

ITG Q2 2013  
Earnings Call  
8/1/2013

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# Safe Harbor Statement

This document may contain "forward-looking" statements that reflect management's expectations for the future. A variety of important factors could cause results to differ materially from such statements. Certain of these factors are noted throughout ITG's 2012 Annual Report, on its Form 10-K, and on its Form 10-Qs and include, but are not limited to, general economic, business, credit and financial market conditions, both internationally and nationally, financial market volatility, fluctuations in market trading volumes, effects of inflation, adverse changes or volatility in interest rates, fluctuations in foreign exchange rates, evolving industry regulations, changes in tax policy or accounting rules, the actions of both current and potential new competitors, changes in commission pricing, the volatility of our stock price, rapid changes in technology, errors or malfunctions in our systems or technology, cash flows into or redemptions from equity mutual funds, ability to meet liquidity requirements related to the clearing of our customers' trades, customer trading patterns, the success of our products and service offerings, our ability to continue to innovate and meet the demands of our customers for new or enhanced products, our ability to successfully integrate acquired companies, our ability to attract and retain talented employees and our ability to achieve cost savings from our cost reduction plans. The forward-looking statements included herein represent ITG's views as of the date of this release. ITG undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.



# Agenda

## Summary

### Industry Conditions

- Fund Flows
- US Volumes
- US Performance

### International Performance

- Europe
- Asia Pacific
- Canada

## Cost Savings

### Products and Platforms

- New Product Developments
- Investment Research

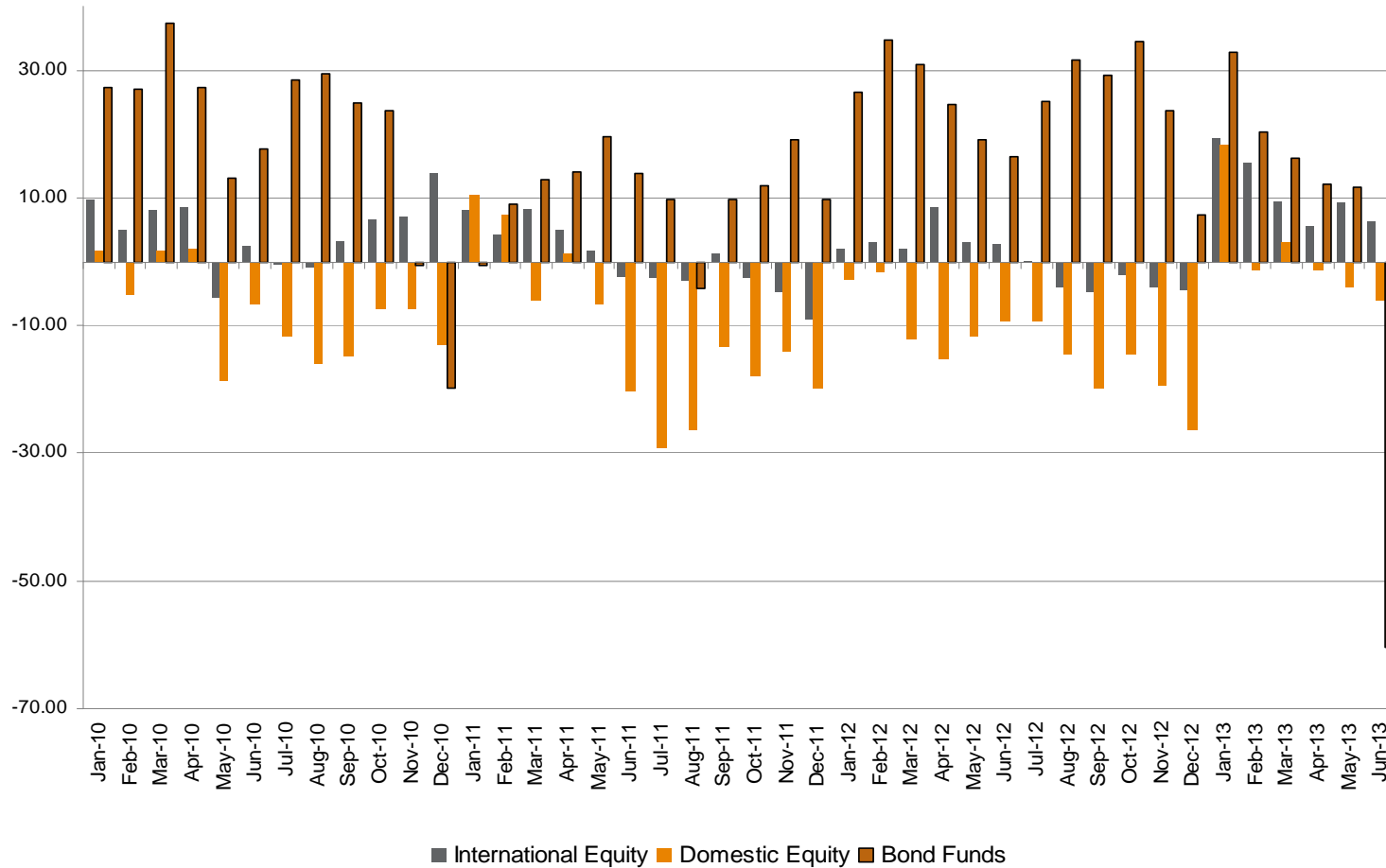
## Financial Overview

## Q&A



# Equity and Bond Mutual Fund Flows

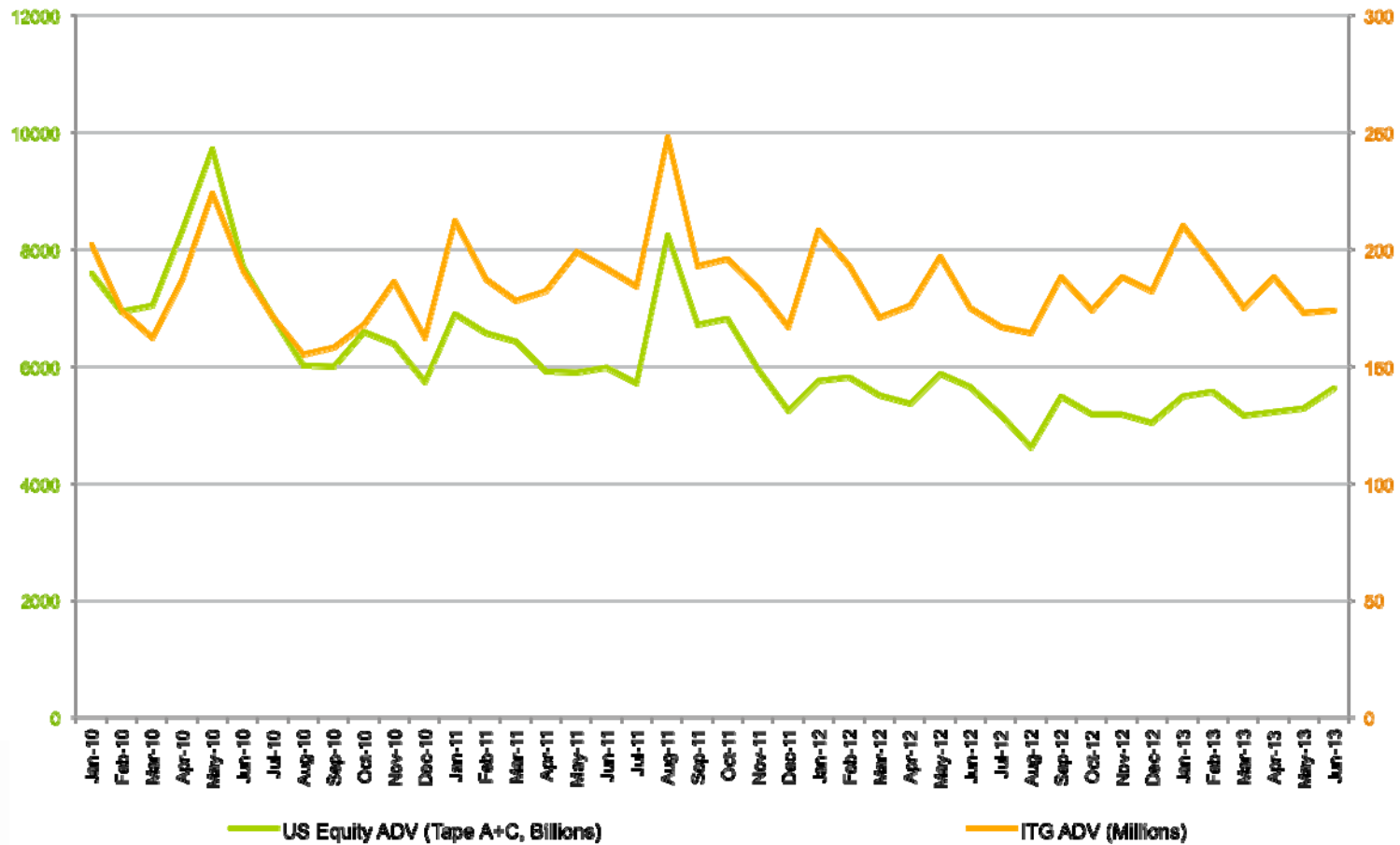
## 2010-2013, \$ billions



Source: Investment Company Institute



# Equity ADV (NYSE & NASDAQ) and ITG ADV



Source: Thomson Reuters and ITG



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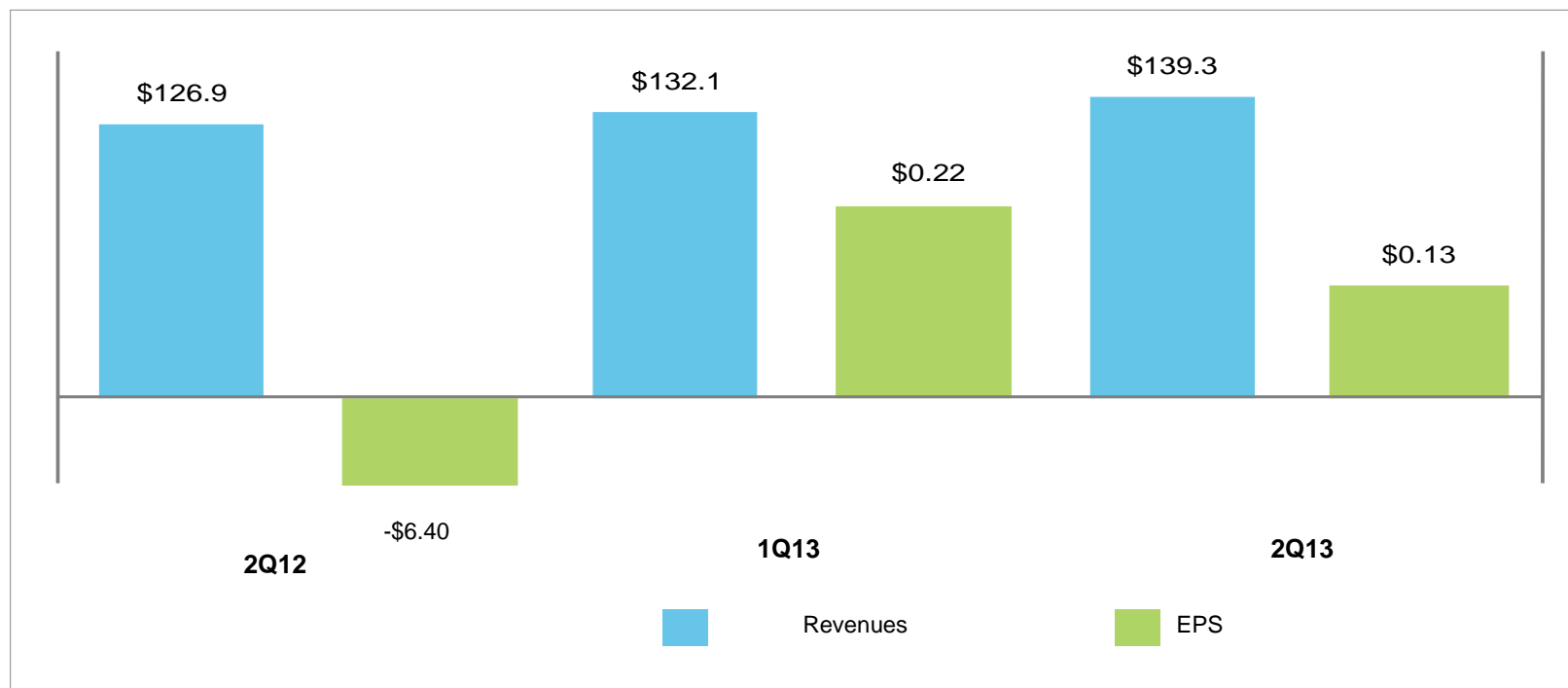
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# Second Quarter 2013 GAAP Results

