Gain Capital Holdings

First Quarter 2016 Results

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CORPORATE PARTICIPANTS

Andrew Guido - *Head of IR*

Glenn Stevens - *CEO*

Nigel Rose - *CFO*

PRESENTATION

Operator
Good morning everyone and welcome to the GAIN Capital First Quarter 2016 Earnings Conference Call. Today's call is being recorded. At this time, I'd like to turn the call over to Andrew Guido, Head of Investor Relations. Please go ahead, sir.

Andrew Guido
Thank you, Denise. Good morning and thank you to everyone for joining us for our first quarter 2016 earnings call. Speaking today will be GAIN Capital CEO, Glenn Stevens; and CFO, Nigel Rose. Following this, we will open the call to questions.

During this call, we may make forward-looking statements to assist you in understanding our expectations for future performance. These statements are subject to a number of risks that could cause actual events and results to differ materially, and I refer you to the company's press release and the company's filings with the SEC for discussions of those risks.

In addition, statements during this call, including statements related to market conditions, the integration of City Index, changes in regulation, operating performance and financial performance are based on management's views as of today, and it is anticipated that future developments may cause these views to change. Please consider the information presented in this light. The company may at some point elect to update the forward-looking statements made today, but specifically disclaims any obligation to do so.

I'd now like to turn the call over to Glenn.

Glenn Stevens
Thanks, Andrew. Good morning, everybody and thanks for joining our call. So before I turn it over to Nigel for some more specific details on our financials in the different business segments, let me provide some overview points that hopefully help shed some light on GAIN's progress to date.

First quarter overview shows our first quarter and our trailing 12 months results. These results demonstrate strength and operating leverage of our business. It's important to note that this is our third consistent and consecutive quarter delivering more than $20 million of adjusted EBITDA and over $91 million of adjusted EBITDA for the trailing 12 months ending this quarter.

Our retail segment delivered improved quality of customer trading volume. Our margin improvement is a clear indication of our successful execution of our synergy plans and our partner optimization efforts. Also, we continue to become more aggressive on our return on capital to shareholders with an increased rate of share buybacks and repurchase of convertible notes.

Overall, this is a positive strong quarter for us. More importantly, it's a consistent story, and it's a story of continued success and one of execution for GAIN's executive team and the team overall. We have been trying to telegraph and put out our plans in advance with some of our efforts towards consolidation in the industry, some of our efforts towards streamlining our business and some of our efforts towards improving our margins. And we hope to continue to execute on that each quarter as we bring results to you.

On the next page, more specifically in the first quarter, we had a net revenue of $115.6 million, adjusted EBITDA of $31.7 million, adjusted net income of $16.9 million, with a net income of $8.4 million, the primary difference there being the settlement of a legal issue that we have been recurring posting in our quarters. We're happy to have that settled and move forward there.

Our earnings per share on an adjusted basis were $0.35 and our free cash flow per share was $0.58. Some of our operating metrics, average daily trading volume of $13.5 billion, futures contracts of over $38,000 per day, customer assets of $876 million and our ECN average daily volume over $8 billion.

I will turn it over to Nigel now to go through some of the specifics on each segment.

Nigel Rose
Thanks, Glenn. So turning to slide 5, we set out the results of our retail business. The quarter saw revenues of almost $97 million, an increase of 32% over the prior year with revenue capture of $110 against the prior year's $79 and the trailing 12 months' $93. EBITDA came in at just over $36 million, equivalent to a margin of 38% compared to Q1 '15's 31%. The trailing 12 months EBITDA for retail now exceeds $100 million, at almost $108 million on revenues of $375 million, representing a margin of 29%.

As Glenn touched on earlier, our focus last year on partner optimization continues to bear fruit with referral fees per million of $42 this quarter, a third of the prior year's $62. It is worth commenting that the work to improve the quality of earnings through this optimization have by design reduced volumes, declining as they have done by 26% year-on-year.

