



*Full Year and Fourth Quarter 2013 Financial and Operating  
Results*

*February 27, 2014*

# Special Note Regarding Forward-Looking Information

In addition to historical information, this presentation contains "forward-looking" statements that reflect management's expectations for the future. The forward-looking statements contained in this presentation include, without limitation, statements relating to GAIN Capital's expectations regarding the opportunities and strengths of the combined company created by the combination of GAIN and GFT, anticipated cost and revenue synergies as well as expected growth in financial and operating metrics, the strategic rationale for the business combination, including expectations regarding product offerings, growth opportunities, value creation, and financial strength. A variety of important factors could cause results to differ materially from such statements. These factors include, but are not limited to, the actions of both current and potential new competitors, fluctuations in market trading volumes, financial market volatility, evolving industry regulations, including changes in regulation of futures companies, errors or malfunctions in our systems or technology, rapid changes in technology, effects of inflation, 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 assets and companies we have acquired, including the successful integration of GFT, our ability to effectively compete in the OTC products and futures industries, changes in tax policy or accounting rules, fluctuations in foreign exchange rates and commodity prices, adverse changes or volatility in interest rates, as well as general economic, business, credit and financial market conditions, internationally or nationally, and our ability to continue paying a quarterly dividend in light of future financial performance and financing needs. The forward-looking statements included herein represent GAIN Capital's views as of the date of this presentation. GAIN Capital undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.

# Full Year Highlights

- Successful acquisition of GFT significantly increased GAIN's product offering and scale with operating synergies target on track
- Revenue diversification goals ongoing with commission-based business representing 22% of total revenue
- Larger customer base and improved market conditions drive higher customer trading metrics
- FY 2013 GAAP diluted EPS of \$0.79
  - FY 2013 Adjusted diluted EPS<sup>(1)</sup> of \$0.85

(1) Adjusted EPS is a non-GAAP financial measure that represents net income per share excluding the impact of restructuring expenses and other non-recurring costs.

# FY 2013 and 4<sup>th</sup> Quarter 2013 Financial Results

- **Full Year 2013**
  - Net revenue of \$266.4 million
  - Adjusted EBITDA<sup>(1)</sup> of \$61.0 million
  - Net income of \$31.3 million
  - EPS (Diluted): \$0.79
    - Adjusted EPS (Diluted)<sup>(2)</sup>: \$0.85
- **Q4 2013**
  - Net revenue of \$83.0 million
  - Adjusted EBITDA<sup>(1)</sup> of \$13.7 million
  - Net Income of \$4.3 million
  - EPS (Diluted): \$0.10
    - Adjusted EPS (Diluted)<sup>(2)</sup>: \$0.13

(1) Adjusted EBITDA is a non-GAAP financial measure that represents our earnings before interest, taxes, depreciation, amortization, restructuring expenses and other non-recurring costs. A reconciliation of net income to adjusted EBITDA is available in the appendix to this presentation.

(2) Adjusted EPS is a non-GAAP financial measure that represents net income per share excluding the impact of restructuring expenses and other non-recurring costs. A reconciliation of GAAP EPS to adjusted EPS is available in the appendix to this presentation.

# FY 2013 and 4<sup>th</sup> Quarter 2013 Operating Results<sup>(1)</sup>

- **Full Year 2013**

- Retail volume of \$1.8 trillion, up 38% (ADV: \$6.9 billion)
- Institutional volume of \$4.0 trillion, up 103% (ADV: \$15.2 billion)
  - GTX volume of \$3.8 trillion, up 96% (ADV: \$14.7 billion)
- Futures DARTs of 13,785
- Client assets of \$739.3 million, up 66%

- **Q4 2013**

- Retail volume of \$508.0 billion, up 70% (ADV: \$7.8 billion)
- Institutional volume of \$1,104.0 billion, up 105% (ADV: \$17.0 billion)
  - GTX volume of \$978.9 billion, up 82% (ADV: \$15.1 billion)
- Futures DARTs of 15,049, up 15%
- Funded accounts of 133,056, up 56%

*(Comparisons are referenced to full year 2012 and Q4 2012, as appropriate)*

(1) Definitions for all our operating metrics are available in the appendix to this presentation.

