

**Cboe Global Markets, Inc.**  
**First Quarter 2025 Earnings Call**  
**May 2, 2025**

Good morning and thank you for joining us for our first quarter earnings conference call. On the call today, Fred Tomczyk, our CEO, and Dave Howson, our Global President, will discuss our performance for the quarter and provide an update on our strategic initiatives. Then, Jill Griebenow, our Chief Financial Officer, will provide an overview of our financial results for the quarter as well as discuss our 2025 financial outlook. Following their comments, we will open the call to Q&A. Also joining us for Q&A will be Chris Isaacson, our Chief Operating Officer.

I would like to point out that this presentation will include the use of slides. We will be showing the slides and providing commentary on each. A downloadable copy of the slide presentation is available on the Investor Relations portion of our website.

**Slide 3: Forward-Looking Statements**

During our remarks, we will make some forward-looking statements, which represent our current judgment on what the future may hold, and while we believe these judgments are reasonable, these forward-looking statements are not guarantees of future performance and involve certain assumptions, risks and uncertainties. Actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. Please refer to our filings with the SEC for a full discussion of the factors that may affect 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, after this conference call.

During the call this morning, we will be referring to non-GAAP measures as defined and reconciled in our earnings materials. Now, I'd like to turn the call over to Fred.

**Slide 4: Fredric Tomczyk, CEO**

Good morning. And thank you for joining us today.

**Slide 5: Record Revenue in First Quarter**

Before I dive into our results, I want to express my support for the announced appointment of Craig Donohue as Cboe's new CEO. Craig is a seasoned, visionary leader who brings a wealth of experience to the role and is deeply respected across the industry. The board believes he is the right leader to take Cboe into the future. I'll share more about the planned transition a little later in the call but let me first recap our strong results.

During the first quarter, Cboe grew net revenue 13% year-over-year to a record \$565 million and adjusted diluted EPS by 16% to a record \$2.50.

These results were driven by:

- 1) strong volumes across our derivatives franchise – both in multi-list and our proprietary index option products,
- 2) strong performance in our Cash and Spot markets,
- 3) continued global expansion of our Data Vantage business, and
- 4) disciplined expense management.

While the robust options volumes were especially notable for the quarter, the broad-based results across each category – Derivatives Markets, Cash and Spot Markets, and Data Vantage – were strong and contributed to the record quarterly growth.

Our Derivatives business delivered a record quarter with organic net revenue increasing 16% year-over-year as traders and investors utilized our flagship VIX and S&P 500 index options products across an ever-changing market environment, helping to respond to geopolitical events, market volatility, and the macroeconomic uncertainty around the globe.

We saw strong volumes across our suite of index options products, with first quarter ADV in the SPX contract increasing 13% year-over-year and ADV in the XSP contract increasing 61% year-over-year. We also saw solid performance in our volatility product suite during the first quarter, with VIX options ADV increasing 33% and VIX Futures ADV increasing 13%.

Volumes across our index and multi-list products remained elevated in April as the tariff announcements created significant volatility and uncertainty in global markets, fueling a robust start to the second quarter. Given the secular and cyclical tailwinds in place, we are well positioned as investors have continued to utilize options in their portfolio and trading strategies.

Our Data Vantage business performed well during the quarter, with organic net revenue increasing over 8% year-over-year. We continued to see durability in this business as we leverage our global network and ecosystem of data and access solutions to drive growth.

Our Cash and Spot Markets also performed well during the quarter as organic net revenue increased 10%, driven by healthy trading volumes and growth across all of our regional equities markets.

Overall, it was an excellent quarter for both transaction and non-transaction revenue growth to start the year.

