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# Q1 2017 Results

May 2017

# SAFE HARBOR STATEMENT

## Forward Looking Statements

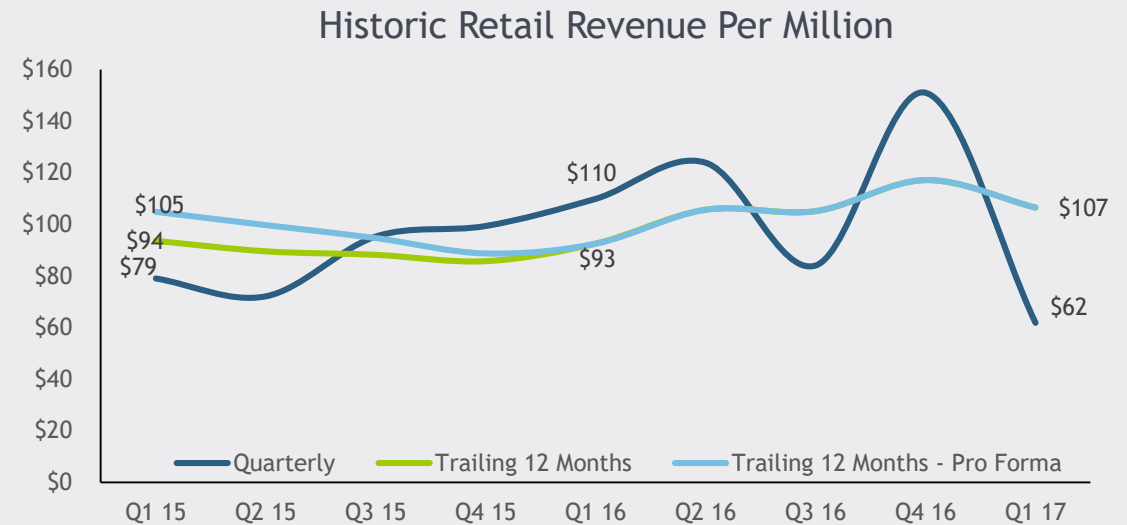
In addition to historical information, this earnings presentation contains "forward-looking" statements that reflect management's expectations for the future. A variety of important factors could cause results to differ materially from such statements. These factors are noted throughout GAIN Capital's annual report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on March 15, 2017, and 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, errors or malfunctions in GAIN Capital's 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, our ability to effectively compete, 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 release. GAIN Capital undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.

## Non-GAAP Financial Measures

This presentation contains various non-GAAP financial measures, including adjusted EBITDA, adjusted net income, adjusted EPS and various "pro forma" non-GAAP measures. These non-GAAP financial measures have certain limitations, including that they do not have a standardized meaning and, therefore, our definitions may be different from similar non-GAAP financial measures used by other companies and/or analysts. Thus, it may be more difficult to compare our financial performance to that of other companies. We believe our reporting of these non-GAAP financial measures assists investors in evaluating our historical and expected operating performance. However, because these are not measures of financial performance calculated in accordance with GAAP, such measures should be considered in addition to, but not as a substitute for, other measures of our financial performance reported in accordance with GAAP, such as net income.

# FIRST QUARTER REVIEW

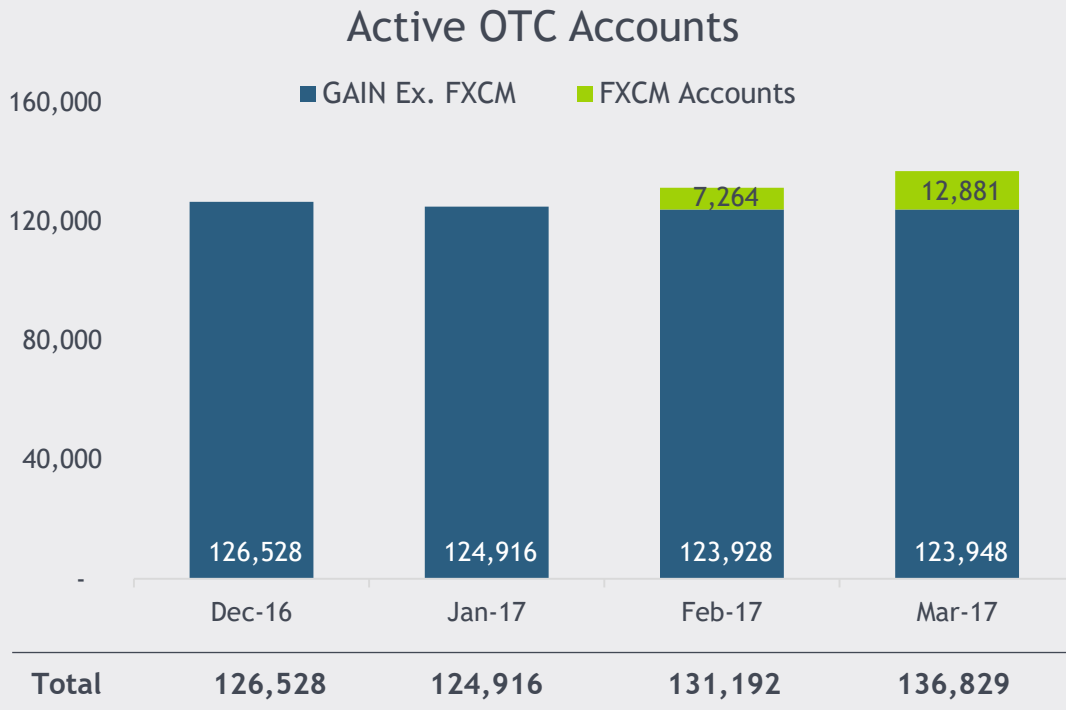
- Lower market volatility and narrowing of average trading ranges weighed on revenue capture
  - March trading fundamentals improved compared to January and February
  - On track to return to historic average revenue capture levels in April
- Identified \$15 million in fixed cost savings for 2017
  - Translating into \$20 million run rate reduction for 2018