# Market Conditions

- FY 2013 currency volatility levels still well below historical 5-year average



# Retail OTC

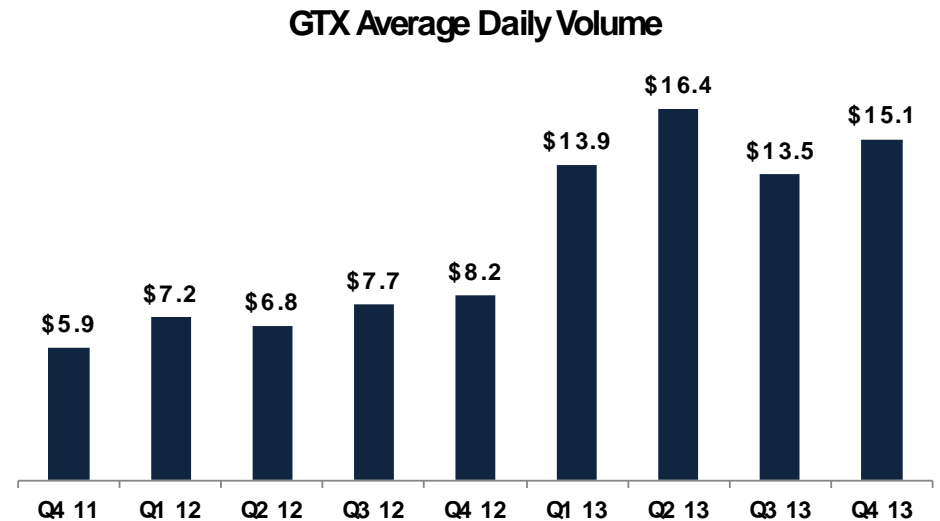
- Increased year-over-year client engagement
  - FY 2013 retail volume of \$1.8 trillion, up 38% over FY 2012
  - Continued growth in funded accounts with over 133,000
- Partner-based business now represents 48%<sup>(1)</sup> of retail trading volume compared to 40% in FY 2012
  - Pipeline for new partners remains active
- Broader product offering following the acquisition of GFT creates more opportunities for clients to trade in varying market conditions
- Retail OTC client assets continue to grow with ~\$595mm of retail OTC assets as of December 31, 2013

Note: Definitions for all our operating metrics are available in the appendix to this presentation.

(1) Assumes GFT acquisition closed January 1, 2013.

# Commission-Based Business

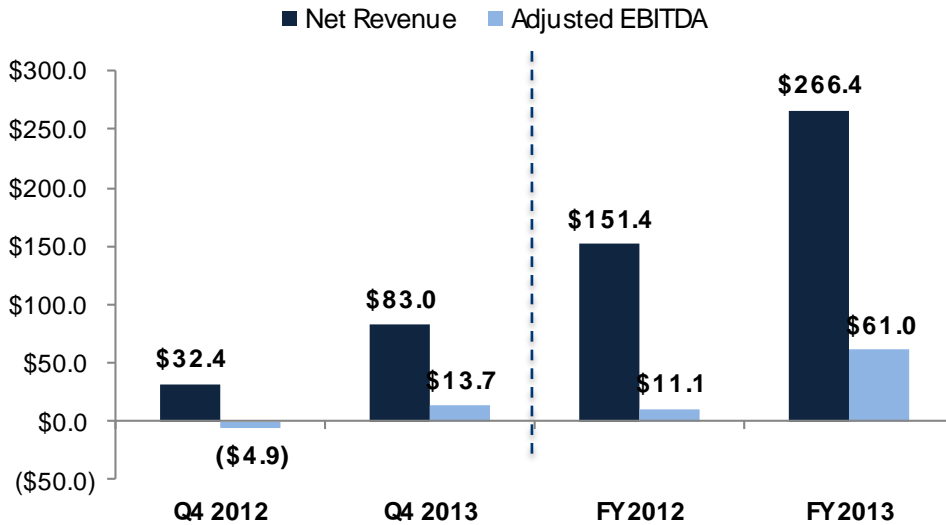
- Commission-based businesses delivered \$60.8mm of revenue in FY 2013
  - Represented 22% total revenue
- **GTX**
  - Continuing to expand market share
  - 14% compounded quarterly ADV growth since Q3 2011
- **Sales Trader**
  - 18% growth in accounts since closing of GFT transaction
- **Futures**
  - Client assets up 23% year-over-year to \$144mm
  - Several opportunities for further consolidation in retail futures industry



