

ITG Q4 2013
Earnings Call
1/30/2014

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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

- US Volumes
- Fund Flows

US Performance

- Revenue Capture
- POSIT[®]

International Performance

- Europe
- Asia Pacific
- Canada

ITG Investment Research

Cost Structure

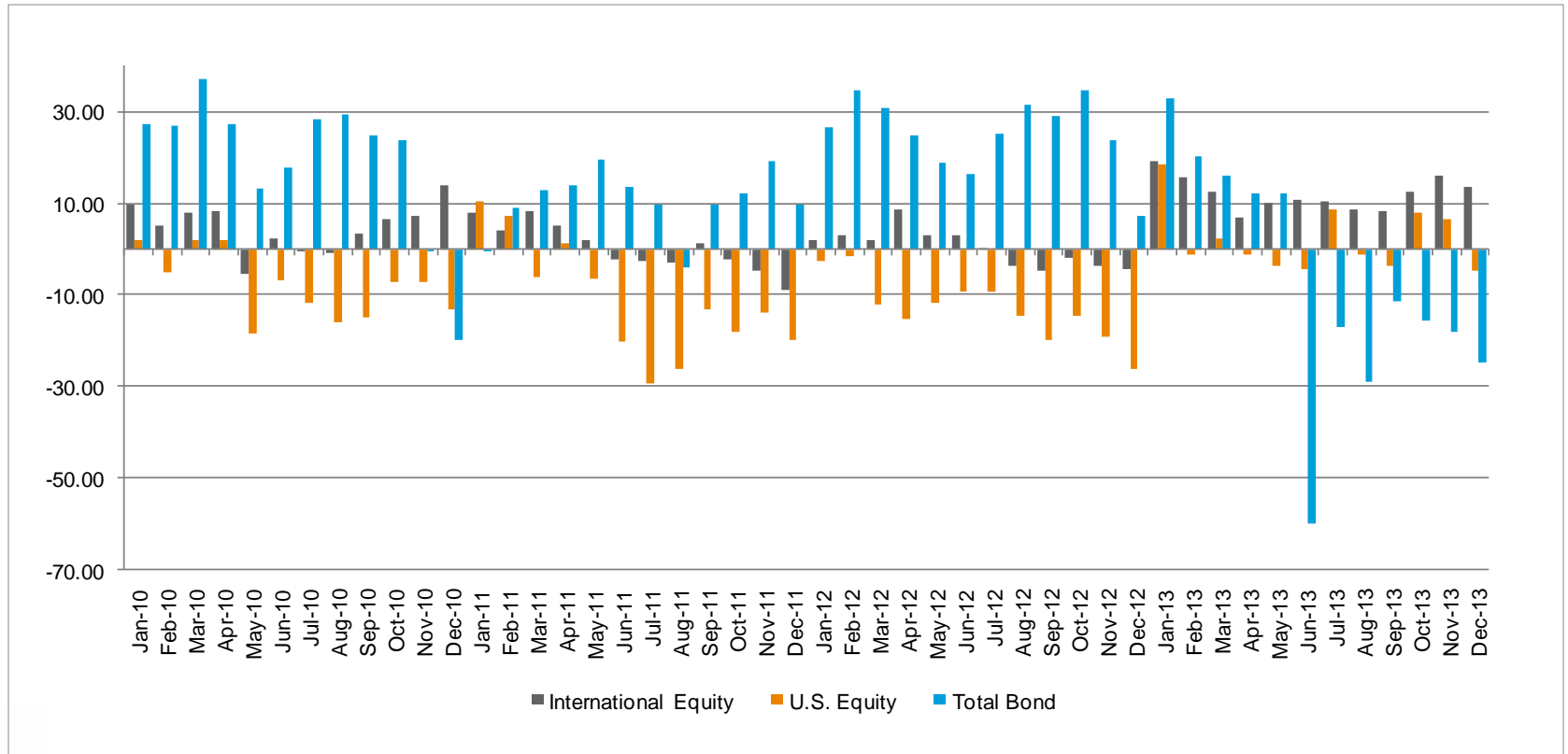
Financial Overview

Q&A

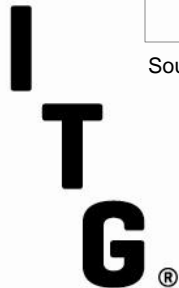


Equity and Bond Mutual Fund Flows

2010-2013, \$ billions



Source: Investment Company Institute



Agenda

US Performance

- Revenue Capture
- POSIT



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International Performance

- Europe
