

Intercontinental Exchange, Inc.
Form 10-Q/A
May 02, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q/A
Amendment No. 1

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the quarterly period ended March 31, 2019

Or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 001-36198

INTERCONTINENTAL EXCHANGE, INC.
(Exact name of registrant as specified in its charter)

Delaware 46-2286804
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)
5660 New Northside Drive, 30328
Atlanta, Georgia (Zip Code)
(Address of principal executive offices)
(770) 857-4700
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:
Title of Each Class Trading Symbol(s) Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share ICE New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer Accelerated filer

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Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 29, 2019, the number of shares of the registrant's Common Stock outstanding was 563,865,016 shares.

EXPLANATORY NOTE

This Amendment No. 1 to the Form 10-Q (this “Amendment”) amends the Quarterly Report on Form 10-Q of Intercontinental Exchange, Inc. for the period ended March 31, 2019 (the “Form 10-Q”) filed earlier today on May 2, 2019 for the sole purpose of correcting a clerical error. The clerical error resulted in certain headings to be missing from the Accumulated Other Comprehensive Income (Loss) table in Note 9 to the consolidated financial statements.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are filed as exhibits to this Amendment. No other changes have been made to the Form 10-Q, but for the convenience of the reader, this Amendment restates in its entirety, as amended, the original Form 10-Q. This Amendment does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way the substantive disclosures made in the Form 10-Q.

INTERCONTINENTAL EXCHANGE, INC.
 Form 10-Q/A
 Quarterly Period Ended March 31, 2019
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PART I. Financial Statements

Item 1. Consolidated Financial Statements (Unaudited)

Intercontinental Exchange, Inc. and Subsidiaries

Consolidated Balance Sheets

(In millions, except per share amounts)

(Unaudited)

	As of March 31, 2019	As of December 31, 2018
Assets:		
Current assets:		
Cash and cash equivalents	\$653	\$ 724
Short-term restricted cash and cash equivalents	868	818
Customer accounts receivable, net of allowance for doubtful accounts of \$7 at March 31, 2019 and December 31, 2018	1,181	953
Margin deposits, guaranty funds and delivery contracts receivable	64,564	63,955
Prepaid expenses and other current assets	219	242
Total current assets	67,485	66,692
Property and equipment, net	1,538	1,241
Other non-current assets:		
Goodwill	13,098	13,085
Other intangible assets, net	10,406	10,462
Long-term restricted cash and cash equivalents	370	330
Other non-current assets	960	981
Total other non-current assets	24,834	24,858
Total assets	\$93,857	\$ 92,791
Liabilities and Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$509	\$ 521
Section 31 fees payable	70	105
Accrued salaries and benefits	125	280
Deferred revenue	479	135
Short-term debt	1,005	951
Margin deposits, guaranty funds and delivery contracts payable	64,564	63,955
Other current liabilities	283	161
Total current liabilities	67,035	66,108
Non-current liabilities:		
Non-current deferred tax liability, net	2,308	2,337
Long-term debt	6,492	6,490
Accrued employee benefits	203	204
Operating lease liability-non-current	306	—
Other non-current liabilities	312	350
Total non-current liabilities	9,621	9,381
Total liabilities	76,656	75,489
Commitments and contingencies		
Redeemable non-controlling interest in consolidated subsidiaries	71	71
Equity:		

Intercontinental Exchange, Inc. stockholders' equity:

Preferred stock, \$0.01 par value; 100 shares authorized; no shares issued or outstanding at March 31, 2019 and December 31, 2018

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Common stock, \$0.01 par value; 1,500 shares authorized; 606 and 604 shares issued at March 31, 2019 and December 31, 2018, respectively, and 565 and 569 shares outstanding at March 31, 2019 and December 31, 2018, respectively	6	6
Treasury stock, at cost; 41 and 35 shares at March 31, 2019 and December 31, 2018, respectively	(2,851)	(2,354)
Additional paid-in capital	11,597	11,547
Retained earnings	8,644	8,317
Accumulated other comprehensive loss	(290)	(315)
Total Intercontinental Exchange, Inc. stockholders' equity	17,106	17,201
Non-controlling interest in consolidated subsidiaries	24	30
Total equity	17,130	17,231
Total liabilities and equity	\$93,857	\$92,791

See accompanying notes.

