

# ITG Q1 2015 Earnings Call

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**ITG**<sup>®</sup>

# 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 2014 Annual Report, on its Form 10-K 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 and regulatory scrutiny, the volatility of our stock price, changes in tax policy or accounting rules, the actions of both current and potential new competitors, changes in commission pricing, 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 and our ability to attract and retain talented employees. 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

## Highlights

### Regional Performance

- U.S.
  - ITG Algorithms<sup>®</sup>
  - ITG Investment Research
- Canada
- Europe
- Asia Pacific

## Product Updates

- Awards
- New Asset Classes

## Balance Sheet

## Financial Overview

## Q&A



# Agenda

## U.S. Performance

- POSIT<sup>®</sup>
- ITG Investment Research



# Agenda

Canada Performance

Europe Performance

Asia Pacific Performance



# Agenda

## Product Updates

- Awards
- New Asset Classes



# Agenda

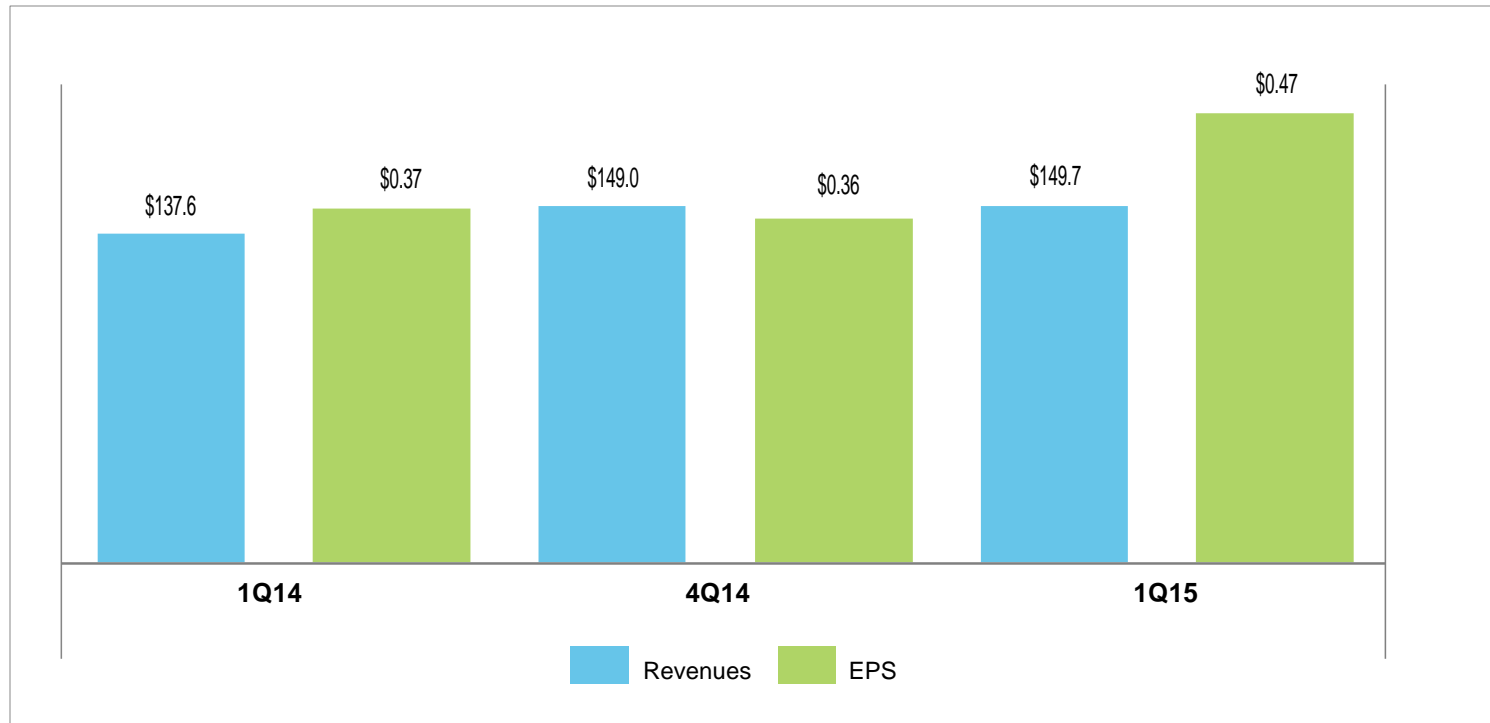
Balance Sheet

Financial Overview



# First Quarter 2015 GAAP Results

(\$ in millions except EPS)