Removing the impact of the terminated business, volumes this quarter were 13% lower, and that is against a comparative quarter that included the dislocation associated with the Swiss National Bank event. However, the loss of this volume has not impacted overall profitability. In fact, it has improved as evidenced by our EBITDA margins of 38% against the prior year's 31%. It should be noted, however, that the comparative quarter did not include City Index, and the current quarter achieved an above-average revenue capture.

Adjusting for those items, using a pro forma basis and neutralizing the impact of capture by applying the trailing 12 months' $93 for both periods, EBITDA margins have improved from 23% to 27% year-on-year. Another indicator of improved quality is that EBITDA per million of volume has improved by 20% using that same like-for-like basis of comparison just described.

As we have previously mentioned, the key part of GAIN's strategy has been diversification. This continues to be evidenced whereby over the past 12 months, more than half of retail revenue now comes from non-FX products. This improved diversity means that GAIN is well placed to take advantage of market opportunities across a variety of asset classes as and when they arise.

For example, during the first quarter of this year, we saw a strong performance from FX, which helped to raise RPM to $110 and more than offset a subdued quarter for indices. Conversely, during Q3 of last year, we saw our RPM of almost $100 at $98, which was driven by good performance from indices more than compensating for a quieter trading period and FX. Hence, the key takeaway for our retail business is that this quarter continues to demonstrate GAIN is well-positioned to generate adjusted EBITDA and cash flow in a variety of market conditions.

Turning to our institutional business on slide 6, the quarter saw revenues in excess of $7 million with an EBITDA of $1.5 million. Over the past 12 months, the business has generated EBITDA of $8 million, equivalent to a margin of 25%.

The ECN business continues to scale, with volumes up 7% over the prior-year, this at the time when most of our major competitors are seeing declines. Average daily volume for the quarter was a record at $8.3 billion, 14% above the trailing 12 months' $7.3 billion.

Focus continues on improving product offering and geographic reach. We have launched high speed binary protocols which facilitate customers being able to trade and make markets through GTX more quickly. In addition, we have built out our London data center to help support our growing European operations. And the key takeaway for our institutional business continues to be the traction we were gaining with banks, hedge funds and other professional investors.

On slide 7, we've set out the financial performance of our futures business. Revenues for the quarter were $12.2 million, a 6% improvement over prior year, accounting for 11% of total group revenues compared to 10% for the trailing 12 months. EBITDA was $1 million in the quarter, down slightly on the prior year, although up 11% on an annualized basis against the trailing 12 months' $3.6 million.

Client engagement continues to grow, with client assets increasing 4% over prior year and active clients improving 9% to almost 9,000. Revenue per contract has risen by 8% as we look to focus our efforts on higher commission opportunities, driven by direct marketing initiatives. The key takeaway for futures is that it remains a meaningful contributor to revenues with margins expected to grow as we focus on client acquisition through the direct as well as indirect channels.

Turning to slide 8, we look at our consolidated pro forma operating expenses across the group. Q1 saw fixed operating costs of $56.1 million, in line with Q4 of '15, which typically tends to be lower due to the seasonal nature of certain aspects of the group such as futures.

GAIN continues to demonstrate execution on its cost cutting plan, driven by the City Index synergies with a chart in the bottom right corner evidencing the continuing consistent decline of our fixed cost base. We remain on target for achieving the expected synergies by the end of the current year, the target synergy cost base including fixed cost, but also variable compensation.

Looking at those costs, the average for 2014 per quarter was $74 million of expenditure. That compares to $61 million for Q1 '16. This equates to an annual expense saving of $52 million, of which $36 million has arisen through synergies. Including referral fees and other variable costs, total expenses for the quarter were 23% below prior year at $83.8 million.

Turning to look at slide 9, consistent with our last earnings release, we are also reporting our operating metrics for April today. Following the terminations during Q3 and Q4 of last year, retail OTC volumes continued to show steady progress of our revised base in absolute terms, with those previously mentioned improvements coming through in both revenue and profitability.