- FXCM acquisition strengthened our market position, making FOREX.com the #1 provider of Retail FX in the U.S.
- Maintained strong balance sheet, which positions us well for future strategic opportunities
- Repurchased 612,423 shares during the quarter for a gross value of \$4.7 million

# FXCM U.S. ACQUISITION UPDATE

Completed acquisition and integration of FXCM’s U.S. client assets on February 24<sup>th</sup>, resulting in the transfer of over \$140 million in client assets to FOREX.com



- Nearly 13,000 former FXCM accounts active on the platform today
  - Average daily volume \$1.1 billion
  - Paid \$6.5 million to date to FXCM
    - \$5.1 million paid in Q1 2017
- Remain on track to realize \$15 - \$20 million of incremental revenue in FY 2017 with minimal costs

## BALANCED GROWTH STRATEGY: ORGANIC INITIATIVES, COMPLEMENTED BY STRATEGIC M&A

### Positioned to Invest in Organic Growth

- Organic growth initiatives focus on diversification and margin enhancement
  - Grow share in markets where we operate
  - Introduce new products and services to diversify market exposure and client base
  - Drive process efficiency to improve operating leverage
- Regulatory change and market dislocation continue to produce corporate development opportunities

### Strategic Acquisitions to Accelerate Strategy

- Focused on acquisition opportunities that would:
  - Expand our product set
  - Provide additional distribution channels
  - Expand our geographic reach and scale
  - Complement our existing products and services
- Core competency as a successful integrator of new platforms coupled with a diligent focus on cost reduction

## ORGANIC GROWTH INITIATIVES PROGRESS UNDERWAY

Investing in product enhancements and marketing to drive long-term growth within our existing platforms

### Redesigned Trading Experience

- New web-based trading platform launched in US in April
- Upgrade of mobile trading apps in early June
- Active trader program launched in US; further market roll-out Q2

### Automated and Streamlined Account Opening

- Optimized end-to-end mobile account opening and funding process
- New funding options for APAC customers, including eWallets in late Q2

### Global, Cross Brand Affiliate Marketing Program

- Introduction of the pilot program in UK market
- Rolling out across other regions in Q3

### Expansion into Digital Advisory

- Developing new products for clients seeking personalized trading advice

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# Financial Review

# KEY FINANCIAL RESULTS & OPERATING METRICS

	3 Months Ended March 31,		% Change
	2017	2016	Q1
<b>As Reported</b>			
Net Revenue	\$59.6	\$115.6	(48%)
Operating Expenses	(73.0)	(83.9)	(13%)
Adjusted EBITDA <sup>(1)</sup>	(\$13.4)	\$31.7	(142%)
Net (Loss)/Income	(\$18.9)	\$8.4	(325%)
Adjusted Net (Loss)/Income <sup>(2)</sup>	(18.6)	16.9	(210%)
GAAP Diluted EPS	(\$0.39)	\$0.17	(331%)
Adjusted Diluted EPS <sup>(3)</sup>	(\$0.39)	\$0.35	(212%)
<b>Operating Metrics<sup>(4)</sup></b>			
Retail OTC ADV (bns)	\$9.5	\$13.5	(29%)
Institutional ADV (bns)	\$15.2	\$11.2	
ECN	11.7	8.3	41%
Swap Dealer	3.5	2.9	19%
Avg. Daily Futures Contracts	33,236	38,267	(13%)

Note: Dollars in millions, except per share data. Columns may not add due to rounding.