	vs. 4Q14	vs. 1Q14
1Q15 Revenues	0.5%	8.8%
1Q15 Revenues/day	5.5%	8.8%





# Consolidated Results

## 1Q15 vs. 4Q14 vs. 1Q14

	North America			Europe and Asia Pacific			Corporate			Total		
(\$ in millions except EPS)	1Q15	4Q14	1Q14	1Q15	4Q14	1Q14	1Q15	4Q14	1Q14	1Q15	4Q14	1Q14
Revenues												
Commissions	\$74.1	\$79.2	\$69.6	\$44.8	\$39.2	\$38.8	\$ -	\$ -	\$ -	\$118.9	\$118.4	\$108.4
Recurring	21.3	21.1	20.9	5.6	5.7	4.7	-	-	-	26.9	26.8	25.6
Other	4.0	3.8	4.3	(0.3)	(0.3)	(1.0)	0.2	0.3	0.3	3.9	3.8	3.6
Total Revenues	99.4	104.1	94.8	50.1	44.6	42.5	0.2	0.3	0.3	149.7	149.0	137.6
Expenses	84.6	89.1	80.0	37.8	37.8	33.5	5.0	4.3	5.7	127.4	131.2	119.2
Pre-tax Income (Loss)	14.8	15.0	14.8	12.3	6.8	9.0	(4.8)	(4.0)	(5.4)	22.3	17.8	18.4
<i>Pre-tax Margin</i>	<i>14.9%</i>	<i>14.4%</i>	<i>15.6%</i>	<i>24.4%</i>	<i>15.2%</i>	<i>21.2%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>14.9%</i>	<i>11.9%</i>	<i>13.4%</i>
Tax Expense (Benefit)	5.9	5.5	6.2	1.8	1.1	0.8	(2.1)	(1.8)	(2.2)	5.6	4.8	4.8
Net Income (Loss)	8.9	9.5	\$8.6	10.5	5.7	\$8.2	(2.7)	(2.2)	(3.2)	16.7	13.0	\$13.6
EPS	\$0.25	\$0.26	\$0.23	\$0.29	\$0.16	\$0.22	\$(0.07)	\$(0.06)	\$(0.08)	\$0.47	\$0.36	\$0.37



# Consolidated Results

## 1Q14 vs. 4Q14

(\$ in millions except EPS)	U.S.		Canada		Europe		Asia Pacific		Corporate		Total	
	1Q14	4Q14	1Q14	4Q14	1Q14	4Q14	1Q14	4Q14	1Q14	4Q14	1Q14	4Q14
Revenues												
Commissions	\$54.5	\$61.3	\$15.1	\$17.9	\$29.7	\$28.2	\$9.1	\$11.0	\$ -	\$ -	\$108.4	\$118.4
Recurring	18.5	18.8	2.4	2.4	3.2	3.8	1.5	1.8	-	-	25.6	26.8
Other	2.6	1.3	1.7	2.5	(0.1)	(0.1)	(0.9)	(0.2)	0.3	0.3	3.6	3.8
Total Revenues	75.6	81.4	19.2	22.8	32.8	31.9	9.7	12.6	0.3	0.3	137.6	149.0
Expenses	65.3	71.8	14.7	17.3	22.0	25.2	11.5	12.5	5.7	4.5	119.2	131.3
Pre-tax Income (Loss)	10.3	9.6	4.5	5.5	10.8	6.7	(1.8)	0.1	(5.4)	(4.2)	18.4	17.7
<i>Pre-tax Margin</i>	<i>13.6%</i>	<i>11.7%</i>	<i>23.5%</i>	<i>23.9%</i>	<i>33.0%</i>	<i>21.0%</i>	<i>-18.7%</i>	<i>0.7%</i>	<i>N/A</i>	<i>N/A</i>	<i>13.4%</i>	<i>11.9%</i>
Tax Expense (Benefit)	4.6	4.0	1.6	1.4	0.8	1.1	-	-	(2.2)	(1.8)	4.8	4.7
Net Income (Loss)	\$5.7	\$5.6	\$2.9	\$4.1	\$10.0	\$5.6	\$(1.8)	\$0.1	\$(3.2)	\$(2.4)	\$13.6	\$13.0
EPS	\$0.15	\$0.15	\$0.08	\$0.11	\$0.27	\$0.16	\$(0.05)	\$(0.00)	\$(0.08)	\$(0.06)	\$0.37	\$0.36



