6)
<b>Net Income Allocated to Common Stockholders</b>	<b>\$ 59.7</b>	<b>\$ 40.3</b>	<b>\$ 142.1</b>	<b>\$ 140.0</b>
<b>Net Income Per Share Allocated to Common Stockholders:</b>				
Basic earnings per share	\$ 0.53	\$ 0.50	\$ 1.35	\$ 1.72
Diluted earnings per share	0.53	0.50	1.34	1.72
Weighted average shares used in computing income per share:				
Basic	112.3	81.3	105.5	81.5
Diluted	112.6	81.3	105.8	81.5

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**Cboe Global Markets, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
**September 30, 2017 and December 31, 2016**

(in millions, except share amounts)	September 30, 2017	December 31, 2016
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 124.8	\$ 97.3
Financial investments	2.4	—
Accounts receivable, net	195.8	76.7
Income taxes receivable	35.2	53.7
Other current assets	16.1	7.4
<b>Total Current Assets</b>	<b>374.3</b>	<b>235.1</b>
Investments	83.2	72.9
Land	4.9	4.9
Property and equipment, net	77.2	55.9
Goodwill	2,696.3	26.5
Intangible assets, net	1,940.2	8.7
Other assets, net	52.0	72.7
<b>Total</b>	<b>\$ 5,228.1</b>	<b>\$ 476.7</b>
<b>Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 140.4	\$ 82.4
Section 31 fees payable	25.4	4.4
Deferred revenue	11.4	3.1
Income taxes payable	4.2	—
Contingent consideration liability	56.6	—
<b>Total Current Liabilities</b>	<b>238.0</b>	<b>89.9</b>
Long-term debt	1,312.4	—
Income tax liability	67.2	52.1
Deferred income taxes	715.7	—
Other non-current liabilities	7.5	4.2
<b>Total Liabilities</b>	<b>2,340.8</b>	<b>146.2</b>
<b>Redeemable Noncontrolling Interests</b>	<b>9.4</b>	<b>12.6</b>
<b>Stockholders' Equity:</b>		
Preferred stock	—	—
Common stock	1.2	0.9
Treasury stock at cost	(550.2)	(532.2)
Additional paid-in-capital	2,610.0	139.2
Retained earnings	766.9	710.8
Accumulated other comprehensive income (loss), net	50.0	(0.8)
<b>Total Stockholders' Equity</b>	<b>2,877.9</b>	<b>317.9</b>
<b>Total</b>	<b>\$ 5,228.1</b>	<b>\$ 476.7</b>

**Non-GAAP Information**

In addition to disclosing results determined in accordance with GAAP, Cboe Global Markets has disclosed certain non-GAAP measures of operating performance. These measures are not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. The non-GAAP measures provided in this press release include adjusted operating expenses, adjusted operating income, organic net revenue, adjusted operating margin, adjusted net income allocated to common stockholders and adjusted diluted earnings per share, EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin. The non-GAAP measures provided in this press release also include combined company financial measures that are discussed in further detail below under the sub-section "Combined Reconciliations."

Management believes that the non-GAAP financial measures presented in this press release, including adjusted net revenue, organic net revenue and adjusted operating expenses, provide additional and comparative information to assess trends in our core operations and a means to evaluate period-to-period comparisons. Non-GAAP financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing our financial condition and operating results.

*Organic net revenue:* Is a non-GAAP financial measure that excludes or has otherwise been adjusted for the impact of our acquisition of Bats. Management believes the organic net revenue growth measure provides users with supplemental information regarding the company's ongoing revenue performance and trends by presenting revenue growth excluding the impact of the Bats acquisition.

*Amortization expense of acquired intangible assets:* We amortize intangible assets acquired in connection with various acquisitions. Amortization of intangible assets is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. As such, if intangible asset amortization is included in performance measures, it is more difficult to assess the day-to-day operating performance of the businesses, the relative operating performance of the businesses between periods and the earnings power of the company. Therefore, we believe performance measures excluding intangible asset amortization expense provide investors with an additional basis for comparison across accounting periods.

*Acquisition-related expenses:* From time to time, we have pursued small bolt-on acquisitions and in 2017 completed a larger transformative acquisition, which have resulted in expenses which would not otherwise have been incurred in the normal course of the company's business operations. These expenses include integration costs, as well as legal, due diligence and other third party transaction costs. The frequency and the amount of such expenses vary significantly based on the size, timing and complexity of the transaction. Accordingly, we exclude these costs for purposes of calculating non-GAAP measures which provide an additional analysis of Cboe's ongoing operating performance or comparisons in Cboe's performance between periods.

*Other significant items:* We have excluded certain other charges that are the result of other non-comparable events to measure operating performance. For 2017, other significant items primarily included interest and other borrowing costs incurred prior to the close of the Bats transaction and accelerated stock-based compensation that was incurred due to a change in the vesting schedule for equity award grants.

