



# Bats

## Second Quarter 2016 – Earnings Call

August 4, 2016

# Disclaimers

## Forward Looking Statements

This presentation includes certain disclosures which contain “forward-looking statements.” You can identify forward-looking statements because they contain words such as “believes” and “expects.” Forward-looking statements are based on Bats’ current expectations and assumptions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in our filings with the SEC, including our final prospectus filed pursuant to Rule 424(b) and our quarterly reports on Form 10-Q, under the caption “Risk Factors.”

## Non-GAAP Financial Measures

To supplement Bats’ consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) and to better reflect period-over-period comparisons, Bats uses non-GAAP financial measures of performance, financial position, or cash flows that either exclude or include amounts that are not normally excluded or included in the most directly comparable measure, calculated and presented in accordance with GAAP. Non-GAAP financial measures do not replace and are not superior to the presentation of GAAP financial results, but are provided to improve overall understanding of Bats’ current financial performance and its prospects for the future. Bats believes the non-GAAP financial results provide useful information to both management and investors regarding certain additional financial and business trends relating to financial condition and operating results. In addition, management uses these measures, along with GAAP information, for reviewing financial results and evaluating its historical operating performance. The non-GAAP adjustments for all periods presented are based upon information and assumptions available as of the date of this release. The non-GAAP information is not prepared in accordance with GAAP and may not be comparable to non-GAAP information used by other companies.

# Defined Terms

- ◆ Adjusted cash is defined as cash and cash equivalents and financial investments excluding cash received for payment of Section 31 fees.
- ◆ Adjusted earnings is defined as net income adjusted for amortization, acquisition-related costs, IPO costs, debt restructuring costs, and loss on extinguishment of debt, net of the tax effects of these adjustments.
- ◆ EBITDA is defined as net income excluding interest, income tax provision and depreciation and amortization. Other companies may calculate EBITDA differently than Bats.
- ◆ Normalized EBITDA is defined as EBITDA before acquisition-related costs, IPO costs, and the gain on extinguishment of the revolving credit facility.
- ◆ Normalized EBITDA Margin represents Normalized EBITDA divided by revenue less cost of revenue.
- ◆ Normalized operating expenses is defined as operating expenses before acquisition-related costs, IPO costs, and the gain on extinguishment of the revolving credit facility.
- ◆ Organic net revenue is defined as revenues less cost of revenues excluding revenues less cost of revenues of any acquisition for the quarter the business was acquired and the following year comparable quarter.
- ◆ Transaction fee net revenue is defined as transaction fees less liquidity payments and routing and clearing costs.

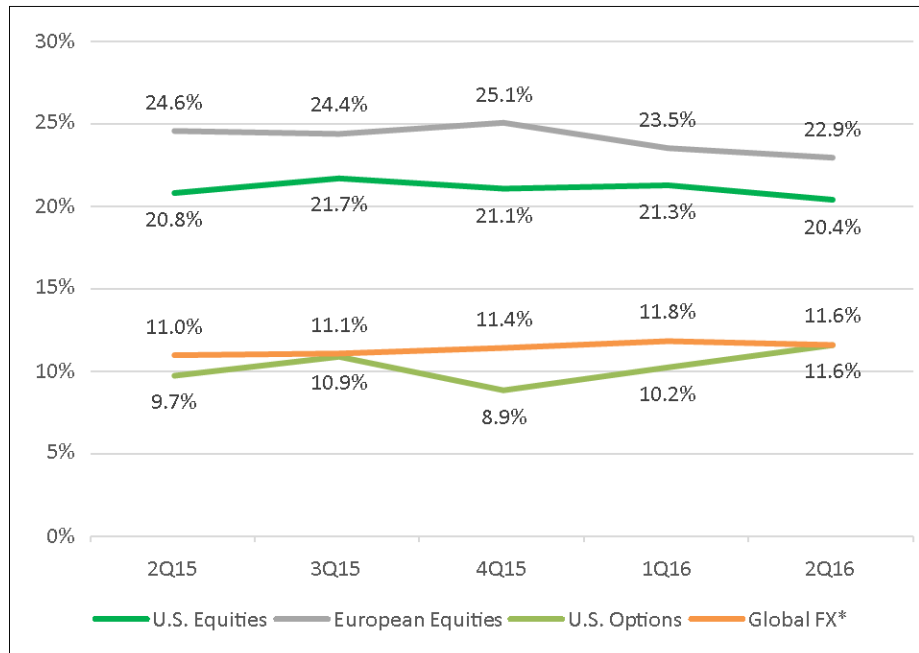
The reconciliation of non-GAAP items to the nearest GAAP alternative is included in the attached supplemental data.