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

(2) Adjusted net income/(loss) is a non-GAAP financial measure that represents net income/(loss) excluding the impact of one-time items. A reconciliation of GAAP net income/(loss) to adjusted net income/(loss) is available in the appendix to this presentation.

(3) Adjusted EPS is a non-GAAP financial measure that represents net income/(loss) per share excluding the impact of one-time items. A reconciliation of GAAP EPS to adjusted EPS is available in the appendix to this presentation.

(4) Definitions for operating metrics are available in the appendix to this presentation.



## OPERATING SEGMENT RESULTS: RETAIL

Retail Financial & Operating Results			
	3 Months Ended March 31,		TTM 3/31/17
	2017	2016	
Trading Revenue	\$38.9	\$94.7	\$274.9
Other Retail Revenue	1.2	2.0	4.8
<b>Total Revenue</b>	<b>\$40.1</b>	<b>\$96.7</b>	<b>\$279.7</b>
Employee Comp & Ben	15.3	16.7	61.0
Marketing	8.9	6.2	30.4
Referral Fees	12.3	16.6	50.8
Other Operating Exp.	14.5	20.9	69.1
<b>Segment (Loss)/Profit</b>	<b>(\$11.0)</b>	<b>\$36.3</b>	<b>\$68.3</b>
<i>% Margin</i>	<i>-27%</i>	<i>38%</i>	<i>24%</i>
<b>Operating Metrics</b>			
ADV (bns)	\$9.5	\$13.5	\$9.9
Active Accounts	136,829	132,452	136,829
Client Assets	\$754.6	\$639.4	\$754.6
PnL/mm	\$62	\$110	\$107

### Segment Highlights:

- FY 2017 segment loss of \$11.0 million with margin of -27%
- Client assets increased 18% year-over-year, helped in part by the integration of FXCM accounts
- New accounts in Q1 2017 were 20 - 25% above the historical average, excluding the newly acquired FXCM accounts

# OPERATING SEGMENT RESULTS: INSTITUTIONAL

## Institutional Financial & Operating Results

	3 Months Ended March 31,		TTM 3/31/17
	2017	2016	
ECN	\$6.1	\$4.8	\$21.9
Swap Dealer	2.5	2.3	9.8
<b>Total Revenue</b>	<b>\$8.6</b>	<b>\$7.1</b>	<b>\$31.7</b>
Employee Comp & Ben	4.0	3.2	15.2
Other Operating Exp.	3.2	2.4	11.2
<b>Segment Profit</b>	<b>\$1.3</b>	<b>\$1.5</b>	<b>\$5.2</b>
<i>% Margin</i>	<i>15%</i>	<i>21%</i>	<i>16%</i>
<b><u>Operating Metrics</u></b>			
ECN ADV (bns)	\$11.7	\$8.3	\$9.2
Swap Dealer ADV (bns)	3.5	\$2.9	3.1

### Segment Highlights:

- FY 2017 segment profit of \$1.3 million with margin of 15%
- Average daily volume increased across both ECN and Swap Dealer platforms
- Q117 saw ECN record volumes, 25% above the previous high in Q416
- Further growth anticipated, with Tokyo data center now live following the addition of London in Q416