#### **Slide 6: Executing on our Strategy**

Looking forward, we remain laser-focused on executing our longer-term strategy, including:

1. Investing in the continued growth of our core business – Global Derivatives
2. Increasing recurring revenue opportunities through Data Vantage
3. Harnessing the power of our global network and client base to expand product reach and access
4. Capitalizing on the demand for access to the U.S. capital market
5. Leveraging our superior technology to help drive innovation and product development
6. And disciplined allocation of resources and capital towards the long-term secular growth trends

As witnessed during the first quarter, our strategic focus is well-aligned to the secular trends we see in the capital markets and leverages our core strengths. We see significant opportunity in the Asia Pacific region, where we see growing demand for our index options products, which serve as an efficient and accessible way to gain exposure to the U.S. market. We have a solid pipeline of clients in the region and during the first quarter, we onboarded new clients in Korea and Taiwan to offer our proprietary products. We see this as a long-term secular growth trend and we are excited about the early signs of growth and penetration in this key market.

Turning to our Data Vantage business, our global footprint continued to help drive results during the quarter. Leveraging Cboe Data Vantage products will be key to helping our Asia Pacific customers gain the access they need to U.S. markets and we are working diligently to make that more seamless and

accessible. And more recently, we have also seen increased interest for European market data amongst our Asia Pacific customers, reinforcing the power of our global network to provide our customer base with the data and access they need across global markets.

Additionally, we remain focused on product innovation across our ecosystem and unlocking access to U.S. markets for international investors. Whether it be through increased accessibility, new products or education, we'll continue to help people access the liquidity and efficiency of the U.S. markets while also providing trusted markets in local regions around the world.

To that end, in the first quarter we completed our final equities exchange migration to Cboe Titanium, our best-in-class exchange technology platform. During the recent market turbulence, our exchanges have demonstrated remarkable resilience and reliability, which is critical for our customers. We will continue to invest in our exchange technology platform to help ensure we have durable technology powering our markets and driving innovation for our customers.

I'll now turn it over to Dave to talk in detail about the business line results.

### **Slide 7: Derivatives: Aligned with Cyclical and Secular Trends**

Thanks Fred,

Starting with our derivatives business – net revenues increased a robust 16% to a record \$309M in the first quarter. We saw activity accelerate throughout the period to produce record total options average daily volumes across our four options exchanges. Notably, we reached all-time quarterly, monthly and single-day highs in SPX during the first quarter; XSP – our mini SPX product – reached a new quarterly record, and overall proprietary index options ADV achieved all-time quarterly and monthly highs.

Looking a little deeper into the drivers of the record activity, option volumes surged on the back of heightened geopolitical volatility, as investors turned to options to help navigate the increasingly uncertain macro outlook. SPX option volumes increased 13% YoY to a record ADV of 3.6M contracts, while VIX option volumes jumped almost 33% to an ADV of 948k contracts.

The growth in our SPX options franchise was led by a continued rise in ODTE options trading. This was on the back of two factors. First was the fast-moving nature of headlines coming from this administration, as investors turned to zero-day options to help monetize the increase in intraday volatility. Second was expanded access, with Robinhood rolling out index options to all its customers in late January. ODTE option volumes averaged almost 2M contracts in Q1, up 29% year-over-year, and making up a record 55% share of overall SPX volume.

In this headline-driven market, the ability to trade in and out of risk at all hours of the day became ever more important, especially as we expand our customer base internationally. Index options volume in our Global Trading Hours hit a record last quarter, up 36% year-over-year. Over 253k SPX options traded during overnight hours on January 27th when the Deep Seek headlines hit the market, more than during the November US election. That record has since been broken multiple times in April as trade tensions escalated.

Outside of our established SPX and VIX franchise, we're also seeing encouraging growth in several new products. Most notably, our new Bitcoin index options – tickers CBTX and MBTX – since their December launch. ETF issuers, in particular, have gravitated toward our products by introducing options-based strategies on bitcoin. Already, 15 ETFs are using CBTX and MBTX options in their strategies with more expected to come. MBTX option volumes hit a high of over 27k contracts on March 31st, equivalent to \$527M notional. We're excited to expand on our bitcoin offering with Cboe FTSE Bitcoin Index futures, which launched on April 28th.

Besides crypto, we also saw a healthy uptick in our corporate bond futures. Open interest in our high yield futures recently hit a record high of \$901M notional value while open interest in our investment grade futures jumped to \$547M. As credit market volatility picks up, we expect continued growth and adoption in these products.