# Consolidated Results

## 3Q14 vs. 2Q14

(\$ in millions except EPS)	U.S.		Canada		Europe		Asia Pacific		Corporate		Total	
	3Q14	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14	2Q14
Revenues												
Commissions	\$50.4	\$54.3	\$13.5	\$13.6	\$28.0	\$28.1	\$11.0	\$10.5	\$ -	\$ -	\$102.9	\$106.4
Recurring	18.7	17.9	2.4	2.4	3.8	3.2	1.6	1.5	-	-	26.5	24.9
Other	3.2	5.1	1.9	1.8	(0.1)	(0.2)	(0.1)	-	0.5	0.3	5.4	7.2
Total Revenues	72.3	77.3	17.8	17.8	31.7	31.1	12.5	12.0	0.5	0.3	134.8	138.5
Expenses	66.1	67.4	14.6	13.7	23.9	22.3	12.2	12.4	5.9	6.0	122.7	121.8
Pre-tax Income (Loss)	6.2	9.9	3.2	4.1	7.8	8.8	0.3	(0.4)	(5.4)	(5.7)	12.1	16.7
<i>Pre-tax Margin</i>	<i>8.5%</i>	<i>12.8%</i>	<i>18.2%</i>	<i>22.8%</i>	<i>24.8%</i>	<i>28.3%</i>	<i>2.2%</i>	<i>-2.6%</i>	<i>N/A</i>	<i>N/A</i>	<i>9.0%</i>	<i>12.1%</i>
Tax Expense (Benefit)	0.4	4.2	1.2	1.5	1.3	0.5	-	-	(2.2)	(2.4)	0.7	3.8
Net Income (Loss)	\$5.8	\$5.7	\$2.0	\$2.6	\$6.5	\$8.3	\$0.3	\$(0.4)	\$(3.2)	\$(3.3)	\$11.4	\$12.9
EPS	\$0.16	\$0.15	\$0.06	\$0.07	\$0.18	\$0.23	\$0.01	\$(0.01)	\$(0.09)	\$(0.09)	\$0.32	\$0.35



# Impact of Currency Translation

(\$ in millions except EPS)	VS. 4Q14 Exchange Rates			VS. 1Q14 Exchange Rates		
	Canada	Europe & Asia Pacific	Total	Canada	Europe & Asia Pacific	Total
Revenues	\$(1.6)	\$(2.2)	\$(3.8)	\$(2.2)	\$(4.3)	\$(6.5)
Expenses	(1.2)	(1.5)	(2.7)	(1.7)	(2.9)	(4.6)
Pre-tax Income	(0.4)	(0.7)	(1.1)	(0.5)	(1.4)	(1.9)
Tax Expense	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.3)
Net Income	\$(0.3)	\$(0.6)	\$(0.9)	\$(0.4)	\$(1.2)	\$(1.6)
EPS	\$(0.01)	\$(0.02)	\$(0.03)	\$(0.01)	\$(0.04)	\$(0.05)