# OPERATING SEGMENT RESULTS: FUTURES

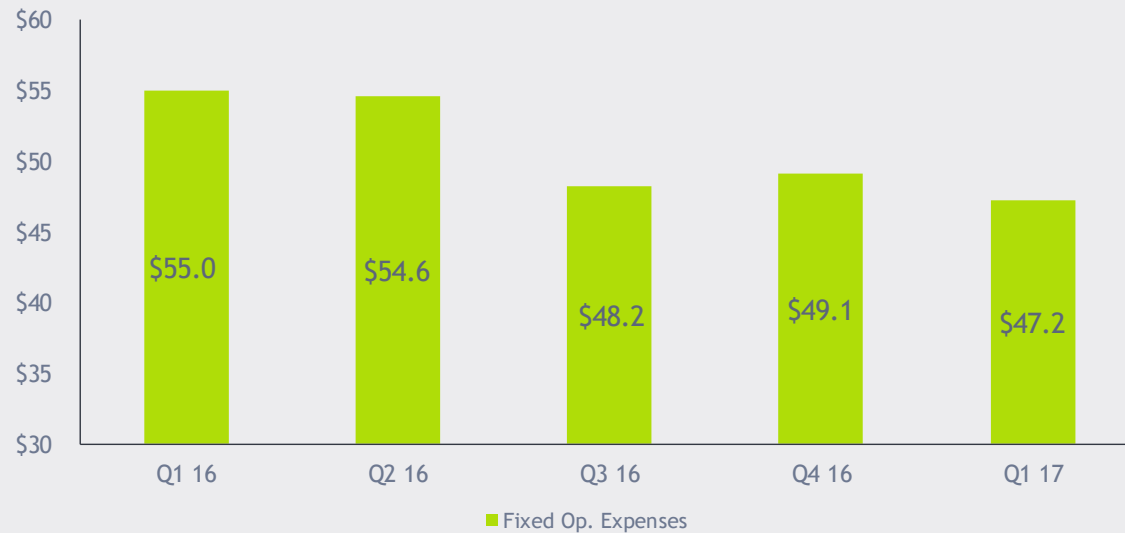
Futures Financial & Operating Results			
	3 Months Ended March 31,		TTM 3/31/17
	2017	2016	
Revenue	\$11.0	\$12.2	\$46.9
Employee Comp & Ben	2.6	3.0	11.6
Marketing	0.3	0.2	1.1
Referral Fees	4.1	4.1	15.7
Other Operating Exp.	3.7	4.0	14.5
<b>Segment Profit</b>	<b>\$0.3</b>	<b>\$1.0</b>	<b>\$4.0</b>
<i>% Margin</i>	<i>3%</i>	<i>8%</i>	<i>9%</i>
<b>Operating Metrics</b>			
Avg. Daily Contracts	33,236	38,267	31,742
Active Accounts	8,201	8,890	8,201
Client Assets	\$287.5	\$236.6	\$287.5
Revenue/Contract	\$5.32	\$5.23	\$5.84

## Segment Highlights:

- FY 2017 segment profit of \$0.3 million with margin of 3%
- Client assets up 22% year-over-year to \$288 million
- Contract volumes held up well, despite a 43% drop in volatility compared to Q116

# STRATEGIC FIXED EXPENSE MANAGEMENT

Q1 operating expenses reflect GAIN's continued focus on reducing fixed costs



- 14% year-over-year reduction in fixed operating expenses
- Over \$45 million of run-rate savings realized in Q4 from City Index synergies reduced fixed costs

(1)

Note: Dollars in millions.  
 1. Excludes bad debt & other variable expenses, referral fees and marketing expense. Details available in appendix to this presentation.

## FOCUS ON COST EFFICIENCY TO DRIVE MARGIN IMPROVEMENT

- Identified \$15 million in fixed cost reductions for 2017 across G&A, communications & technology and trading expenses
- Implies a \$20 million run rate cost savings for 2018
- Will continue to identify areas for cost reductions over the next two years as we optimize our capital spend
- Margin improvements will lower breakeven revenues

# ACTIVELY RETURNING CAPITAL TO SHAREHOLDERS

Returned over \$20 million to investors via buybacks and dividends in 2016



~\$17 million remains authorized for future opportunistic share repurchases

1. Liquidity table available in appendix to this presentation.

## POSITIONED TO DELIVER LONG-TERM VALUE



Proven Leader in a Large, Attractive and Growing Market



Highly Diverse and Scalable Business Model



Future Growth Driven by Balanced Focus on Platform Enhancements and Strategic M&A



Optimized Capital Allocation to Drive Shareholder Value

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# Appendix



# CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended March 31,	
	2017	2016
<b>Revenue</b>		
Retail revenue	\$ 38.9	\$ 95.0
Institutional revenue	8.4	6.7
Futures revenue	10.6	12.0
Interest & Other revenue	1.7	1.8
<b>Net revenue</b>	<b>\$ 59.6</b>	<b>\$ 115.6</b>
<b>Expenses</b>		
Employee compensation and benefits	24.2	26.4
Selling and marketing	9.3	6.4
Referral Fees	16.4	20.7
Trading expenses	8.1	8.4
General and administrative	15.0	21.9
Depreciation and amortization	7.6	7.1
One-Time Expenses	-	11.0
Total expenses	80.6	101.9
<b>Operating (loss)/profit</b>	<b>\$ (21.0)</b>	<b>\$ 13.7</b>
Interest expense on long term borrowings	2.7	2.6
<b>(Loss)/income before income tax (benefit)/expense</b>	<b>\$ (23.7)</b>	<b>\$ 11.1</b>
Income tax (benefit)/expense	(4.9)	2.3
Equity in net loss of affiliate	(0.0)	(0.0)
<b>Net (loss)/income</b>	<b>\$ (18.8)</b>	<b>\$ 8.7</b>
Net income attributable to non-controlling interests	0.1	0.3
<b>Net (loss)/income applicable to Gain Capital Holdings Inc.</b>	<b>\$ (18.9)</b>	<b>\$ 8.4</b>
<b>(Loss)/Earnings per common share<sup>(1)</sup></b>		
Basic	(\$0.39)	\$0.17
Diluted	(\$0.39)	\$0.17
Weighted average common shares outstanding used in computing earnings per common share:		
Basic	47,894,546	48,622,816
Diluted	47,894,546	48,983,880

Note: Dollars in millions, except share and per share data. Columns may not add due to rounding.