Intercontinental Exchange, Inc. and Subsidiaries
Consolidated Statements of Income
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Transaction and clearing, net	\$862	\$898
Data services	546	520
Listings	111	109
Other revenues	64	53
Total revenues	1,583	1,580
Transaction-based expenses:		
Section 31 fees	69	121
Cash liquidity payments, routing and clearing	244	234
Total revenues, less transaction-based expenses	1,270	1,225
Operating expenses:		
Compensation and benefits	248	240
Professional services	33	30
Acquisition-related transaction and integration costs	—	12
Technology and communication	107	105
Rent and occupancy	17	17
Selling, general and administrative	42	33
Depreciation and amortization	158	138
Total operating expenses	605	575
Operating income	665	650
Other income (expense):		
Interest income	9	4
Interest expense	(71)	(52)
Other income, net	23	15
Other income (expense), net	(39)	(33)
Income before income tax expense	626	617
Income tax expense	134	143
Net income	\$492	\$474
Net income attributable to non-controlling interest	(8)	(10)
Net income attributable to Intercontinental Exchange, Inc.	\$484	\$464
Earnings per share attributable to Intercontinental Exchange, Inc. common stockholders:		
Basic	\$0.85	\$0.80
Diluted	\$0.85	\$0.79
Weighted average common shares outstanding:		
Basic	568	582
Diluted	570	586

See accompanying notes.

Intercontinental Exchange, Inc. and Subsidiaries
 Consolidated Statements of Comprehensive Income
 (In millions)
 (Unaudited)

	Three Months Ended March 31,	
	2019	2018
Net income	\$492	\$474
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of tax benefit (expense) of \$0 and (\$1) for the three months ended March 31, 2019 and 2018, respectively	26	33
Change in equity method investment	(1)	—
Other comprehensive income	25	33
Comprehensive income	\$517	\$507
Comprehensive income attributable to non-controlling interest	(8)	(10)
Comprehensive income attributable to Intercontinental Exchange, Inc.	\$509	\$497

See accompanying notes.

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Intercontinental Exchange, Inc. and Subsidiaries
 Consolidated Statements of Changes in Equity and Redeemable Non-Controlling Interest
 (In millions)
 (Unaudited)

	Intercontinental Exchange, Inc. Stockholders' Equity							Non-Controlling Interest in Consolidated Subsidiaries	Total Equity	Redeemable Non-Controlling Interest
	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			
	Shares	Value	Shares	Value						
Balance, as of December 31, 2018	604	\$ 6	(35)	\$(2,354)	\$ 11,547	\$ 8,317	\$(315)	\$ 30	\$ 17,231	\$ 71
Other comprehensive income	—	—	—	—	—	—	25	—	25	—
Exercise of common stock options	—	—	—	—	5	—	—	—	5	—
Repurchases of common stock	—	—	(6)	\$(440)	—	—	—	—	(440)	—
Payments relating to treasury shares	—	—	—	\$(57)	—	—	—	—	(57)	—
Stock-based compensation	—	—	—	—	33	—	—	—	33	—
Issuance under the employee stock purchase plan	—	—	—	—	12	—	—	—	12	—
Issuance of restricted stock	2	—	—	—	—	—	—	—	—	—
Distributions of profits	—	—	—	—	—	—	—	\$(14)	\$(14)	—
Dividends paid to stockholders	—	—	—	—	—	\$(157)	—	—	\$(157)	—
Net income attributable to non-controlling interest	—	—	—	—	—	\$(8)	—	8	—	—
Net income	—	—	—	—	—	492	—	—	492	—
Balance, as of March 31, 2019	606	\$ 6	(41)	\$(2,851)	\$ 11,597	\$ 8,644	\$(290)	\$ 24	\$ 17,130	\$ 71
	Intercontinental Exchange, Inc. Stockholders' Equity							Non-Controlling Interest in Consolidated Subsidiaries	Total Equity	Redeemable Non-Controlling Interest
	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			
	Shares	Value	Shares	Value						
Balance, as of December 31, 2017	600	\$ 6	(17)	\$(1,076)	\$ 11,392	\$ 6,858	\$(223)	\$ 28	\$ 16,985	\$ —
Other comprehensive income	—	—	—	—	—	—	33	—	33	—
Exercise of common stock options	—	—	—	—	4	—	—	—	4	—
Repurchases of common stock	—	—	(4)	\$(300)	—	—	—	—	\$(300)	—
Payments relating to treasury shares	—	—	(1)	\$(72)	—	—	—	—	\$(72)	—
Stock-based compensation	—	—	—	—	32	—	—	—	32	—
Issuance of restricted stock	3	—	—	—	—	—	—	—	—	—
Distributions of profits	—	—	—	—	—	—	—	\$(10)	\$(10)	—
Dividends paid to stockholders	—	—	—	—	—	\$(140)	—	—	\$(140)	—
Net income attributable to non-controlling interest	—	—	—	—	—	\$(10)	—	10	—	—
Net income	—	—	—	—	—	474	—	—	474	—
Balance, as of March 31, 2018	603	\$ 6	(22)	\$(1,448)	\$ 11,428	\$ 7,182	—	—	—	—