# North American Results

## 1Q15 vs. 4Q14 vs. 1Q14

	U.S. Operations			Canada Operations			North America		
(\$ in millions)	1Q15	4Q14	1Q14	1Q15	4Q14	1Q14	1Q15	4Q14	1Q14
<b>Revenues</b>									
Commissions	\$58.5	\$61.3	\$54.5	\$15.6	\$17.9	\$15.1	\$74.1	\$79.2	\$69.6
Recurring	20.0	18.8	18.5	1.3	2.3	2.4	21.3	21.1	20.9
Other	2.0	1.3	2.6	2.0	2.5	1.7	4.0	3.8	4.3
<b>Total Revenues</b>	80.5	81.4	75.6	18.9	22.7	19.2	99.4	104.1	94.8
<b>Expenses</b>									
Compensation and Benefits	33.8	35.1	31.2	7.0	8.1	5.7	40.8	43.2	36.9
<i>% of Revenue</i>	42.0%	43.2%	41.2%	37.0%	35.3%	29.7%	41.0%	41.4%	38.9%
Transaction Processing	11.4	11.2	8.9	2.4	2.5	2.6	13.8	13.7	11.5
<i>% of Revenue</i>	14.3%	13.7%	11.8%	12.6%	11.2%	13.4%	13.9%	13.2%	12.1%
Occupancy and Equipment	10.3	10.4	10.6	1.2	1.4	1.3	11.5	11.8	11.9
Telecom and Data Processing	7.4	7.6	7.2	1.4	1.4	1.4	8.8	9.0	8.6
Other G&A	6.5	7.6	7.4	3.2	3.8	3.7	9.7	11.4	11.1
<b>Total Expenses</b>	69.4	71.9	65.3	15.2	17.2	14.7	84.6	89.1	80.0
<b>Pre-tax Income</b>	\$11.1	\$9.5	\$10.3	\$3.7	\$5.5	\$4.5	\$14.8	\$15.0	\$14.8
<i>Pre-tax Margin</i>	13.7%	11.7%	13.6%	19.9%	23.9%	23.5%	14.9%	14.4%	15.6%



# North American Results

## 2Q14 vs. 3Q14

	U.S. Operations		Canada Operations		North America	
(\$ in millions)	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14
<b>Revenues</b>						
Commissions	\$54.3	\$50.4	\$13.5	\$13.5	\$67.8	\$63.9
Recurring	17.9	18.7	2.4	2.4	20.3	21.1
Other	5.1	3.2	1.8	1.9	6.9	5.1
<b>Total Revenues</b>	<b>77.3</b>	<b>72.3</b>	<b>17.7</b>	<b>17.8</b>	<b>95.0</b>	<b>90.1</b>
<b>Expenses</b>						
Compensation and Benefits	32.6	31.2	4.8	5.4	37.4	36.6
<i>% of Revenue</i>	<i>42.2%</i>	<i>43.1%</i>	<i>26.9%</i>	<i>30.1%</i>	<i>39.4%</i>	<i>40.6%</i>
Transaction Processing	9.2	9.8	2.1	2.5	11.3	12.3
<i>% of Revenue</i>	<i>11.9%</i>	<i>13.6%</i>	<i>11.6%</i>	<i>14.2%</i>	<i>11.9%</i>	<i>13.7%</i>
Occupancy and Equipment	10.5	10.5	1.5	1.4	12.0	11.9
Telecom and Data Processing	7.2	7.5	1.3	1.4	8.5	8.9
Other G&A	7.9	7.2	4.0	3.9	11.9	11.1
<b>Total Expenses</b>	<b>67.4</b>	<b>66.2</b>	<b>13.7</b>	<b>14.6</b>	<b>81.1</b>	<b>80.8</b>
<b>Pre-tax Income</b>	<b>\$9.9</b>	<b>\$6.1</b>	<b>\$4.0</b>	<b>\$3.2</b>	<b>\$13.9</b>	<b>\$9.3</b>
<i>Pre-tax Margin</i>	<i>12.8%</i>	<i>8.5%</i>	<i>22.8%</i>	<i>18.2%</i>	<i>14.6%</i>	<i>10.3%</i>