**Organic Net Revenue Reconciliation**

Table 3 (in millions)	Three Months Ended September 30,	
	2017	2016
<b>Reconciliation of Revenue Less Cost of Revenue to Organic Net Revenue</b>		
Revenue less cost of revenue (net revenue)	\$ 269.7	\$ 136.2
Recent acquisitions:		
Bats revenue less cost of revenue	(112.6)	—
Organic net revenue	\$ 157.1	\$ 136.2

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### Reconciliation of GAAP and non-GAAP Information

The information below shows the reconciliation of each financial measure from GAAP to non-GAAP. The non-GAAP financial measures exclude the impact of those items detailed below and are referred to as adjusted financial measures.

Table 4 (in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Reconciliation of Net Income Allocated to Common Stockholders to Non-GAAP (As shown on Table 1)</b>				
Net income allocated to common stockholders	\$ 59.7	\$ 40.3	\$ 142.1	\$ 140.0
Non-GAAP adjustments				
Compensation and benefits (1)	—	0.2	9.1	1.3
Acquisition-related expenses (2)	5.5	8.6	75.4	9.3
Amortization of acquired intangible assets (3)	42.6	0.3	99.6	0.9
Assessment of computer-based lease taxes for prior period use	—	—	—	0.3
Change in contingent consideration	0.4	—	1.1	—
Debt issuance costs	—	—	0.9	—
Provision for uncollectable convertible notes receivable	3.8	—	3.8	—
Change in redemption value of noncontrolling interests	0.2	0.3	0.8	0.8
Interest and other borrowing costs (4)	—	0.2	4.3	0.2
Less: Legal settlement (5)	—	—	—	(5.5)
Less: Gain on settlement of contingent consideration	—	(1.4)	—	(1.4)
Total Non-GAAP adjustments	52.5	8.2	195.0	5.9
Income tax expense related to the items above	(19.1)	(3.0)	(73.1)	(2.0)
Re-measurement of deferred tax assets and liabilities as a result of corporate rate increase in Illinois	7.4	—	7.4	—
Uncertain tax position related to research and development credits	—	1.7	—	1.7
Net income allocated to participating securities - effect on reconciling items	(0.4)	—	(1.1)	—
<b>Adjusted net income allocated to common stockholders</b>	<b>\$ 100.1</b>	<b>\$ 47.2</b>	<b>\$ 270.3</b>	<b>\$ 145.6</b>
<b>Reconciliation of Diluted EPS to Non-GAAP</b>				
Diluted earnings per common share	\$ 0.53	\$ 0.50	\$ 1.34	\$ 1.72
Per share impact of non-GAAP adjustments noted above	0.36	0.08	1.21	0.07
<b>Adjusted diluted earnings per common share</b>	<b>\$ 0.89</b>	<b>\$ 0.58</b>	<b>\$ 2.55</b>	<b>\$ 1.79</b>
<b>Reconciliation of Operating Margin to Non-GAAP</b>				
Revenue less cost of revenue	\$ 269.7	\$ 136.2	\$ 730.0	\$ 423.4
Non-GAAP adjustments noted above	—	1.4	—	1.4
<b>Adjusted revenue less cost of revenue</b>	<b>\$ 269.7</b>	<b>\$ 134.8</b>	<b>\$ 730.0</b>	<b>\$ 422.0</b>
Operating expenses	\$ 150.4	\$ 70.4	\$ 466.8	\$ 200.1
Non-GAAP adjustments noted above	(48.5)	(9.1)	(185.2)	(11.8)
<b>Adjusted operating expenses</b>	<b>\$ 101.9</b>	<b>\$ 61.3</b>	<b>\$ 281.6</b>	<b>\$ 188.3</b>
Operating income	\$ 119.3	\$ 65.8	\$ 263.2	\$ 223.3
Non-GAAP adjustments noted above	48.5	9.1	185.2	11.8
<b>Adjusted operating income</b>	<b>\$ 167.8</b>	<b>\$ 74.9</b>	<b>\$ 448.4</b>	<b>\$ 235.1</b>
<b>Adjusted operating margin (6)</b>	<b>62.2 %</b>	<b>55.6%</b>	<b>61.4%</b>	<b>55.7%</b>

(1) For the third quarter of 2016, this amount includes \$0.2 million for accelerated stock-based compensation expenses. For the nine months ended September 30, 2017, this amount includes \$9.1 million for accelerated stock-based compensation expense. For the nine months ended September 30, 2016, this amount includes \$0.7 million for accelerated stock-based compensation expenses and \$0.6 million in additional bonus accrual resulting from legal settlement income.

(2) This amount includes professional fees and outside services, severance, and other costs related to the company's acquisition of Bats.