# Corporate Update and Outlook

- ◆ Strong Growth in Net Revenue, Adjusted Earnings and Margin
- ◆ Existing Businesses Performing Extremely Well
  - U.S. Equities (excluding auctions) remains #1
  - U.S. ETF trading remains #1
  - European Equities and Trade Reporting remain #1
  - U.S. Options – Price-Time Priority market remains #1
- ◆ Key Initiatives Progressing
  - Continued to build momentum with our ETF listings business
  - On track to deliver new products in U.S. Options and Global FX before the end of the year
  - Non-transaction revenue growth including expansion of proprietary market data
  - Bats Europe launched 18 real-time benchmark indices
  - Refinanced debt to take advantage of favorable market conditions

# 2Q16 Results

## Market Share

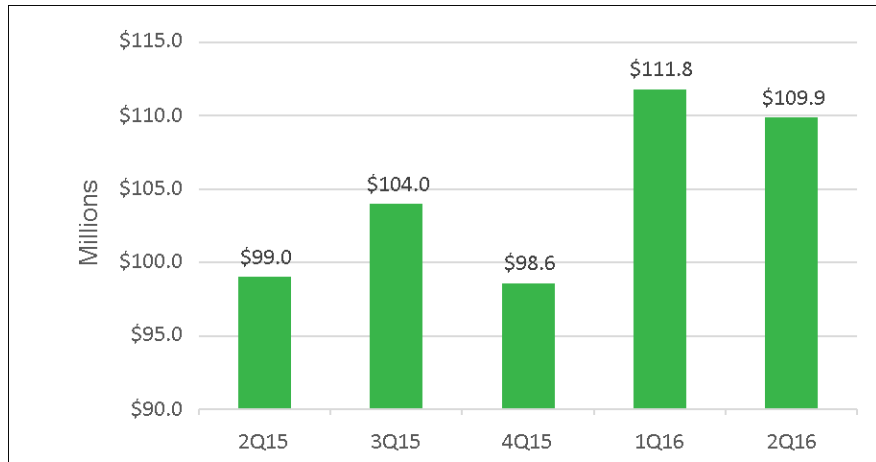


\*Our share of the publicly reported institutional spot volume

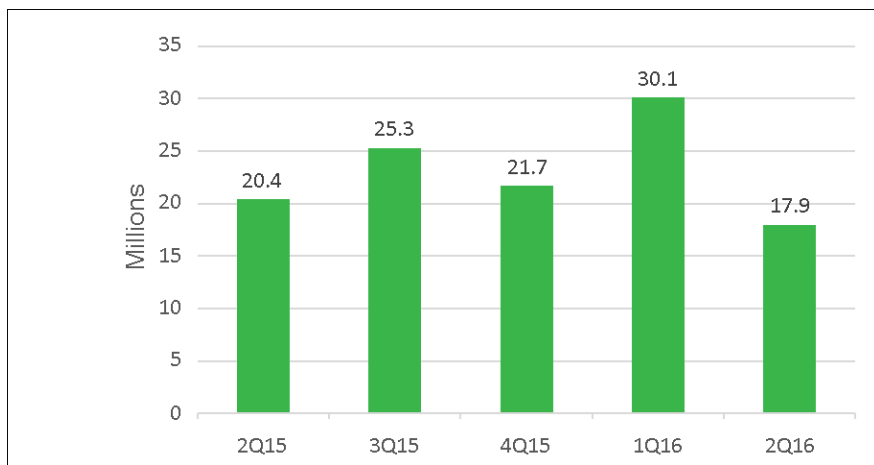
- ◆ U.S. Options achieved record quarterly market share of 11.6% while nearly doubling net capture year-on-year
- ◆ U.S. Equities market share decreased slightly in the 2<sup>nd</sup> quarter as market volatility was relatively flat until the end of June
- ◆ European Equities decreased due to pricing changes made in January to improve net capture, which rose 15% from a year ago
- ◆ Hotspot market share increased to 11.6% from 11.0% last year