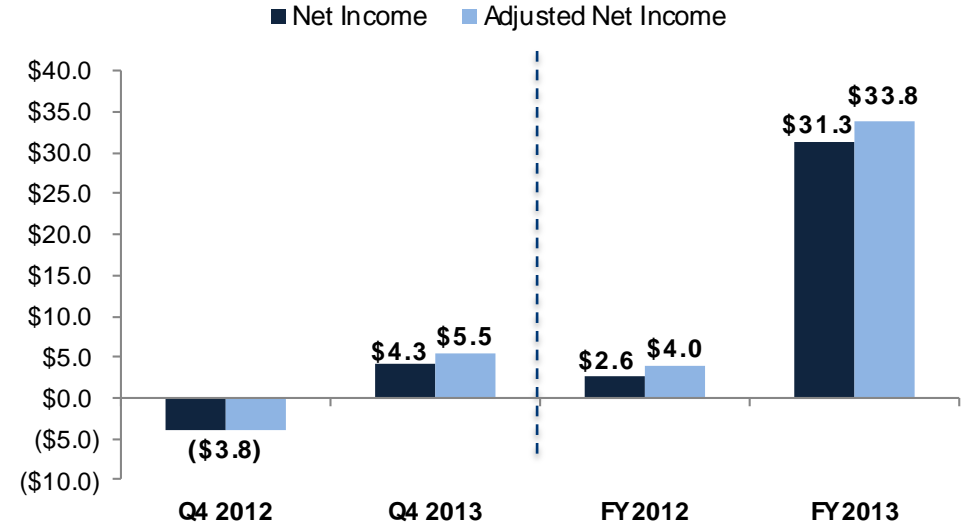


# 4<sup>th</sup> Quarter and FY 2013 Financial Results

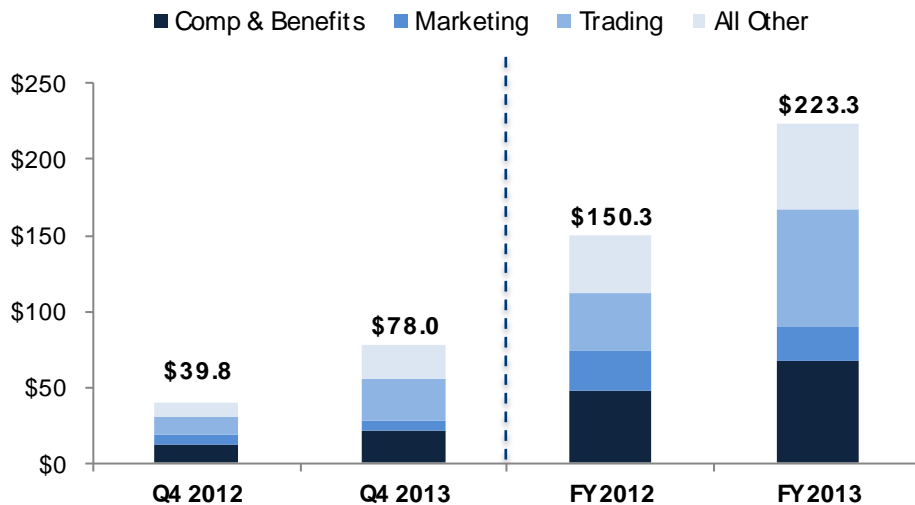
## Net Revenue & Adjusted EBITDA<sup>(1)</sup>



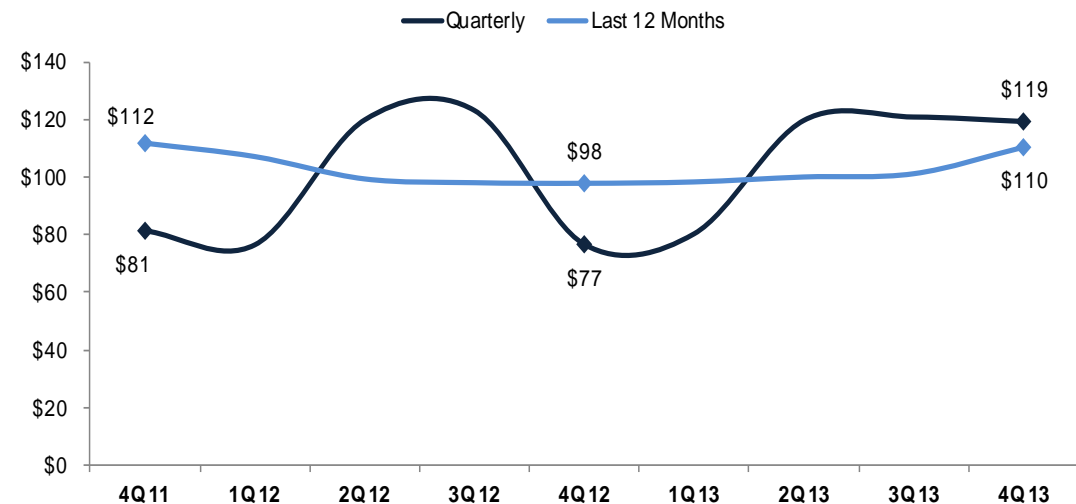
## Net Income & Adjusted Net Income<sup>(2)</sup>