- Asia Pacific
- Canada



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Cost Structure

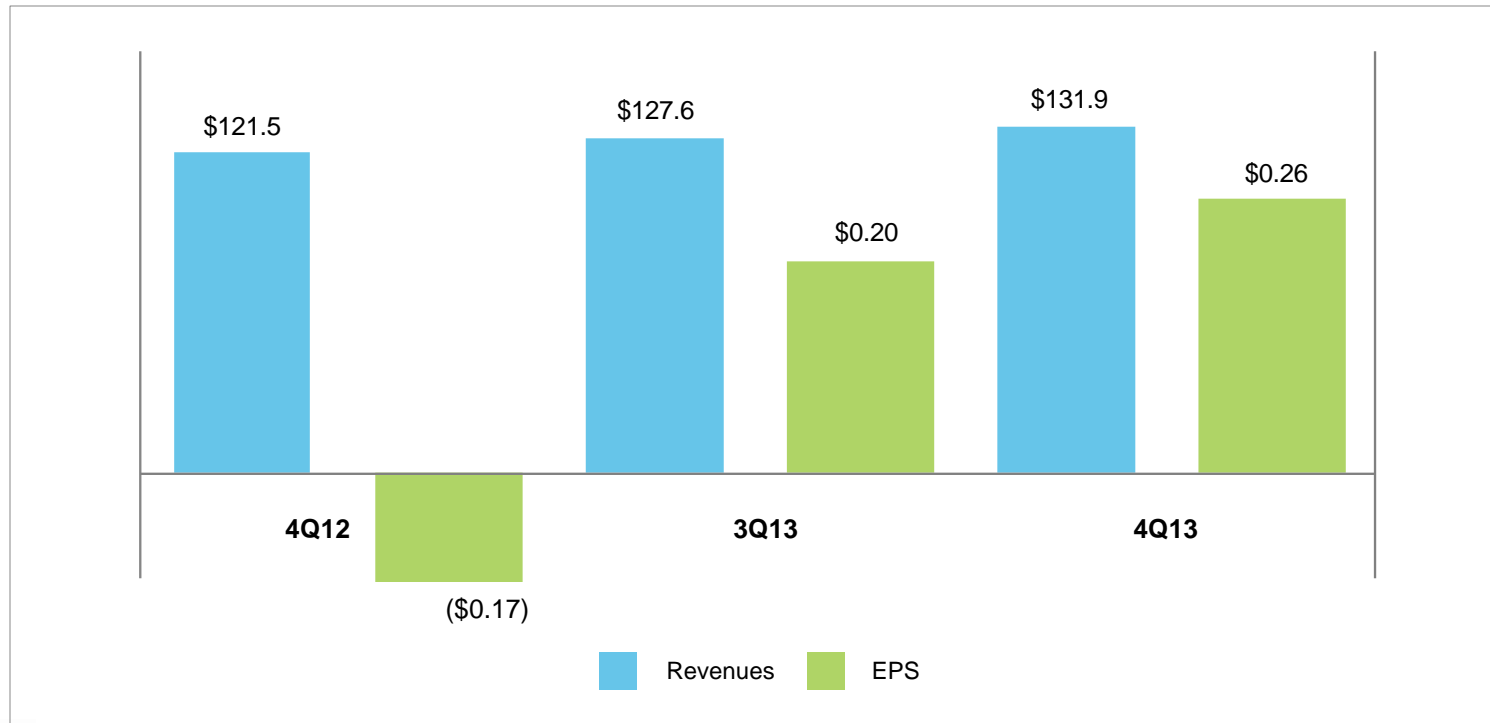
Financial Overview

Q&A



Fourth Quarter 2013 GAAP Results

(\$ in millions except EPS)



	vs. 3Q13	vs. 4Q12
4Q13 Revenues	3%	9%
4Q13 Revenues/day	3%	5%

Reconciliation of Adjusted Results

4Q12

(\$ in millions except EPS)	4Q12		
	Pre-Tax	Post-Tax	EPS
GAAP Loss	\$(8.6)	\$(6.5)	\$(0.17)
Non-Operating Expenses:			
Restructuring	9.5	6.3	0.17
Duplicate Rent	1.4	0.8	0.02
Adjusted Net Income	\$2.3	\$0.6	\$0.02



Note: All subsequent slides show adjusted results, excluding non-operating items. There were no non-operating items in 3Q13 or 4Q13.