The breadth and strength of the Cboe toolkit was on full display to start the year, be it early in the quarter as investors made tactical shifts with the use of ODTE SPX options or navigated more outsized volatility events with Cboe's VIX options and futures. As we head into the second quarter, volatility has remained elevated with trade tensions, recession risk, and potential inflation shocks. The need for both retail and institutional investors to use options to dynamically manage positions, hedge exposures, and generate income only increases. Already in the second quarter, we've seen SPX option volumes hit an all-time high of 6M contracts on April 4th, with quarter-to-date proprietary product ADV running above previous quarterly and annual records.

### **Slide 8: Unlocking Global Growth Potential**

Moving to cash and spot markets, first quarter revenue was up 10% as each region contributed to the upside. With Cboe Canada successfully migrating to Cboe Titanium during the quarter, we now have all our equities and derivatives markets across North America, UK, Europe, Australia, and Japan running on Cboe Titanium. The resiliency of the platform has been on full display in 2025 as we have seen record volumes and activity in many of our markets. For context, on April 7, we seamlessly processed over 1 trillion orders, quotes, and market data events across our 27 global markets. In today's environment, having a globally consistent, locally optimized technology platform is a differentiated strength that will help Cboe to expand access to its markets, products, data, and services to customers around the world.

In North American Equities, net revenue was up 2% as increased non-transaction revenue was partially offset by lower net transaction and clearing fees vs. the first quarter of 2024. In the U.S., industry activity levels have been healthy, but the benefit was muted by a smaller addressable market for Cboe with total volume transacted off-exchange or during auctions hitting 56% during the first quarter, or 6 percentage points higher than Q1 2024 levels. On the non-transaction side, we have seen durable demand for our access services and data products.

Our Europe and Asia Pacific segment delivered the strongest year-over-year percentage growth of any segment for the third quarter in a row, printing an impressive 18% increase, or 22% on a constant currency basis. The increase was driven by higher net transaction and clearing fees, up 30% in the first quarter behind strong industry volumes and solid market share trends. We remain excited about our prospects in these regions, both for the opportunity to grow share in local markets, as well as the ability to import activity back to the U.S. given the continued demand by global participants.

### **Slide 9: Cboe Data Vantage: Driving Durable Growth**

Turning to Data Vantage, net revenue grew over 8% in the first quarter with solid increases in all three components of our Data Vantage business – real-time market data, analytics, and indices. Also of note in Q1, we saw new recurring annual contract value (ACV) increase 47% year-over-year, a strong leading indicator for our business. As we redeploy a greater portion of our technology resources to revenue generating activities, we look forward to building on our positive 2025 sales trends.

Taking a closer look at some of the first quarter dynamics, 55% of new data sales occurred outside the U.S. With efforts to improve access to U.S. and European markets for global investors by increasing our APAC sales force, adding more brokers in the region, as well as rounding out our market intelligence group with local expertise, we are looking to lean into this secular trend. We believe getting our data in the hands of more customers around the globe is not only beneficial for our Data Vantage business, but enhances our trading businesses as well. Historically, we have seen customers increase data consumption ahead of

implementing trading strategies in new markets. In this case, international investors analyzing and back-testing data ahead of putting money to work in the U.S. or Europe.

#### **Slide 10: Executing on Growth Priorities**

The first quarter showcased the breadth and the durability of the Cboe model. We look forward to building on the strong Q1 results and robust start to the second quarter through continued enhancements to our education efforts, broadening access to our markets, and leveraging our differentiated set of products for investors around the world. With that, I will turn the call over to Jill.

#### **Slide 11: 1Q25 Financial Summary**

Thanks, Dave. Cboe posted a record first quarter, with adjusted diluted earnings per share up 16% on a year-over-year basis to \$2.50. First quarter results reflected strength across our ecosystem and in each of our business segments. I will provide some high-level takeaways from this quarter's operating results before going through segment results.