(\$ in millions except EPS)



	vs. 1Q13	vs. 2Q12
2Q13 Revenues	5%	10%
2Q13 Revenues/day	(1)%	8%

# Reconciliation of Adjusted Results

## 2Q13 vs. 1Q13 vs. 2Q12

(\$ in millions except EPS)	2Q13			1Q13			2Q12		
	Pre-Tax	Post-Tax	EPS	Pre-Tax	Post-Tax	EPS	Pre-Tax	Post-Tax	EPS
GAAP Income (Loss)	\$10.8	\$5.1	\$0.13	\$11.0	\$8.6	\$0.22	\$(270.6)	\$(247.1)	\$(6.40)
Non-Operating Expenses:									
Restructuring:									
Israel Closing	1.6	3.2	0.08	-	-	-	-	-	-
Adjs. to prior accruals	(1.7)	(1.0)	(0.02)	-	-	-	-	-	-
Facilities:									
Duplicate Rent	1.2	0.7	0.02	1.3	0.8	0.02	-	-	-
Office Move	3.9	2.3	0.06	-	-	-	-	-	-
Goodwill Impairment	-	-	-	-	-	-	274.3	249.0	6.45
Adjusted Net Income	<b>\$15.8</b>	<b>\$10.3</b>	<b>\$0.27</b>	<b>\$12.3</b>	<b>\$9.4</b>	<b>\$0.24</b>	<b>\$3.7</b>	<b>\$1.9</b>	<b>\$0.05</b>





# Adjusted Results

## 2Q13 vs. 1Q13 vs. 2Q12

	US Operations			International Operations			Total		
(\$ in millions except EPS)	2Q13	1Q13	2Q12	2Q13	1Q13	2Q12	2Q13	1Q13	2Q12
Revenues									
Commissions	\$63.0	\$60.8	\$ 58.5	\$45.9	\$42.2	\$ 36.4	\$108.9	\$103.0	\$ 94.9
Recurring	19.4	18.6	21.2	6.9	6.8	6.8	26.3	25.4	28.0
Other	<u>2.2</u>	<u>1.8</u>	<u>2.2</u>	<u>1.9</u>	<u>1.9</u>	<u>1.8</u>	<u>4.1</u>	<u>3.7</u>	<u>4.0</u>
Total Revenues	84.6	81.2	81.9	54.7	50.9	45.0	139.3	132.1	126.9
Adjusted Expenses	76.2	74.1	80.7	47.3	45.7	42.5	123.5	119.8	123.2
Pre-tax (Loss) income	8.4	7.1	1.2	7.4	5.2	2.5	15.8	12.3	3.7
<i>Pre-tax Margin</i>	<i>10.0%</i>	<i>8.7%</i>	<i>1.5%</i>	<i>13.5%</i>	<i>10.3%</i>	<i>5.6%</i>	<i>11.4%</i>	<i>9.3%</i>	<i>2.9%</i>
Tax Expense	3.9	1.8	0.8	1.6	1.1	1.0	5.5	2.9	1.8
Adjusted Net (Loss) Income	\$4.5	\$5.3	\$0.4	\$5.8	\$4.1	\$ 1.5	\$10.3	\$9.4	\$1.9
EPS (LPS)	\$0.12	\$0.14	\$ 0.01	\$0.15	\$0.10	\$ 0.04	\$0.27	\$0.24	\$ 0.05