## Total Expenses



## Retail Trading Revenue per Million



Note: Dollars in millions.

- (1) Reconciliation of net income to adjusted EBITDA is available in the appendix to this presentation.
- (2) Reconciliation of net income to adjusted net income is available in the appendix to this presentation.

# Return of Capital

- Return of capital to shareholders
  - \$0.05 per share quarterly dividend approved
- Share repurchase
  - Repurchased 712,430 shares during the quarter
  - Program remains in place and will continue to be opportunistic

# M&A: Key Driver to Growth

- GAIN has a history of successful M&A
  - GFT (September 2013)
  - GFT US Customer Assets (December 2012)
  - Acquisition of Open E Cry (August 2012)
- GAIN maintains significant capital levels to fund M&A strategy
  - Company recently issued an \$80mm convertible note
    - Portion of the proceeds used to pay down existing note payable (\$2mm discount)
- Robust M&A pipeline with transactions in various stages of negotiation
- Expect to announce several transactions over the next several months that will bolster existing products and expand breadth of offerings

# 2014 Focus

- Reduce combined pre-acquisition expense base of GFT and GAIN by \$35mm-\$45mm by Q4 2014
- Grow commission-based business
- Expand market share of GTX offering
- Roll out GFT platform to all users to provide clients with more opportunities to trade in varying market conditions
- Strategic M&A

# Closing Remarks

- FY 2013 results show GAIN's ability to generate EBITDA and profit despite relatively low currency volatility
- GTX continuing to penetrate the institutional market and diversifying GAIN's revenue stream
- Successful completion of GFT acquisition creating value through the revenue expansion and ongoing realization of operating synergies
- Continue to be an active acquirer with several potential deals in the pipeline

# Appendix

# Consolidated Statements of Operations

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
<b>Revenue</b>				
Trading revenue	\$ 61.4	\$ 22.9	\$ 205.1	\$ 127.5
Commission revenue	23.0	7.8	60.8	21.4
Other revenue	(0.6)	1.6	1.1	2.3
Total non-interest revenue	83.8	32.3	267.0	151.2
Interest revenue	0.2	0.2	0.8	0.6
Interest expense	1.0	0.1	1.4	0.4
Total net interest revenue/ (expense)	(0.8)	0.1	(0.6)	0.2
Net revenue	83.0	32.4	266.4	151.4
<b>Expenses</b>				
Employee compensation and benefits	22.1	12.0	67.1	47.5
Selling and marketing	6.4	6.9	22.3	27.0
Trading expenses and commissions	26.6	11.2	77.7	38.0
General & Administrative	10.1	5.1	26.9	20.1
Depreciation and amortization	2.6	1.7	7.8	4.9
Purchased intangible amortization	1.2	0.7	2.9	4.1
Communication and technology	4.8	2.1	11.3	7.7
Bad debt provision	0.3	0.1	1.5	0.4
Acquisition costs	0.3	-	1.8	-
Restructuring	1.2	-	1.6	0.6
Integration costs	1.9	-	1.9	-
Impairment on investment	0.5	-	0.5	-
Total	78.0	39.8	223.3	150.3
<b>Operating income/ (loss)</b>	<b>5.0</b>	<b>(7.4)</b>	<b>43.1</b>	<b>1.1</b>
Gain on extinguishment of debt	2.0	-	2.0	-
<b>Income before tax expense</b>	<b>7.0</b>	<b>(7.4)</b>	<b>45.1</b>	<b>1.1</b>
Income tax expense/ (benefit)	2.7	(3.6)	13.8	(1.5)
<b>Net income/ (loss)</b>	<b>\$ 4.3</b>	<b>\$ (3.8)</b>	<b>\$ 31.3</b>	<b>\$ 2.6</b>
<b>Earnings per common share:</b>				
Basic	\$0.11	(\$0.11)	\$0.85	\$0.08
Diluted	\$0.10	(\$0.11)	\$0.79	\$0.07
Weighted averages common shares outstanding used in computing earnings per common share:				
Basic	39,492,413	35,081,311	36,551,246	34,940,800
Diluted	42,646,162	35,081,311	39,632,878	37,880,208

Note: Unaudited. Dollars in millions, except per share data.