(1) Earnings per share includes an adjustment for the redemption value of the NCI put option.

# CONSOLIDATED BALANCE SHEET

	As of	
	3/31/2017	12/31/2016
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 183.7	\$ 234.8
Cash and securities held for customers	1,042.1	945.5
Receivables from brokers	75.9	61.1
Property and equipment - net of accumulated depreciation	38.0	36.5
Intangible assets, net	70.5	67.4
Goodwill	32.3	32.1
Other assets	50.2	52.8
<b>Total assets</b>	<b>\$ 1,492.6</b>	<b>\$ 1,430.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Payables to customers	\$ 1,042.1	\$ 945.5
Accrued compensation & benefits	4.9	13.6
Accrued expenses and other liabilities	39.6	41.5
Income tax payable	0.9	4.0
Convertible senior notes	126.0	124.8
<b>Total liabilities</b>	<b>\$ 1,213.5</b>	<b>\$ 1,129.3</b>
Non-controlling interest	\$ 5.8	\$ 6.6
Shareholders' Equity	273.3	294.2
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,492.6</b>	<b>\$ 1,430.1</b>

# LIQUIDITY

	As of				
	3/31/2017	12/31/2016	9/30/2016	6/30/2016	3/31/2016
Cash and cash equivalents	\$183.7	\$234.8	\$235.7	\$89.4	\$189.7
Receivable from banks and brokers <sup>(1)</sup>	75.9	61.1	52.3	218.1	120.0
Less: Payable to brokers	-	-	-	(4.8)	-
Less: Regulatory capital requirements/charges <sup>(2)</sup>	(124.6)	(113.0)	(117.0)	(123.3)	(121.4)
<b>Liquidity</b>	<b>\$134.9</b>	<b>\$182.9</b>	<b>\$171.0</b>	<b>\$179.5</b>	<b>\$188.3</b>
Regulatory Capital Requirements/Charges					
US	\$36.1	\$28.7	\$29.4	\$28.6	\$29.3
UK	83.0	78.9	79.9	89.2	86.2
Other jurisdictions	5.5	5.4	7.7	5.5	5.9
<b>Total Regulatory Capital Requirements/Charges<sup>(2)</sup></b>	<b>\$124.6</b>	<b>\$113.0</b>	<b>\$117.0</b>	<b>\$123.3</b>	<b>\$121.4</b>

Note: Dollars in millions. Columns may not add due to rounding.

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

(2) Relates to regulatory capital requirements or capital charges, depending upon regulatory jurisdiction.

## ADJUSTED EBITDA & MARGIN RECONCILIATION

	3 Months Ended March 31,	
	2017	2016
Net Revenue	\$ 59.6	\$ 115.6
Net (Loss)/Income	(18.9)	8.4
<i>Net (Loss)/Income Margin %</i>	<i>(32%)</i>	<i>7%</i>
<b>Net (Loss)/Income</b>	<b>\$ (18.9)</b>	<b>\$ 8.4</b>
Depreciation & amortization	4.0	3.2
Purchase intangible amortization	3.6	3.9
Interest expense on long term borrowings	2.7	2.6
Income tax (benefit)/expense	(4.9)	2.3
Restructuring	-	0.8
Integration costs	-	0.8
Legal settlement	-	9.4
Net income attributable to non-controlling interest	0.1	0.3
<b>Adjusted EBITDA</b>	<b>\$ (13.4)</b>	<b>\$ 31.7</b>
<i>Adjusted EBITDA Margin %<sup>(1)</sup></i>	<i>(22%)</i>	<i>27%</i>

Note: Dollars in millions. Columns may not add due to rounding.