Our first quarter net revenue increased 13% versus the first quarter of 2024 to finish at \$565 million, with each of our categories producing healthy year-over-year growth. Specifically:

- Derivatives Markets net revenues grew 16%,
- Cash and Spot Markets net revenues grew 10%,
- And Data Vantage net revenues grew over 8%.

Adjusted operating expenses of \$192 million were roughly flat on a year-over-year basis. Driven by our strong business results and disciplined expense management, adjusted operating EBITDA of \$385 million grew 20% and adjusted operating EBITDA margin expanded by 4.3 percentage points to 68.1% versus the first quarter of 2024.

#### **Slide 13: 1Q25 Net Revenue by Segment and Key Drivers**

Turning to the key drivers by segment. Our press release and the appendix of our slide deck include information detailing the key metrics for our business segments, so I'll provide some highlights for each:

- The Options segment delivered another quarter of record net revenue with 15% year-over-year growth.
  - Total options ADV was up 23%, with a 17% increase in index options volume and a 25% increase in multi-listed options volume.
- North American Equities net revenue increased 2% on a year-over-year basis. Access and capacity fees increased 16% as compared to the first quarter of 2024, partially offset by a 9% decline in net transaction and clearing fees.
- The Europe and APAC segment produced record net revenue with an 18% year-over-year increase resulting from strong growth across both transaction and non-transaction revenues. Net transaction and clearing fees were up 30% while non-transaction revenues were up a combined 8%.
- Futures net revenue increased 8% from the first quarter of 2024, with higher net transaction and clearing fees reflecting a 13% increase in ADV.
- And finally, Global FX record net revenue increased 16%, driven by higher net transaction and clearing fees.

#### **Slide 14: Grew 1Q25 Data Vantage Net Revenue 8% YoY Organically**

Looking at Cboe's Data Vantage business, net revenues were up over 8% on an organic basis in the first quarter. The ability to match an expanding product set with an increasing global sales presence and cloud distribution capabilities is a compelling combination. We saw this benefit play out more recently with our dedicated cores offering and time stamping services, and we believe the future remains bright as we plan to continue to re-deploy technology resources to revenue enhancing activities.

### **Slide 15: 1Q25 Adjusted Operating Expenses**

Turning to expenses, total adjusted operating expenses were \$192 million for the quarter and roughly flat on a year-over-year basis. Lower other expenses as well as travel and promotional expenses were partially offset by higher technology support services and depreciation and amortization expenses.

Despite the first quarter favorability, we are leaving our full year expense guidance range unchanged at \$837 to \$852 million. Our full year guidance takes into account the first quarter expense benefit from timing-related elements in our marketing spend. Moving forward, we would expect to see marketing-related costs re-accelerate. In addition, given the continued strong results in April, we're projecting an uptick in short-term incentives in our compensation and benefits line. And finally, our guidance framework captures the expected expense impact of our CEO transition. Overall, we are pleased to be in the advantageous position to invest in our business – expanding areas like our global sales efforts and making further marketing campaign enhancements to advance investor education for our index options products globally – all while maintaining our strong operating efficiency to drive durable returns for shareholders.

### **Slide 16: 2025 Guidance**

Looking at our 2025 guidance more broadly on slide 16,

- We are increasing our full year total organic net revenue growth guidance range to mid to high single digits from mid single digits given the robust start to the year and confidence we have in our markets and products to provide utility to customers moving forward.
- We are reaffirming our Data Vantage organic net revenue growth range of mid to high single digits on the back of the solid first quarter results,
- And as mentioned, we are reaffirming our full year adjusted expense guidance range of \$837 to \$852 million.

Rounding out the remaining pieces of our guidance:

- Our full year guidance range for CapEx remains at \$75 to \$85 million, and depreciation and amortization is expected to be in the \$55 to \$59 million range.
- We continue to expect the effective tax rate on adjusted earnings (under the current tax laws) to come in at 28.5% to 30.5% for the full year.
- And while we don't provide formal guidance on interest income or interest expense, we expect that interest expense, net of interest income, will be in the \$2 to 3 million range in the second quarter of 2025.