# Summary of US Adjusted Expenses

## 2Q13, 1Q13 and 2Q12

(\$ in millions)	2Q13	1Q13	2Q12
Comp & Benefits	\$32.0	\$30.7	\$33.2
<i>% of Revenue</i>	37.8%	37.8%	40.5%
Transaction Processing	11.4	11.4	10.9
<i>% of Revenue</i>	13.5%	14.1%	13.2%
Occupancy & Equipment	11.1	10.9	10.8
Telecom & Data Processing	8.2	8.5	9.3
Other G&A	12.8	12.0	15.9
Interest Expense	0.7	0.6	0.6
<b>Total</b>	<b>\$76.2</b>	<b>\$74.1</b>	<b>\$80.7</b>



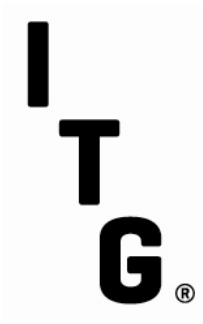
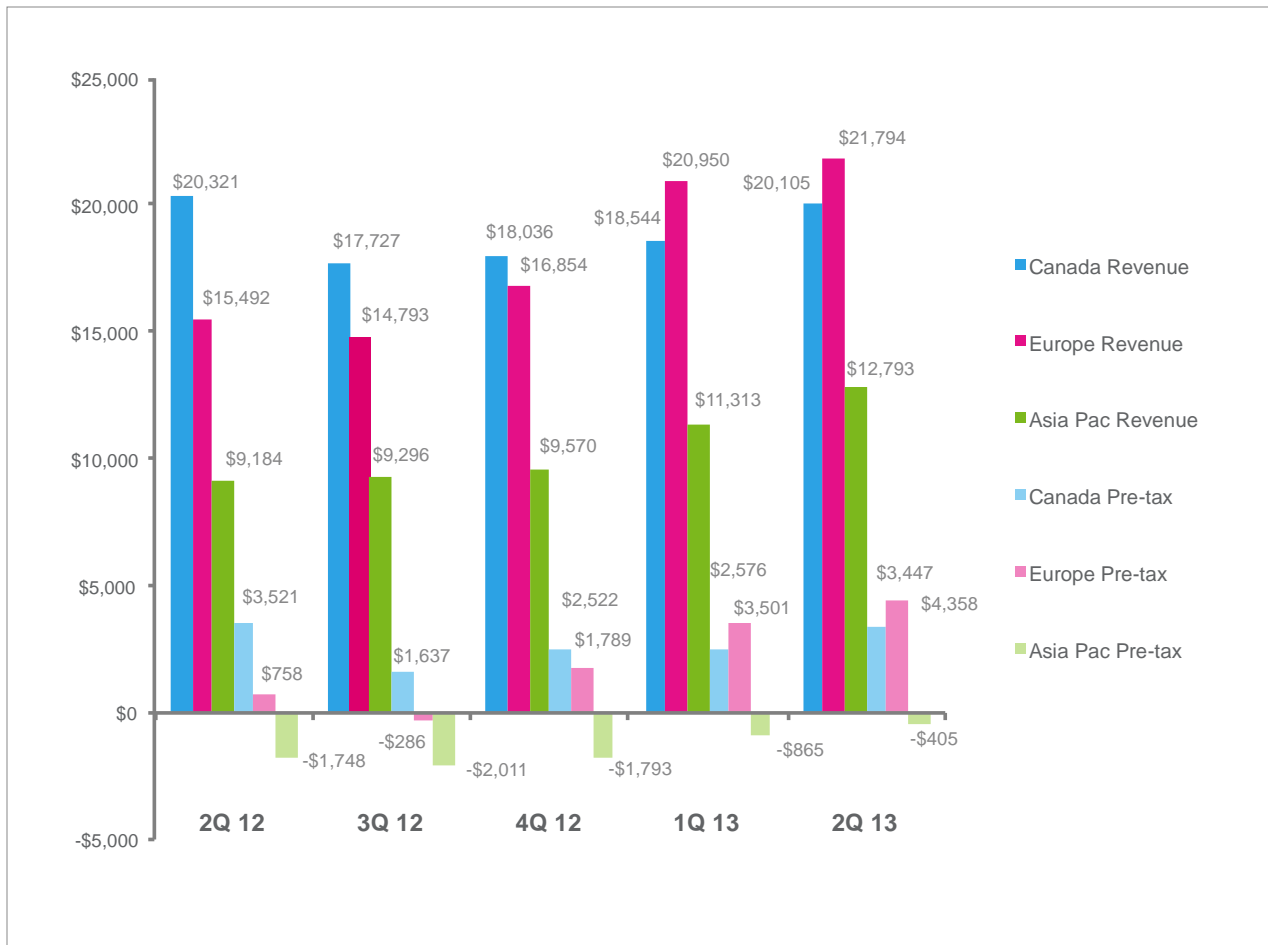
# International Financial Summary