(3) This amount represents the amortization of acquired intangible assets for Bats.

(4) This amount represents interest and other borrowing costs incurred prior to the close of the Bats acquisition.

(5) Settlement received for attorney fees and expenses relating to a litigation matter, reported in investment and other income.

(6) Adjusted operating margin represents adjusted operating income divided by adjusted revenue less cost of revenue.

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**EBITDA Reconciliations**

EBITDA (earnings before interest, income taxes, depreciation and amortization) is a widely used non-GAAP financial measure of operating performance. EBITDA margin represents EBITDA divided by revenues less cost of revenues (net revenue). It is presented as supplemental information that the company believes is useful to investors to evaluate its results because it excludes certain items that are not directly related to the company's core operating performance. EBITDA is calculated by adding back to net income interest expense, income tax expense, depreciation and amortization. EBITDA should not be considered as substitutes either for net income, as an indicator of the company's operating performance, or for cash flow, as a measure of the company's liquidity. In addition, because EBITDA may not be calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. EBITDA margin represents EBITDA divided by net revenue.

**Table 5**

(in millions)	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Reconciliation of Net Income Allocated to Common Stockholders to EBITDA and Adjusted EBITDA (Per Table 1)</b>				
<b>Net income allocated to common stockholders</b>	\$ 59.7	\$ 40.3	\$ 142.1	\$ 140.0
Interest	10.5	0.2	30.9	0.2
Income tax provision	45.6	26.9	86.8	91.1
Depreciation and amortization	55.4	10.2	136.3	34.4
<b>EBITDA</b>	<b>\$ 171.2</b>	<b>\$ 77.6</b>	<b>\$ 396.1</b>	<b>\$ 265.7</b>
<b>EBITDA Margin<sup>1</sup></b>	<b>63.5%</b>	<b>57.0%</b>	<b>54.3%</b>	<b>62.8%</b>
<b>Non-GAAP adjustments not included in above line items</b>				
Compensation and benefits (accelerated stock-based compensation)	—	0.2	9.1	1.3
Acquisition-related expenses	5.5	8.6	75.4	9.3
Provision for uncollectable convertible notes receivable	3.8	—	3.8	—
Less: Legal settlement	—	—	—	(5.5)
Less: Gain on settlement of contingent consideration	—	(1.4)	—	(1.4)
Other	0.4	—	1.1	0.3
<b>Adjusted EBITDA</b>	<b>\$ 180.9</b>	<b>\$ 85.0</b>	<b>\$ 485.5</b>	<b>\$ 269.7</b>
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>67.1%</b>	<b>62.4%</b>	<b>66.5%</b>	<b>63.7%</b>
<b>Three Months Ended September 30,</b>				
<b>Nine Months Ended September 30,</b>				
(in millions)	<b>2017<sup>2</sup></b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Reconciliation of Combined Net Income Allocated to Common Stockholders to EBITDA and Adjusted EBITDA (Per Table 1)</b>				
<b>Combined revenues less cost of revenues</b>		\$ 245.0	\$ 801.9	\$ 754.2
<b>Combined net income allocated to common stockholders</b>		\$ 52.6	\$ 201.3	\$ 170.1
Interest		11.1	35.0	32.7
Income tax provision		36.4	114.5	112.0
Depreciation and amortization		55.8	166.5	171.1
<b>Combined EBITDA</b>		<b>\$ 155.9</b>	<b>\$ 517.3</b>	<b>\$ 485.9</b>
<b>Combined EBITDA Margin<sup>1</sup></b>		<b>63.6%</b>	<b>64.5%</b>	<b>64.4%</b>
<b>Non-GAAP adjustments not included in above line items</b>				
Compensation and benefits (accelerated stock-based compensation)		—	9.1	1.1
Acquisition-related expenses		—	—	0.2
Impairment of intangible asset		—	3.8	—
Less: Legal settlement		—	—	(5.5)
Less: Gain on settlement of contingent consideration		(1.4)	—	(1.4)
Other		1.2	1.5	5.7
<b>Adjusted Combined EBITDA</b>		<b>\$ 155.7</b>	<b>\$ 531.7</b>	<b>\$ 486.0</b>
<b>Adjusted Combined EBITDA Margin<sup>1</sup></b>		<b>63.6%</b>	<b>66.3%</b>	<b>64.4%</b>

<sup>1</sup> EBITDA margin represents the respective EBITDA divided by the respective net revenue as shown in the non-GAAP reconciliations provided.

<sup>2</sup> Combined results for the three months ended September 30, 2017 are the same as the financial results reported as the company was operating as a combined entity for the entire quarter.

**Combined Reconciliations**

The non-GAAP unaudited combined financial measures have been prepared by recording combined adjustments to the historical consolidated financial statements of Cboe Global Markets. The combined financial measures for the three months ended September 30, 2016 have been prepared as if the Bats acquisition closed on January 1, 2016.