### **Slide 17: Efficient Allocation of Capital to Create Long-Term Shareholder Value**

Turning to our balance sheet, we remain in a strong financial position with over \$1 billion of adjusted cash on our balance sheet, an attractive debt profile with medium-term fixed rates averaging 2.8%, and a low leverage ratio of 1.0x.

We resumed open-market share repurchases following our fourth quarter earnings call on February 7th and repurchased \$30 million dollars in shares during the remainder of the first quarter. We have continued our opportunistic repurchase activity to start the second quarter, with an incremental \$5 million dollars in shares bought back in April. Complementing our share repurchase activity, we returned a total of \$66 million to shareholders in the form of a \$0.63 cent dividend during the first quarter. Moving forward, we remain focused on leveraging our flexible balance sheet and healthy free cash flow profile to produce durable returns for shareholders.

Now I'd like to turn it back over to Fred for some closing comments before we open it up to Q&A.

## Closing Remarks

Thanks, Jill. The year is off to a strong start with an excellent first quarter and a robust beginning to the second quarter. And while volumes may ease from the exceptional levels seen in recent months, we believe the market ecosystem remains healthy and supportive of volume growth moving forward.

Cboe is well-positioned for Craig Donohue to take the reins. Many of you know Craig from his days at CME where his track record speaks for itself. Craig brings decades of experience in the global derivatives markets and a history of driving growth and innovation to Cboe. His visionary leadership, deep experience, industry relationships, and proven track record in global financial markets make him an excellent individual to take the helm as CEO at Cboe.

When I moved from the Board to CEO 18 months ago, my priorities were to:

- 1.) Stabilize the organization,
- 2.) Sharpen our strategic focus,
- 3.) Bring a more disciplined approach to capital allocation, and
- 4.) Leadership development and succession

Together with the strong management team we have achieved these goals, and I am proud of the results we have delivered. We are now executing on an orderly and well-planned CEO succession strategy.

Craig will assume the CEO seat on May 7th, upon which point I will transition into an advisory role through the end of June. I look forward to working closely with him on a seamless transition and returning to my role as a non-employee director of the Board. I am pleased to leave things in Craig and the executive management team's very capable hands, having accomplished each of my goals as CEO. It's been an honor to lead this great company over the past 18 months, and I am incredibly proud of our achievements and optimistic about the future of Cboe.

I will now turn the call back over to Ken for Q&A.

## *Cautionary Statements Regarding Forward-Looking Information*

*This presentation 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.*

*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 or clearing volumes, market data fees or a shift in the mix of products traded on our exchanges; legislative or regulatory changes or changes in tax regimes; our ability to protect our systems and communication networks from security vulnerabilities and breaches; our ability to attract and retain skilled management and other personnel, increasing competition by foreign and domestic entities; our dependence on and exposure to risk from third parties; factors that impact the quality and integrity of our and other applicable indices; our ability to manage our global operations, growth, and strategic acquisitions or alliances effectively; increases in the cost of the products and services we use; 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 minimize the risks, including our credit, counterparty investment, and default risks, associated with operating our clearinghouses; our ability to accommodate trading and clearing volume and transaction traffic, including significant increases, without failure or degradation of performance of our systems; misconduct by those who use our markets or our products or for whom we clear transactions; challenges to our use of open source software code; our ability to meet our compliance obligations, including managing our business interests and our regulatory responsibilities; the loss of key customers or a significant reduction in trading or clearing volumes by key customers; our ability to maintain BIDS Trading as an independently managed and operated trading venue, separate from and not integrated with our registered national securities exchanges; damage to our reputation; the ability of our compliance and risk management methods to effectively monitor and manage our risks; restrictions imposed by our debt obligations and our ability to make payments on or refinance our debt obligations; our ability to maintain an investment grade credit rating; impairment of our goodwill, long-lived assets, investments or intangible assets; the accuracy of our estimates and expectations; and litigation risks and other liabilities. 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, 2024 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.*