# Europe & Asia Pacific Results

## 1Q15 vs. 4Q14 vs. 1Q14

	Europe Operations			Asia Pacific Operations			Total		
(\$ in millions)	1Q15	4Q14	1Q14	1Q15	4Q14	1Q14	1Q15	4Q14	1Q14
<b>Revenues</b>									
Commissions	\$32.5	\$28.2	\$29.7	\$12.3	\$11.0	\$9.1	\$44.8	\$39.2	\$38.8
Recurring	4.2	3.9	3.2	1.4	1.8	1.5	5.6	5.7	4.7
Other	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.9)	(0.3)	(0.3)	(1.0)
<b>Total Revenues</b>	36.6	32.0	32.8	13.5	12.6	9.7	50.1	44.6	42.5
<b>Expenses</b>									
Compensation and Benefits	10.1	9.4	8.5	5.0	5.4	4.5	15.1	14.8	13.0
<i>% of Revenue</i>	27.5%	29.3%	25.8%	37.5%	43.0%	46.9%	30.2%	33.2%	30.6%
Transaction Processing	7.8	7.8	6.5	3.0	2.7	2.5	10.8	10.5	9.0
<i>% of Revenue</i>	21.3%	24.5%	19.7%	21.6%	21.2%	26.1%	21.4%	23.6%	21.2%
Occupancy and Equipment	1.7	1.6	1.7	1.1	1.2	1.2	2.8	2.8	2.9
Telecom and Data Processing	2.3	2.3	2.3	1.6	1.6	1.7	3.9	3.9	4.0
Other G&A	3.6	4.1	3.0	1.6	1.7	1.6	5.2	5.8	4.6
<b>Total Expenses</b>	25.5	25.2	22.0	12.3	12.6	11.5	37.8	37.8	33.5
<b>Pre-tax Income (Loss)</b>	\$11.1	\$6.8	\$10.8	\$1.2	\$0.0	\$(1.8)	\$12.3	\$6.8	\$9.0
<i>Pre-tax Margin</i>	30.4%	21.0%	33.0%	8.2%	0.7%	(18.7)%	24.4%	15.2%	21.2%



# Revenues by Product Group

(\$ in millions)	1Q15	4Q14	3Q14	2Q14	1Q14
Electronic Brokerage	\$80.5	\$79.8	\$68.6	\$73.2	\$72.9
Research, Sales and Trading	32.5	32.0	30.5	30.3	29.2
Platforms	25.1	25.3	23.6	23.3	23.7
Analytics	11.4	11.6	11.6	11.4	11.5
Corporate	0.2	0.3	0.5	0.3	0.3
<b>Total</b>	<b>\$149.7</b>	<b>\$149.0</b>	<b>\$134.8</b>	<b>\$138.5</b>	<b>\$137.6</b>





# Product Group Margins

## First Quarter 2015 Results

(\$ in millions)	Electronic Brokerage	Platforms	Analytics	Research Sales & Trading	Corp	Total
<b>Revenues</b>	<b>\$80.5</b>	<b>\$25.1</b>	<b>\$11.4</b>	<b>\$32.5</b>	<b>\$0.2</b>	<b>\$149.7</b>
Depreciation & Amortization	5.1	3.0	1.6	0.6	0.9	11.2
Interest	-	-	-	-	0.5	0.5
All Other Expenses	56.4	17.4	8.9	29.4	3.6	115.7
<b>Total Expenses</b>	<b>61.5</b>	<b>20.4</b>	<b>10.5</b>	<b>30.0</b>	<b>5.0</b>	<b>127.4</b>
<b>Pre-Tax Income (Loss)</b>	<b>\$19.0</b>	<b>\$4.7</b>	<b>\$0.9</b>	<b>\$2.5</b>	<b>(\$4.8)</b>	<b>\$22.3</b>
Pre-Tax Margin Mar QTD 2015	23.5%	18.6%	8.1%	7.7%	NA	14.9%
Pre-Tax Margin Dec QTD 2014	19.5%	14.3%	7.6%	5.2%	NA	11.9%
Pre-Tax Margin Full Year 2014	19.2%	15.1%	9.2%	8.4%	NA	11.6%



# U.S. Trading Volumes and Revenues Per Share

(\$ in millions except cents per share and trading days)	1Q15	4Q14	3Q14	2Q14	1Q14
Trading Volumes	11,665	12,147	9,391	9,385	10,021
Trading Days	61	64	64	63	61
Trading Volumes Per Day	191.2	189.8	146.7	149.0	164.3
Revenue Per Share (Includes commissions and net executions)	\$0.0045	\$0.0044	\$0.0046	\$0.0050	\$0.0047
Trading Commissions and Fees	\$52.0	\$53.7	\$43.4	\$46.9	\$47.4
Other Commissions and Fees (Includes ITG Net <sup>®</sup> commission sharing & ITG Derivatives)	6.5	7.6	7.0	7.4	7.1
Total Commissions and Fees	\$58.5	\$61.3	\$50.4	\$54.3	\$54.5



# Q&A

VA  
LU  
E