# 2Q16 Results

## Net Revenue



## Net Income



- ◆ Net revenue growth of 11% in the current quarter compared to the same period in the prior year driven by non-transaction revenue and increased net capture
- ◆ Net income decreased 12% in the current quarter compared to the same period in the prior year due to charge for debt refinancing

# 2Q16 Financial Highlights

\$109.9 million net revenue

## Net Revenue By Type

(\$ in millions)

			Variance		% of Growth
	2Q16	2Q15	\$	%	
Transaction fees	\$ 48.7	\$ 45.2	\$ 3.5	8%	32%
Market data fees	36.5	33.7	2.8	8%	26%
Connectivity fees	24.7	20.1	4.6	23%	42%
Total	<u>\$ 109.9</u>	<u>\$ 99.0</u>	<u>\$ 10.9</u>	<u>11%</u>	<u>100%</u>

Non-transaction fee revenue  
as a percent of total revenue

55.7% 54.3%

- ◆ Net revenue increased 22% year-to-date
- ◆ Organic net revenue growth of 11% for the 2nd quarter and 18% year-to-date
- ◆ Non-transaction revenue responsible for 68% of net revenue growth

## Net Revenue By Segment

(\$ in millions)

			Variance		% of Growth
	2Q16	2Q15	\$	%	
U.S. Equities	\$ 72.2	\$ 65.7	\$ 6.5	10%	60%
European Equities	18.0	16.8	1.2	7%	11%
U.S. Options	10.7	5.8	4.9	84%	45%
Global FX	9.0	10.7	(1.7)	-16%	-16%
Total	<u>\$ 109.9</u>	<u>\$ 99.0</u>	<u>\$ 10.9</u>	<u>11%</u>	<u>100%</u>

## Net Revenue Variance Sources - 2Q16 v. 2Q15

(\$ in millions)

	Variance	
	\$	% of Growth
Market volume	\$ 1.3	12%
Market share	(0.5)	-5%
Net capture	3.3	30%
Connectivity/other	6.8	63%
Total	<u>\$ 10.9</u>	<u>100%</u>



# 2Q16 Financial Highlights

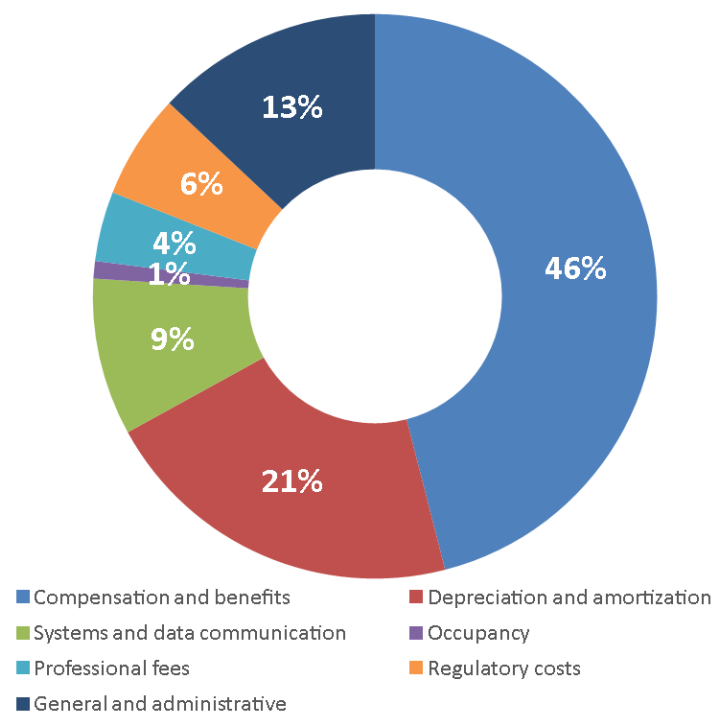
Normalized operating expenses were lower during the quarter as Direct Edge synergies were partially offset by a one-time operating tax credit recorded last year

(\$ in millions)