Adjusted Results

4Q13 vs. 3Q13 vs. 4Q12

	US Operations			International Operations			Total		
(\$ in millions except EPS)	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Revenues									
Commissions	\$51.3	\$56.1	\$55.6	\$47.1	\$42.3	\$35.4	\$98.4	\$98.4	\$91.0
Recurring	19.7	19.0	20.2	7.1	6.8	7.4	26.8	25.8	27.6
Other	4.3	1.8	<u>1.3</u>	2.4	1.6	<u>1.6</u>	6.7	3.4	<u>2.9</u>
Total Revenues	75.3	76.9	77.1	56.6	50.7	44.4	131.9	127.6	121.5
Adjusted Expenses	74.4	72.4	77.3	46.9	44.5	41.9	121.3	116.9	119.2
Pre-tax Income (Loss)	0.9	4.5	(0.2)	9.7	6.2	2.5	10.6	10.7	2.3
<i>Pre-tax Margin</i>	<i>1.2%</i>	<i>5.8%</i>	<i>(0.3)%</i>	<i>17.2%</i>	<i>12.2%</i>	<i>5.7%</i>	<i>8.1%</i>	<i>8.4%</i>	<i>1.9%</i>
Tax Expense	0.4	1.7	0.9	0.5	1.3	0.8	0.9	3.0	1.7
Adjusted Net Income (Loss)	\$0.5	\$2.8	\$(1.1)	\$9.2	\$4.9	\$1.7	\$9.7	\$7.7	\$0.6
EPS (LPS)	\$0.01	\$0.07	\$(0.03)	\$0.25	\$0.13	\$0.05	\$0.26	\$0.20	\$0.02



Summary of US Adjusted Expenses

4Q13, 3Q13 and 4Q12

(\$ in millions)	4Q13	3Q13	4Q12
Comp & Benefits	\$31.7	\$31.3	\$30.8
<i>% of Revenue</i>	<i>42.0%</i>	<i>40.7%</i>	<i>39.9%</i>
Transaction Processing	9.1	10.1	11.9
<i>% of Revenue</i>	<i>12.0%</i>	<i>13.2%</i>	<i>15.5%</i>
Occupancy & Equipment	11.8	11.2	10.9
Telecom & Data Processing	7.9	7.4	9.8
Other G&A	13.1	11.8	13.3
Interest Expense	0.8	0.6	0.6
Total	\$74.4	\$72.4	\$77.3