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

## ADJUSTED NET INCOME AND EPS RECONCILIATION

	3 Months Ended March 31,	
	2017	2016
Net (Loss)/Income	(\$18.9)	\$8.4
Income Tax (Benefit)/Expense	(4.9)	2.3
Non-controlling Interest	0.1	0.3
<b>Pre-Tax (Loss)/Income</b>	<b>(\$23.7)</b>	<b>\$11.1</b>
Plus: Adjustments	-	11.0
<b>Adjusted Pre-Tax (Loss)/Income</b>	<b>(\$23.7)</b>	<b>\$22.1</b>
Normalized Income Tax <sup>(1)</sup>	5.2	(4.9)
Non-controlling interest	(0.1)	(0.3)
<b>Adjusted Net (Loss)/Income</b>	<b>(\$18.6)</b>	<b>\$16.9</b>
Adjusted (Loss)/Earnings per Common Share:		
Basic	\$ (0.39)	\$0.35
Diluted	\$ (0.39)	\$0.35
Weighted average common shares outstanding used in computing earnings per common share:		
Basic	47,894,546	48,622,816
Diluted	47,894,546	48,983,880

Note: Dollars in millions, except per share and share data. Columns may not add due to rounding.

(1) Assumes 22% tax rate.

## EPS COMPUTATION

	3 Months Ended March 31,	
	2017	2016
Net (loss)/income applicable to GAIN Capital Holdings Inc.	\$ (18.9)	\$ 8.4
Adjustment <sup>(1)</sup>	0.1	0.1
Net (loss)/income available to GAIN common shareholders	\$ (18.8)	\$ 8.5
<b>(Loss)/Earnings per common share</b>		
Basic	<u>(\$0.39)</u>	<u>\$0.17</u>
Diluted	<u>(\$0.39)</u>	<u>\$0.17</u>
<b>Weighted average common shares outstanding used in computing (loss)/earnings per common share:</b>		
Basic	<u>47,894,546</u>	<u>48,622,816</u>
Diluted	<u>47,894,546</u>	<u>48,983,880</u>

Note: Dollars in millions, except per share and share data. Columns may not add due to rounding.

(1) The Company's redeemable non-controlling interests were less than its redemption value. The adjustment to increase carrying value reduces earnings available to the Company's shareholders.

## RECONCILIATION OF SEGMENT PROFIT TO INCOME BEFORE INCOME TAX EXPENSE

### Reconciliation of operating segment profit to Income before income tax expense

	3 Months Ended March 31,	
	2017	2016
Retail segment	(\$11.0)	\$36.3
Institutional segment	1.3	1.5
Futures segment	0.3	1.0
Corporate and other	(4.0)	(7.0)
<b>Segment (loss)/profit</b>	<b>(\$13.4)</b>	<b>\$31.7</b>
Depreciation and amortization	\$4.0	\$3.2
Purchased intangible amortization	3.6	3.9
Restructuring expenses	-	0.8
Integration expenses	-	0.8
Legal settlement	-	9.4
<b>Operating (loss)/profit</b>	<b>(\$21.0)</b>	<b>\$13.7</b>
Interest expense on long term borrowings	2.7	2.6
<b>(Loss)/income before income tax (benefit)/expense</b>	<b>(\$23.7)</b>	<b>\$11.1</b>

## OPERATING EXPENSES

	2016				2017
	Q1	Q2	Q3	Q4	Q1
Total Op. Expenses	\$ 83.9	\$ 80.7	\$ 68.9	\$ 78.9	\$ 73.0
Bad Debt and other variable	1.8	1.7	0.2	2.2	0.1
Referral Fees	20.7	17.6	15.2	17.3	16.4
Marketing	6.4	6.8	5.3	10.2	9.3
Fixed Op. Expenses	\$ 55.0	\$ 54.6	\$ 48.2	\$ 49.1	\$ 47.2

Note: Dollars in millions. Columns may not add due to rounding.



# RETAIL REVENUE PER MILLION



## QUARTERLY OPERATING METRICS

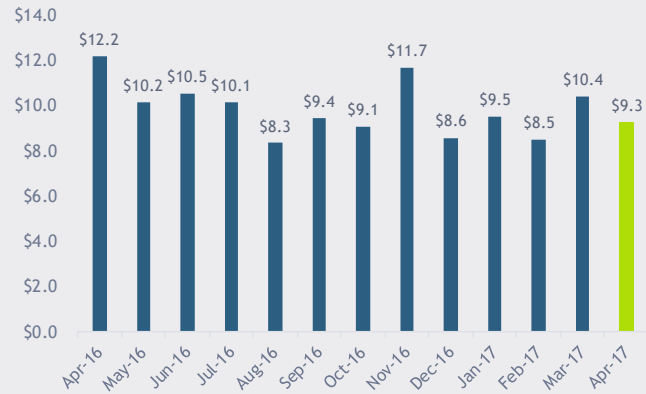
	Three Months Ended,					
	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
<b>Retail</b>						
OTC Trading Volume	\$812.6	\$861.7	\$710.9	\$612.4	\$637.0	\$619.3
OTC Average Daily Volume	\$12.5	\$13.5	\$10.9	\$9.3	\$9.8	\$9.5
Active OTC Accounts <sup>(1)</sup>	142,836	132,452	135,369	129,921	126,528	136,829
<b>Institutional</b>						
ECN Volume	\$415.4	\$531.6	\$526.9	\$509.9	\$612.2	\$759.6
ECN Average Daily Volume	\$6.4	\$8.3	\$8.1	\$7.7	\$9.4	\$11.7
Swap Dealer Volume	\$184.3	\$186.6	\$186.2	\$190.0	\$216.6	\$225.5
Swap Dealer Average Daily Volume	\$2.8	\$2.9	\$2.9	\$2.9	\$3.3	\$3.5
<b>Futures</b>						
Futures Contracts	1,982,985	2,334,308	2,223,501	1,912,174	1,834,393	2,060,631
Futures Average Daily Contracts	31,476	38,267	34,742	29,878	29,117	33,236
Active Futures Accounts	8,668	8,890	8,822	8,594	8,368	8,201