Operating Expenses	2Q16	2Q15	Change	% Change
Compensation and benefits	\$ 23.0	\$ 20.4	\$ 2.6	13%
Depreciation and amortization	10.4	10.2	0.2	2%
Systems and data communication	4.4	10.2	(5.8)	-57%
Occupancy	0.7	0.8	(0.1)	-13%
Professional fees	1.9	1.4	0.5	36%
Regulatory costs	2.8	2.8	-	0%
General and administrative	6.4	4.2	2.2	52%
Normalized Operating Expenses	<u>\$ 49.6</u>	<u>\$ 50.0</u>	<u>\$ (0.4)</u>	<u>-1%</u>
Adjustments	<u>2.2</u>	<u>0.4</u>	<u>1.8</u>	<u>450%</u>
Total Operating Expenses	<u>\$ 51.8</u>	<u>\$ 50.4</u>	<u>\$ 1.4</u>	<u>3%</u>

	2Q16	2Q15
Merger Synergies - Direct Edge	\$ 11.1	\$ 5.5
Merger Synergies - Hotspot	1.7	1.1
Income tax expense	\$ 12.3	\$ 15.8
Effective tax rate	40.7%	43.6%

2Q16 Normalized Operating Expenses





# 2Q16 Financial Highlights

**\$33.9 million adjusted earnings**

38% increase in adjusted earnings along with margin improvement

## Net Income

(\$ in millions, except per share)

			Variance	
	2Q16	2Q15	\$	%
Net Income	\$ 17.9	\$ 20.4	\$ (2.5)	-12%
Diluted EPS	\$ 0.19	\$ 0.21	\$ (0.02)	-10%

## Adjusted Earnings

(\$ in millions, except per share)

			Variance	
	2Q16	2Q15	\$	%
Adjusted earnings	\$ 33.9	\$ 24.6	\$ 9.3	38%
Diluted adjusted EPS	\$ 0.35	\$ 0.26	\$ 0.09	35%

## Normalized EBITDA Margin on Incremental Net Revenue

2Q16 vs. 2Q15

105%

## 2Q 16 Normalized EBITDA Variance Summary

(\$ in millions)

			Variance	
	2Q16	2Q15	\$	%
<b>Normalized EBITDA</b>				
U.S. Equities	\$ 52.6	\$ 41.7	\$ 10.9	26%
European Equities	10.8	10.8	-	0%
U.S. Options	5.7	2.7	3.0	111%
Global FX	2.9	4.6	(1.7)	-37%
Corporate	(0.6)	0.2	(0.8)	nm
<b>Total</b>	<b>\$ 71.4</b>	<b>\$ 60.0</b>	<b>\$ 11.4</b>	<b>19%</b>

## Normalized EBITDA Margin

U.S. Equities	73%	63%	9%
European Equities	60%	64%	-4%
U.S. Options	53%	47%	7%
Global FX	32%	43%	-11%
<b>Total</b>	<b>65%</b>	<b>61%</b>	<b>4%</b>



# 2Q16 Financial Highlights

## Leverage ratio well below maximum

Available liquidity of \$161.9 M\*

(\$ in millions)

	6/30/16	3/31/16	12/31/15	9/30/15	6/30/15
Adjusted Cash	\$ 61.9	\$ 66.6	\$ 54.9	\$ 78.4	\$ 70.1
Total Assets	\$ 1,359.2	\$ 1,287.0	\$ 1,307.0	\$ 1,278.0	\$ 1,387.0
Total Stockholder's Equity	\$ 418.9	\$ 408.6	\$ 379.9	\$ 364.0	\$ 342.9
Capital Expenditures	\$ 4.6	\$ 0.7	\$ 1.6	\$ 2.1	\$ 6.6
Term Loan	\$ 635.6	\$ 636.8	\$ 677.6	\$ 726.5	\$ 757.2
Undrawn Revolver	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0
<b>Actual Leverage Ratio</b>	<b>2.34</b>	<b>2.45</b>	<b>2.88</b>	<b>3.19</b>	<b>3.60</b>
Maximum Leverage Ratio - Covenant	4.00	4.50	4.75	5.00	5.25

\* Includes adjusted cash and financial instruments

# Summary

- ◆ Achieved 11% organic net revenue growth; 18% year-to-date;
- ◆ Set a record for market share in U.S. Options at 11.6%;
- ◆ Remained the largest stock exchange and trade reporting service in Europe;
- ◆ Continued success in our ETF Trading and Listings business;
- ◆ Remain on track to deliver new products in our U.S. Options and Global FX businesses;
- ◆ And successfully refinanced our existing debt to provide lower costs and more capital allocation flexibility.