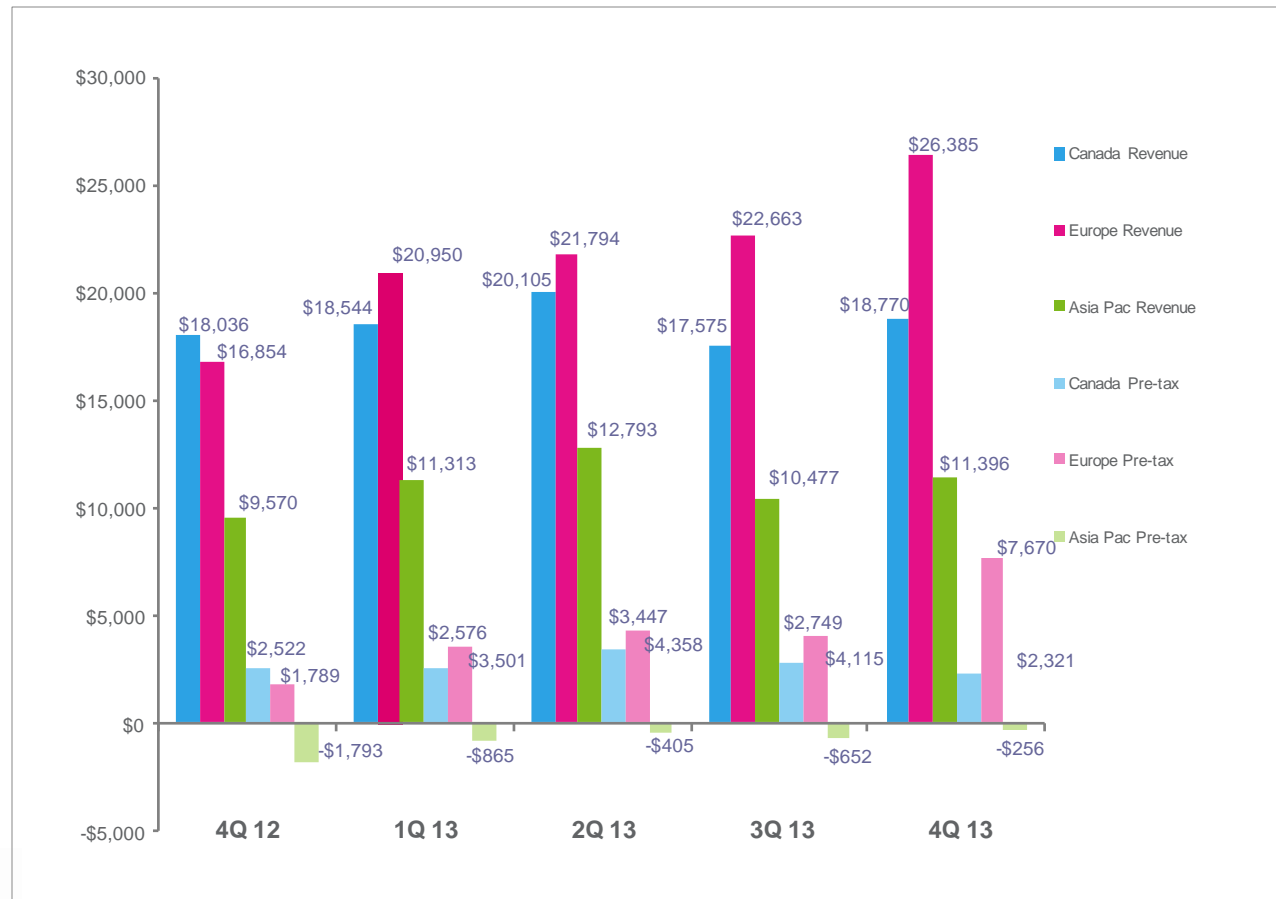
International Financial Summary

Adjusted Results

(\$ in millions)	4Q13	3Q13	2Q13	1Q13	4Q12
Revenues					
Asia Pacific	\$11.4	\$10.5	\$12.8	\$11.3	\$9.6
Canada	18.8	17.6	20.1	18.6	18.0
Europe	26.4	22.6	21.8	21.0	16.8
Total Revenues	56.6	50.7	54.7	50.9	44.4
Expenses					
Compensation and Benefits	19.2	18.4	19.2	18.8	16.3
<i>% of Revenue</i>	<i>33.9%</i>	<i>36.2%</i>	<i>35.2%</i>	<i>37.1%</i>	<i>36.8%</i>
Transaction Processing	10.9	9.7	11.1	10.1	8.0
<i>% of Revenue</i>	<i>19.3%</i>	<i>19.1%</i>	<i>20.3%</i>	<i>19.9%</i>	<i>18.1%</i>
Occupancy & Equipment	4.1	4.6	4.5	4.3	4.7
Telecom & Data Processing	5.2	5.2	5.5	5.6	5.2
Other G&A	7.5	6.6	7.0	6.9	7.7
Total Expenses	46.9	44.5	47.3	45.7	41.9
Pre-Tax Income	\$9.7	\$6.2	\$7.4	\$5.2	\$2.5



International: Adjusted Results Summary



Revenues by Product Group

(\$ in millions)	4Q13	3Q13	2Q13	1Q13	4Q12
Electronic Brokerage	\$69.2	\$66.2	\$74.7	\$69.6	\$58.3
Research, Sales and Trading	27.1	26.7	28.2	25.4	27.4
Platforms	23.3	23.2	24.6	25.1	23.7
Analytics	11.6	11.2	11.6	11.7	11.9
Corporate (non-product)	0.7	0.3	0.2	0.3	0.2
Total	\$131.9	\$127.6	\$139.3	\$132.1	\$121.5



Product Group Margins Full Year 2013 Adjusted Results

(\$ in millions)	Electronic Brokerage	Platforms	Analytics	Research Sales & Trading	Corp	Total
Revenues	\$279.8	\$96.1	\$46.0	\$107.4	\$1.5	\$530.8
Depreciation & Amortization	22.4	17.0	6.5	3.6	4.1	53.6
Interest	-	-	-	-	2.7	2.7
All Other Expenses	209.5	64.8	33.7	102.9	14.1	425.0
Total Expenses	231.9	81.8	40.2	106.5	20.9	481.3
Pre-Tax Income (Loss)	\$47.9	\$14.3	\$5.8	\$0.9	\$(19.4)	\$49.5
Pre-Tax Margin	17.1%	14.9%	12.6%	0.8%	NA	9.3%



U.S. Trading Volumes and Revenues Per Share

(\$ in millions except cents per share and trading days)	4Q13	3Q13	2Q13	1Q13	4Q12
Trading Volumes	9,450	9,895	11,427	11,599	11,232
Trading Days	64	64	64	60	62
Trading Volumes Per Day	147.7	154.6	178.6	193.3	181.2
Revenue Per Share (Includes commissions and net executions)	\$0.0047	\$0.0049	\$0.0048	\$0.0046	\$0.0043
Trading Commissions and Fees	\$44.6	\$48.3	\$54.5	\$52.8	\$48.2
Other Commissions and Fees (Includes ITG Net [®] commission sharing & ITG Derivatives)	6.7	7.8	8.5	8.0	7.4
Total Commissions and Fees	\$51.3	\$56.1	\$63.0	\$60.8	\$55.6



Q&A

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