Note: Volumes in billions; assets in millions. Definitions for all operating metrics are available on page 29.

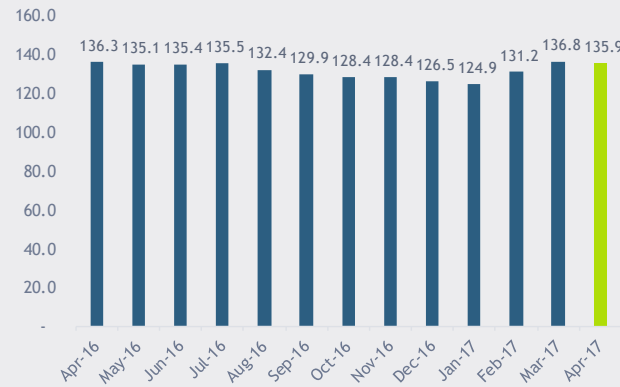
(1) GAIN has updated its historical active account disclosures to reflect a change in definition for certain accounts.

# APRIL 2017 OPERATING METRICS

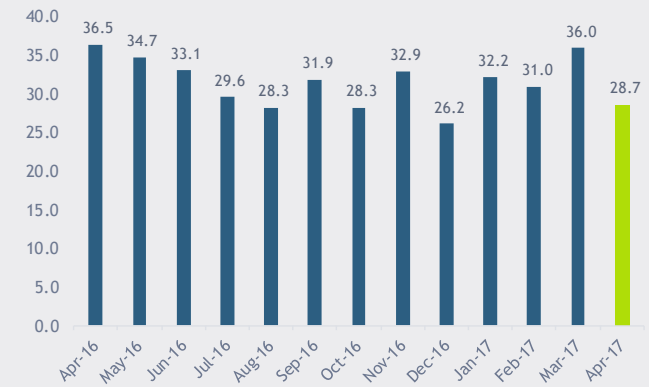
OTC Average Daily Volume (\$ bns)



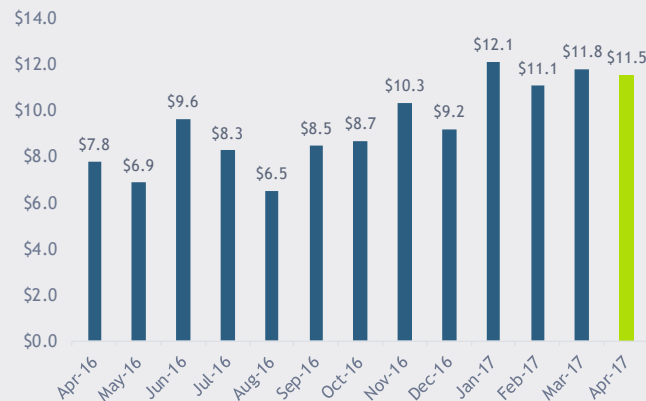
Active OTC Accounts (000s)



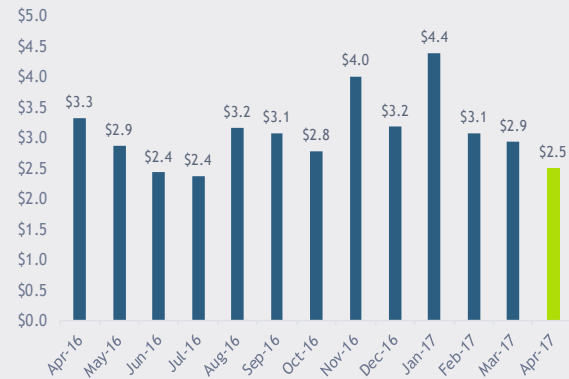
Futures Average Daily Contracts (000s)