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# SUPPLEMENTAL DATA

# 2Q16 Metrics

	2Q16	2Q15	2Q 16 Variance to 2Q15	
			Amount	% Change
<b>U.S. Equities</b>				
Market - Average Daily Volume (billions)	7.3	6.4	0.9	14.1%
Market Share	20.4%	20.8%	-0.4%	
Net Capture (per 100 shares)	\$ 0.022	\$ 0.023	\$ (0.001)	-4.3%
<b>European Equities</b>				
Market - Average Daily Notional Value (€ in billions)	€ 46.6	€ 52.9	€ (6.3)	-11.9%
Market Share	22.9%	24.6%	-1.7%	
Net Capture (basis points)	0.152	0.132	\$ 0.020	15.2%
<b>U.S. Options</b>				
Market - Average Daily Contracts (millions)	15.5	15.0	0.5	3.3%
Market Share	11.6%	9.7%	1.9%	
Net Capture (per contract)	\$ 0.049	\$ 0.026	\$ 0.023	88.5%
<b>Global FX</b>				
Market - Average Daily Notional Value (\$ in billions)	\$ 25.9	\$ 27.0	\$ (1.1)	-4.1%
Market Share*	11.6%	11.0%	0.6%	
Net Capture	\$ 2.61	\$ 3.04	\$ (0.43)	-14.1%

\*Our share of the publically reported institutional spot volume

# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Net Income to EBITDA and Normalized EBITDA**  
**(unaudited - in millions)**

	Three months ended June 30, 2016					
	U.S. Equities	European Equities	U.S. Options	Global FX	Corporate	Consolidated
Net income						\$ 16.3
Income tax expense						13.9
Income (loss) before income tax provision	48.3	9.2	5.2	(2.0)	(30.5)	30.2
Interest	-	-	-	-	11.0	11.0
Depreciation and amortization	4.2	1.6	0.5	4.1	-	10.4
EBITDA	\$ 52.5	\$ 10.8	\$ 5.7	\$ 2.1	\$ (19.5)	\$ 51.6
Acquisition-related costs	0.1	-	-	0.8	-	0.9
IPO costs	-	-	-	-	1.3	1.3
Gain on extinguishment of revolving credit facility	-	-	-	-	17.6	17.6
Normalized EBITDA	<u>\$ 52.6</u>	<u>\$ 10.8</u>	<u>\$ 5.7</u>	<u>\$ 2.9</u>	<u>\$ (0.6)</u>	<u>\$ 71.4</u>
Net Revenue	\$ 72.2	\$ 18.0	\$ 10.7	\$ 9.0	-	\$ 109.9
EBITDA margin (1)	72.7%	60.0%	53.3%	23.3%	NM	47.0%
Normalized EBITDA margin (2)	72.9%	60.0%	53.3%	32.2%	NM	65.0%

(1) EBITDA margin represents EBITDA divided by revenues less cost of revenues.

(2) Normalized EBITDA margin represents Normalized EBITDA divided by revenues less cost of revenues.

# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Net Income to EBITDA and Normalized EBITDA**  
(unaudited - in millions)

Three months ended March 31, 2016

	U.S. Equities	European Equities	U.S. Options	Global FX	Corporate	Consolidated
Net income						\$ 30.1
Income tax expense						21.0
Income (loss) before income tax provision	50.3	10.4	4.3	(0.9)	(13.0)	51.1
Interest	-	-	-	-	11.5	11.5
Depreciation and amortization	4.3	1.5	0.5	4.1	-	10.4
EBITDA	\$ 54.6	\$ 11.9	\$ 4.8	\$ 3.2	\$ (1.5)	\$ 73.0
Acquisition-related costs	0.1	-	-	0.9	-	1.0
IPO costs	-	-	-	-	1.4	1.4
Normalized EBITDA	<u>\$ 54.7</u>	<u>\$ 11.9</u>	<u>\$ 4.8</u>	<u>\$ 4.1</u>	<u>\$ (0.1)</u>	<u>\$ 75.4</u>
Net Revenue	\$ 72.9	\$ 18.5	\$ 10.0	\$ 10.4	-	\$ 111.8
EBITDA margin (1)	74.9%	64.3%	48.0%	30.8%	NM	65.3%
Normalized EBITDA margin (2)	75.0%	64.3%	48.0%	39.4%	NM	67.4%

(1) EBITDA margin represents EBITDA divided by revenues less cost of revenues.

(2) Normalized EBITDA margin represents Normalized EBITDA divided by revenues less cost of revenues.

# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Net Income to EBITDA and Normalized EBITDA**  
**(unaudited - in millions)**

Three months ended December 31, 2015

	U.S. Equities	European Equities	U.S. Options	Global FX	Corporate	Consolidated
Net income						\$ 21.7
Income tax expense						13.6
Income (loss) before income tax provision	42.0	6.5	2.8	(2.6)	(13.4)	35.3
Interest	-	-	-	-	12.4	12.4
Depreciation and amortization	4.9	2.0	0.2	5.2	-	12.3
EBITDA	\$ 46.9	\$ 8.5	\$ 3.0	\$ 2.6	\$ (1.0)	\$ 60.0
Acquisition-related costs	\$ 0.7	\$ -	\$ -	\$ 1.1	\$ -	\$ 1.8
IPO costs	-	-	-	-	1.0	1.0
Normalized EBITDA	\$ 47.6	\$ 8.5	\$ 3.0	\$ 3.7	\$ -	\$ 62.8
Revenues less cost of revenues	\$ 65.3	\$ 16.4	\$ 8.2	\$ 8.7	\$ -	\$ 98.6
EBITDA margin (1)	71.8%	51.8%	36.6%	29.9%	NM	60.9%
Normalized EBITDA margin (2)	72.9%	51.8%	36.6%	42.5%	NM	63.7%

(1) EBITDA margin represents EBITDA divided by revenues less cost of revenues.

(2) Normalized EBITDA margin represents Normalized EBITDA divided by revenues less cost of revenues.



# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Net Income to EBITDA and Normalized EBITDA**  
**(unaudited - in millions)**

Three months ended September 30, 2015

	U.S. Equities	European Equities	U.S. Options	Global FX	Corporate	Consolidated
Net income						\$ 25.3
Income tax expense						17.2
Income (loss) before income tax provision	43.5	9.5	3.8	(0.9)	(13.4)	42.5
Interest	-	-	-	-	12.9	12.9
Depreciation and amortization	4.5	2.1	0.5	3.4	-	10.5
EBITDA	\$ 48.0	\$ 11.6	\$ 4.3	\$ 2.5	\$ (0.5)	\$ 65.9
Acquisition-related costs	(0.8)	-	-	1.7	-	0.9
IPO costs	-	-	-	-	0.5	0.5
Normalized EBITDA	\$ 47.2	\$ 11.6	\$ 4.3	\$ 4.2	\$ -	\$ 67.3
Revenues less cost of revenues	\$ 69.2	\$ 17.3	\$ 7.4	\$ 10.1	\$ -	\$ 104.0
EBITDA margin (1)	69.4%	67.1%	58.1%	24.8%	NM	63.4%
Normalized EBITDA margin (2)	68.2%	67.1%	58.1%	41.6%	NM	64.7%

(1) EBITDA margin represents EBITDA divided by revenues less cost of revenues.

(2) Normalized EBITDA margin represents Normalized EBITDA divided by revenues less cost of revenues.



# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Net Income to EBITDA and Normalized EBITDA**  
**(unaudited - in millions)**

	Three months ended June 30, 2015					
	U.S. Equities	European Equities	U.S. Options	Global FX	Corporate	Consolidated
Net income						\$ 20.4
Income tax expense						15.8
Income (loss) before income tax provision	37.2	8.7	2.3	1.0	(13.0)	36.2
Interest	-	-	-	-	13.2	13.2
Depreciation and amortization	4.5	2.1	0.4	3.2	-	10.2
EBITDA	\$ 41.7	\$ 10.8	\$ 2.7	\$ 4.2	\$ 0.2	\$ 59.6
Acquisition-related costs	-	-	-	0.4	-	0.4
Normalized EBITDA	<u>\$ 41.7</u>	<u>\$ 10.8</u>	<u>\$ 2.7</u>	<u>\$ 4.6</u>	<u>\$ 0.2</u>	<u>\$ 60.0</u>
Revenues less cost of revenues	\$ 65.7	\$ 16.8	\$ 5.8	\$ 10.7	-	\$ 99.0
EBITDA margin (1)	63.5%	64.3%	46.6%	39.3%	NM	60.2%
Normalized EBITDA margin (2)	63.5%	64.3%	46.6%	43.0%	NM	60.6%

(1) EBITDA margin represents EBITDA divided by revenues less cost of revenues.