## Adjusted Results

(\$ in millions)	2Q13	1Q13	4Q12	3Q12	2Q12
<b>Revenues</b>					
Asia Pacific	\$12.8	\$11.3	\$9.6	\$9.3	\$9.2
Canada	20.1	18.6	18.0	17.7	20.3
Europe	21.8	21.0	16.8	14.8	15.5
<b>Total Revenues</b>	<b>54.7</b>	<b>50.9</b>	<b>44.4</b>	<b>41.8</b>	<b>45.0</b>
<b>Expenses</b>					
Compensation and Benefits	19.2	18.8	16.3	16.2	16.3
<i>% of Revenue</i>	<i>35.2%</i>	<i>37.1%</i>	<i>36.8%</i>	<i>38.8%</i>	<i>36.3%</i>
Transaction Processing	11.1	10.1	8.0	8.4	8.8
<i>% of Revenue</i>	<i>20.3%</i>	<i>19.9%</i>	<i>18.1%</i>	<i>20.2%</i>	<i>19.6%</i>
Occupancy & Equipment	4.5	4.3	4.7	5.0	4.3
Telecom & Data Processing	5.5	5.6	5.2	5.5	5.4
Other G&A	7.0	6.9	7.7	7.4	7.7
<b>Total Expenses</b>	<b>47.3</b>	<b>45.7</b>	<b>41.9</b>	<b>42.5</b>	<b>42.5</b>
<b>Pre-Tax Income (Loss)</b>	<b>\$7.4</b>	<b>\$5.2</b>	<b>\$2.5</b>	<b>\$(0.7)</b>	<b>\$2.5</b>



# International: Adjusted Results Summary



# Revenues by Product Group

(\$ in millions)	2Q13	1Q13	4Q12	3Q12	2Q12
Electronic Brokerage	\$74.7	\$69.6	\$58.3	\$57.7	\$62.7
Research Sales and Trading	28.2	25.4	27.4	25.8	26.8
Platforms	24.6	25.1	23.7	24.2	25.7
Analytics	11.6	11.7	11.9	11.7	11.4
Corporate (non-product)	0.2	0.3	0.2	0.2	0.3
<b>Total</b>	<b>\$139.3</b>	<b>\$132.1</b>	<b>\$121.5</b>	<b>\$119.6</b>	<b>\$126.9</b>



# U.S. Trading Volumes and Revenues Per Share

(\$ in millions except cents per share and trading days)	2Q13	1Q13	4Q12	3Q12	2Q12
Trading Volumes	11,427	11,599	11,232	10,853	11,527
Trading Days	64	60	62	63	63
Trading Volumes Per Day	178.6	193.3	181.2	172.3	183.0
Revenue Per Share (Includes commissions and net executions)	\$0.0048	\$0.0046	\$0.0043	\$0.0044	\$0.0044
Trading Commissions and Fees	\$54.5	\$52.8	\$48.2	\$48.3	\$50.2
Other Commissions and Fees (Includes ITG Net <sup>®</sup> commission sharing & ITG Derivatives <sup>SM</sup> )	8.5	8.0	7.4	7.5	8.3
Total Commissions and Fees	\$63.0	\$60.8	\$55.6	\$55.8	\$58.5



Q&A

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