Due to the transformative nature of the Bats acquisition, the company believes that providing a discussion of its results and operations on a non-GAAP combined basis provides management and investors an additional perspective on the company's financial and operational performance and trends.

These combined financial measures are not necessarily indicative of the financial position or results of operations that would have occurred had the transactions been effected on the assumed dates. Additionally, future results may vary significantly from the results reflected in the combined financial measures.

**Options Net Revenue - Three Months Ended September 30, 2016 - Table 6**

(in millions)	<b>Cboe Historical</b>	<b>Bats Historical</b>	<b>Combined (Per Table 2)</b>
Total net revenue	\$ 107.8	\$ 11.4	\$ 119.2

Note: There are no reconciliations applicable for the other segments.

Three months ended September 30, 2016 - Table 7

(in millions, except per share amounts)	Cboe Historical	Bats Historical <sup>1</sup>	Combined Adjustments	Footnote	Combined	Non-GAAP Adjustments	Foot-note	Adjusted Combined Per Table 1
Revenues	\$ 168.7	\$ 441.6			\$ 610.3			\$ 610.3
Cost of revenues	32.5	332.8			365.3			365.3
Net revenue:								
Net transaction fees	\$ 111.4	\$ 46.2			\$ 157.6			\$ 157.6
Access fees	13.0	17.5			30.5			30.5
Exchange services and other fees	11.4	6.0			17.4			17.4
Market data fees	8.3	36.4			44.7			44.7
Regulatory fees	9.1	0.5			9.6			9.6
Royalty fees	(19.4)	—			(19.4)			(19.4)
Other	2.4	2.2			4.6			4.6
Revenues less cost of revenues	\$ 136.2	\$ 108.8			\$ 245.0			\$ 245.0
Operating expenses:								
Compensation and benefits	\$ 28.3	\$ 23.6			\$ 51.9			\$ 51.9
Depreciation and amortization	10.2	10.4	35.2	(1)	55.8	(42.4)	(3)	13.4
Technology support services	5.6	5.7			11.3			11.3
Professional fees and outside services	12.7	9.4	(3.4)		18.7	(0.5)	(3)	18.2
Travel and promotional expenses	2.6	1.3			3.9			3.9
Facilities costs	1.3	1.2			2.5			2.5
Acquisition related costs	8.6	—	(8.6)		—			—
Change in contingent consideration	—	0.5			0.5	(0.5)	(3)	—
Other expenses	1.1	1.1			2.2			2.2
Total operating expenses	\$ 70.4	\$ 53.2	\$ 23.2		\$ 146.8	\$ (43.4)		\$ 103.4
Operating income	\$ 65.8	\$ 55.6	\$ (23.2)		\$ 98.2	\$ 43.4		\$ 141.6
Operating margin (4)	48.3%	51.1%			40.1%			57.8%
Non-operating (expense)/income	\$ 1.6	\$ (7.1)	\$ (3.5)	(2)	\$ (9.0)	\$ (1.2)		\$ (10.2)
Income (loss) before income tax provision	\$ 67.4	\$ 48.5	\$ (26.7)		\$ 89.2	\$ 42.2		\$ 131.4
Income tax provision	\$ 26.9	\$ 20.0	\$ (10.5)		\$ 36.4	\$ 15.0		\$ 51.4
Net income allocated to participating securities	\$ (0.2)	\$ —			\$ (0.2)	\$ 0.3		\$ 0.1
Net income allocated to common stockholders	\$ 40.3	\$ 28.5	\$ (16.2)		\$ 52.6	\$ 27.5		\$ 80.1
Diluted EPS	\$ 0.50	\$ 0.29			\$ 0.49			\$ 0.72
Total non-transaction revenue	\$ 44.2	\$ 62.6			\$ 106.8			\$ 106.8
Total non-transaction revenue as a percent of revenues less cost of revenues (5)	32.5%	57.5%			43.6%			43.6%

<sup>1</sup> Batshistorical activity for 2016 reflects activity for the period beginning July 1, 2016 through September 30, 2016.

(1) Reflects adjustments to reduce Bats historical amortization of acquired intangibles by \$6.8 million and increase amortization of acquired intangibles by \$42.0 million.

(2) Reflects net other income of \$3.5 million resulting from interest expense on Cboe debt less Bats historical interest expense.

(3) Reflects adjustment of amortization of purchased intangibles totaling \$42.4 million and other items totaling \$1.0 million.

(4) Operating margin represents operating income divided by revenue less cost of revenue.

(5) The percentage of non-transaction revenue represents the sum of access fees, exchange services and other fees, market data fees, regulatory fees and other divided by revenue less cost of revenue.