# Consolidated Balance Sheet

	December 31, 2013	December 31, 2012
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 39.9	\$ 36.8
Cash and securities held for customers	739.3	446.3
Short term investments	0.8	1.4
Receivables from banks and brokers	227.6	89.9
Property and equipment - net of accumulated depreciation	17.1	11.0
Prepaid assets	8.8	7.7
Goodwill	14.2	9.0
Intangible assets, net	34.8	9.9
Other assets	28.6	17.9
<b>Total assets</b>	<u>\$ 1,111.1</u>	<u>\$ 629.9</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Payables to customer, brokers, dealers, FCM'S and other regulated entities	\$ 739.3	\$ 446.3
Accrued compensation & benefits	13.0	6.1
Accrued expenses and other liabilities	55.3	12.5
Income tax payable	3.8	1.3
Loan payable	65.4	-
<b>Total liabilities</b>	<u>\$ 876.8</u>	<u>\$ 466.2</u>
<b>Shareholders' Equity</b>	<u>\$ 234.3</u>	<u>\$ 163.7</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,111.1</u>	<u>\$ 629.9</u>

Note: Unaudited. Dollars in millions.



# Current Liquidity

	As of	
	12/31/13	12/31/12
Cash and cash equivalents	\$39.9	\$36.8
Cash and securities held for customers	739.3	446.3
Short term investments <sup>(1)</sup>	0.8	1.4
Receivables from banks and brokers <sup>(2)</sup>	227.6	89.9
Total Operating Cash	<u>\$1,007.6</u>	<u>\$574.4</u>
Less: Cash and securities held for customers	<u>(739.3)</u>	<u>(446.3)</u>
Free Operating Cash	\$268.3	\$128.1
Less: Minimum regulatory capital requirements	(84.1)	(45.6)
Less: Loan payable <sup>(3)</sup>	<u>(80.0)</u>	<u>-</u>
<b>Free Cash Available<sup>(4)</sup></b>	<b><u>\$104.2</u></b>	<b><u>\$82.5</u></b>

Note: Dollars in millions.

(1) Reflects cash that would be received upon the liquidation of short term investments.

(2) Reflects cash that would be received from brokers following the close-out of all open positions.

(3) The note payable on the balance sheet incorporates the unamortized discount at Dec 31, 2013.

(4) Excludes current liabilities of \$76.9mm and \$19.9mm as of December 31, 2013 and December 31, 2012, respectively, and capital charges associated with open positions. Free cash available is a non-GAAP financial measure.

# Q4 and FY 2013 Financial Summary

	3 Months Ended Dec. 31,		12 Months Ended Dec. 31,		'13 v '12 % Change	
	2013	2012	2013	2012	Q4	12 Months
Net Revenue	\$83.0	\$32.4	\$266.4	\$151.4	156%	76%
Interest Expense	1.0	0.1	1.4	0.4	900%	250%
Net Revenue (ex. Interest Expense)	\$84.0	\$32.5	\$267.8	\$151.8	158%	76%
Operating Expenses	70.3	37.4	206.8	140.7	88%	47%
Adjusted EBITDA <sup>(1)</sup>	\$13.7	(\$4.9)	\$61.0	\$11.1	(380%)	450%
Net Income	\$4.3	(\$3.8)	\$31.3	\$2.6	(213%)	1104%
Adjusted EPS (Diluted) <sup>(2)</sup>	\$0.13	(\$0.11)	\$0.85	\$0.11	(218%)	673%
EPS (Diluted)	\$0.10	(\$0.11)	\$0.79	\$0.07	(191%)	1029%
Adjusted EBITDA Margin % <sup>(1)(3)</sup>	16%	(15%)	23%	7%	31 pts	15 pts
Net Income Margin %	5%	(12%)	12%	2%	17 pts	10 pts

Note: Dollars in millions, except per share data.

(1) See page 19 for a reconciliation of GAAP net income to adjusted EBITDA.

(2) See page 21 for a reconciliation of GAAP EPS to adjusted EPS.