(2) Normalized EBITDA margin represents Normalized EBITDA divided by revenues less cost of revenues.

# Supplemental Data

## Bats Global Markets, Inc.

### Reconciliation of Cash and Cash Equivalents and Financial Investments to Adjusted Cash (unaudited - in millions)

	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Cash and cash equivalents	\$ 61.3	\$ 77.1	\$ 75.1	\$ 77.9	\$ 69.6
Add: Financial investments	122.9	40.2	47.7	0.5	111.1
Deduct: Regulatory transaction fees collected to be used to pay Section 31 fees	(122.3)	(50.7)	(67.9)	-	(110.6)
Adjusted cash	<u>\$ 61.9</u>	<u>\$ 66.6</u>	<u>\$ 54.9</u>	<u>\$ 78.4</u>	<u>\$ 70.1</u>

# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Adjusted Earnings**  
**(unaudited - in millions)**

	2Q16	2Q15
Net income	\$ 17.9	\$ 20.4
Amortization	6.8	7.1
Acquisition-related costs	0.9	0.4
IPO costs	1.3	-
Loss on extinguishment of debt	17.6	-
Tax effects of adjustments	(10.6)	(3.3)
Adjusted earnings	\$ 33.9	\$ 24.6
Diluted weighted average shares outstanding	96.6	95.7
Diluted adjusted earnings per share	\$ 0.35	\$ 0.26

# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Organic Net Revenue**  
**(unaudited - in millions)**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenues less cost of revenues	\$ 109.9	\$ 99.0	\$ 221.7	\$ 181.8
Global FX revenues less cost of revenues (for the three months ended March 31, 2016 and 2015)	-	-	(10.4)	(2.4)
Organic net revenue	<u>\$ 109.9</u>	<u>\$ 99.0</u>	<u>\$ 211.3</u>	<u>\$ 179.4</u>

# Supplemental Data

**Bats Global Markets, Inc.**  
**Reconciliation of Normalized Operating Expenses**  
**(unaudited - in millions)**

	2Q16		
	Operating		Normalized
	expenses	Adjustments	operating expenses
Compensation and benefits	\$ 23.0	\$ -	\$ 23.0
Depreciation and amortization	10.4	-	10.4
Systems and data communication	4.4	-	4.4
Occupancy	0.7	-	0.7
Professional fees	2.5	(0.6)	1.9
Regulatory costs	2.8	-	2.8
Change in contingent consideration	0.8	(0.8)	-
General and administrative	7.2	(0.8)	6.4
Normalized operating expenses	\$ 51.8	\$ (2.2)	\$ 49.6

	2Q15		
	Operating		Normalized
	expenses	Adjustments	operating expenses
Compensation and benefits	\$ 20.4	\$ -	\$ 20.4
Depreciation and amortization	10.2	-	10.2
Systems and data communication	10.2	-	10.2
Occupancy	0.8	-	0.8
Professional fees	1.8	(0.4)	1.4
Regulatory costs	2.8	-	2.8
General and administrative	4.2	-	4.2
Normalized operating expenses	\$ 50.4	\$ (0.4)	\$ 50.0



# 2Q16 Net Revenue by Segment

	Three months ended June 30, 2016				
	U.S. Equities	European Equities	U.S. Options	Global FX	Total
<b>Revenue:</b>					
Transaction fees	\$ 237.9	\$ 21.8	\$ 63.6	\$ 8.8	\$ 332.1
Regulatory transaction fees	70.8	-	1.8	-	72.6
Market data fees	31.5	2.5	2.4	0.1	36.5
Connectivity fees and other	18.5	3.5	2.6	0.1	24.7
Total revenue	358.7	27.8	70.4	9.0	465.9
<b>Cost of revenue:</b>					
Liquidity payments	205.8	9.8	57.0	-	272.6
Section 31 fees	70.8	-	1.8	-	72.6
Routing and clearing	9.9	-	0.9	-	10.8
Total cost of revenue	286.5	9.8	59.7	-	356.0
<b>Net revenue</b>					
Transaction fees	22.2	12.0	5.7	8.8	48.7
Market data fees	31.5	2.5	2.4	0.1	36.5
Connectivity fees and other	18.5	3.5	2.6	0.1	24.7
Total net revenue	\$ 72.2	\$ 18.0	\$ 10.7	\$ 9.0	\$ 109.9