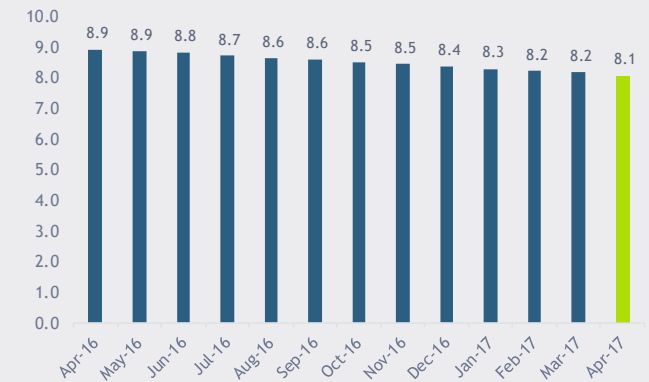
ECN Average Daily Volume (\$ bns)



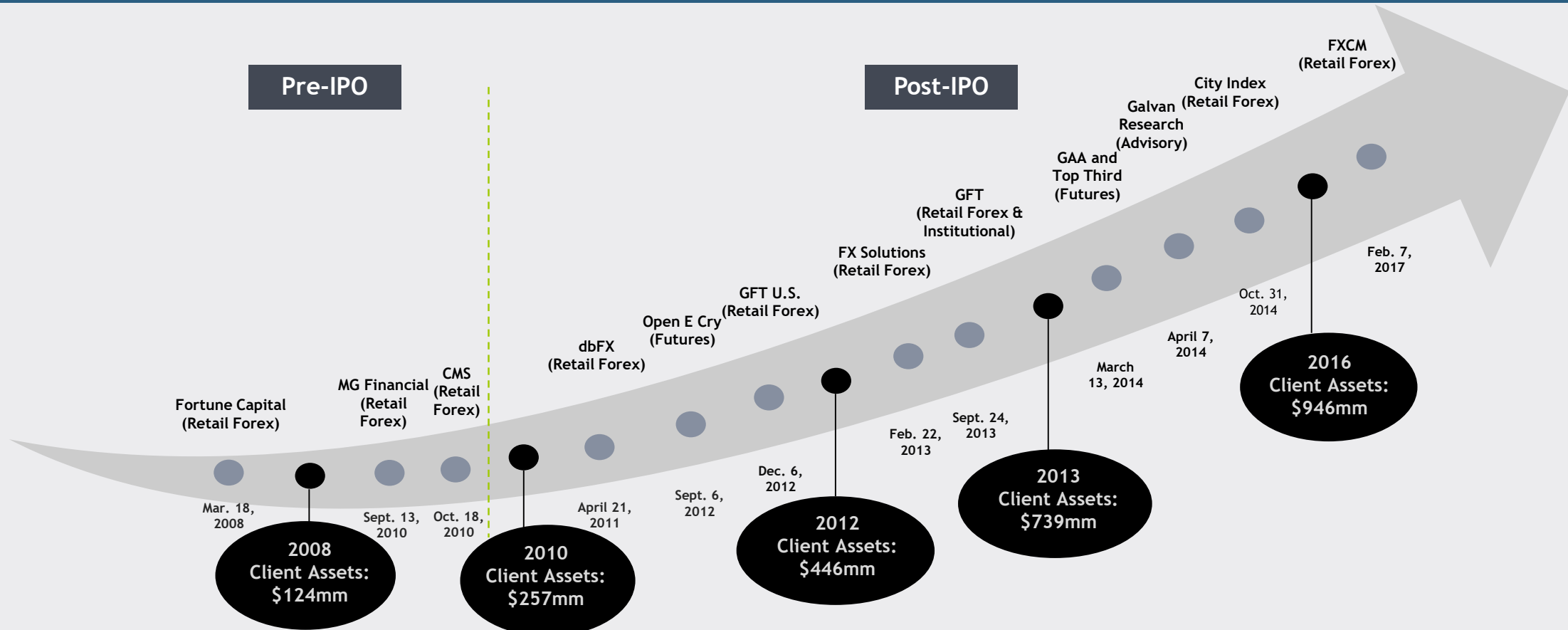
Swap Dealer Average Daily Volume (\$ bns)



Active Futures Accounts (000s)



# PROVEN SUCCESS AS AN INDUSTRY CONSOLIDATOR



Ten acquisitions since IPO in 2010

## DEFINITION OF METRICS

- Active Accounts: Accounts who executed a transaction within the last 12 months
- Trading Volume: Represents the U.S. dollar equivalent of notional amounts traded
- Customer Assets: Represents amounts due to clients, including customer deposits and unrealized gains or losses arising from open positions

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# Q1 2017 Results

May 2017