(3) Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net revenue (ex. interest expense).

# Adjusted EBITDA & Margin Reconciliation

	3 Months Ended Dec. 31,		12 Months Ended Dec. 31,	
	2013	2012	2013	2012
Net Revenue	\$ 83.0	\$ 32.4	\$ 266.4	\$ 151.4
Interest Expense	1.0	0.1	1.4	0.4
Net Revenue (ex. Interest Expense)	<u>\$ 84.0</u>	<u>\$ 32.5</u>	<u>\$ 267.8</u>	<u>\$ 151.8</u>
Net income	\$ 4.3	\$ (3.8)	\$ 31.3	\$ 2.6
Depreciation & amortization	2.6	1.7	7.8	4.9
Purchase intangible amortization	1.2	0.7	2.9	4.1
Interest expense	1.0	0.1	1.4	0.4
Income tax expense/ (benefit)	2.7	(3.6)	13.8	(1.5)
Restructuring	1.2	-	1.6	0.6
Other non-recurring items	0.7	-	2.2	-
<b>Adjusted EBITDA</b>	<b><u>\$ 13.7</u></b>	<b><u>\$ (4.9)</u></b>	<b><u>\$ 61.0</u></b>	<b><u>\$ 11.1</u></b>
<i>Adjusted EBITDA Margin %<sup>(1)</sup></i>	16%	(15%)	23%	7%

Note: Dollars in millions.

(1) Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net revenue.

# Adjusted Net Income Reconciliation

	3 Months Ended Dec. 31,		12 Months Ended Dec. 31,	
	2013	2012	2013	2012
Net Income	\$ 4.3	\$ (3.8)	\$ 31.3	\$ 2.6
Restructuring, net of tax	0.7	-	1.1	1.4
Other non-recurring items, net of tax	0.5	-	1.4	-
Adjusted Net Income	<u>\$ 5.5</u>	<u>\$ (3.8)</u>	<u>\$ 33.8</u>	<u>\$ 4.0</u>
Adjusted Earnings per Common Share:				

Note: Dollars in millions.

# Adjusted EPS Reconciliation

	2013	2012	2013	2012
GAAP Earnings per Share (Diluted)	\$ 0.10	\$ (0.11)	\$ 0.79	\$ 0.07
Restructuring & Other non-recurring items	0.03	-	0.06	0.04
Adjusted Earnings per Share (Diluted)	<u>\$ 0.13</u>	<u>\$ (0.11)</u>	<u>\$ 0.85</u>	<u>\$ 0.11</u>

# Operating Metrics<sup>(1)</sup>

<i>(Volume in billions; assets in millions)</i>	<b>3 Months Ended,</b>				
	<b>Dec-12</b>	<b>Mar-13</b>	<b>Jun-13</b>	<b>Sep-13</b>	<b>Dec-13</b>
<b>Retail</b>					
OTC Trading Volume	\$298.8	\$431.8	\$462.1	\$394.8	\$508.0
Average Daily Volume	\$4.5	\$6.7	\$7.1	\$6.0	\$7.8
Active OTC Accounts	60,219	62,606	64,144	105,536	98,696
Futures DARTs	12,836	13,238	14,382	12,483	15,049
Funded Accounts	85,099	100,020	96,977	131,068	133,056
Customer Assets	\$446.3	\$456.9	\$476.8	\$684.1	\$739.3
<b>Institutional</b>					
Total Institutional Volume	\$538.4	\$889.9	\$1,065.8	\$901.3	\$1,104.0
Average Daily Volume	\$8.2	\$13.9	\$16.4	\$13.7	\$17.0
GTX Volume	\$538.4	\$889.9	\$1,065.8	\$889.7	\$978.9
Average Daily GTX Volume	\$8.2	\$13.9	\$16.4	\$13.5	\$15.1

(1) Definitions for all our operating metrics are available on page 23.

# Definition of Metrics

- **Funded Accounts**
  - Retail accounts who maintain a cash balance
- **Active OTC Accounts**
  - Retail accounts who executed a transaction during a given period
- **Trading Volume**
  - Represents the U.S. dollar equivalent of notional amounts traded
- **Futures DARTs**
  - Represents the average daily trades transacted by OEC customers
- **Customer Assets**
  - Represents amounts due to clients, including customer deposits and unrealized gains or losses arising from open positions



*4<sup>th</sup> Quarter and FY 2013 Financial and Operating Results*  
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