The bottom left chart shows our ECN volumes growing consistently over the past six months with the occasional spike caused by market volatility. The top middle chart shows our active OTC accounts improving in April. However, it is important to note that this metric reflects customers who have been active in the past 12 months. So the drop you see in March 2016 was caused by clients who placed the last trade in March 2015 rather than a reflection of more recent activity. Looking at the picture over the last three months rather than 12 tells a different story. Active OTC clients during the first quarter of this year were just over 77,500, an increase of 2.2% compared to Q4 and 4.4% above Q2, representing the period at the start of the active OTC accounts chart.

I'll now hand you back to Glenn to conclude today's presentation.

Glenn Stevens
Thanks, Nigel. So next item is our return of capital. Part of the levers that GAIN can pull to make our investment more attractive is to more recently in the last couple of quarters be more aggressive in returning capital to our investors. We do that through share buybacks, we do that through our dividend and we do that through our convertible buyback. Our dividend has been consistent since we initiated it multiple years ago, so we continue to do that and posted a $0.05 quarterly dividend. That's in line with our normal practice.

Our share repurchase for the period, we repurchased half a million shares, and that represents an increase of almost 30% over Q4, which represented a significant increase over Q3, which represented significant increase over Q2. Our full expectation is to maintain that pace particularly as the option for using our cash at these price levels makes sense for us. On the convertible side, we've seen opportunity to buy our convertible back also with the same vein of returning our capital back to our investors.

In terms of closing remarks, I think it's important when you look at this quarter and you look at more recent quarters for GAIN's performance. Number one, this marks a full year of our acquisition of City Index. Those large-scale acquisitions can always be complicated and arduous, but we've come out a year later on the successful side of things, which gives us more levers to pull in terms of scale, in terms of presence, in terms of products, in terms of people and we continue to hone that combination of two good brands and two good sets of teams. We continue to make progress on our synergy. That's the other important lever because as we scale our business there is an opportunity to scale it with more efficiency.

Let's not forget that this business is very dependent on volatility, but that volatility now is more broad-based against more products and against more markets that can move and against more customer sets, whether they be retail, institutional or listed futures customers. So the diversification of the product, the diversification of the customer segment gives us a better opportunity in any particular period to take advantage, as Nigel said, of market conditions as they arise. It also gives the opportunity to lower our breakeven point, so that as we progress we may not have opportunities in certain market situations to excel, but it also means that by lowering our breakeven point we are less reliant on spikes or very heavy environments of lots of volatility to still be successful and I hope we'll be able to show that more recently, as I said, with three consecutive quarters of EBITDA over $21 million.

And the other important part is to mention that when you have the scale and when you have these levers to pull, it can become more efficient, not just on the cost side which we're doing very well but on the organization side and also on the revenue side. By that I mean Nigel made some reference to some of the revenues and some of the customer assets that people may look at and look like they're declining, but that is a conscious decision for optimization. We've guided listeners and followers of GAIN over the last six months that we were going to take a very proactive approach towards looking at the departments that we have, the customers where we are doing business and trying to optimize that.

And particularly in cases where you can have pieces of revenue not be part of the mix going forward and have zero or even positive impact on EBITDA is an example, a clear example of being able to optimize. You have to get the scale first. Then you go back in and optimize that scale. We expect to continue to do that going forward. This market is providing opportunities for us to do that. We continue to strengthen our global leadership position as a market leader, as a capital leader, as a regulatory leader.

So there are fewer and fewer participants in this global market that can compete with us, and that group is narrowing as we speak. So we're excited about that prospect to be in the forefront and take advantage of it. So ultimately, the cost reduction efforts, the scaling efforts and the, if you want, organizational scaling efforts are paying off for us, and we're excited about our upcoming periods, not to mention these are good markets. In general there seem to be different types of opportunities that jump up, and we want to be well poised to take advantage of that.

So with that, I will turn that over to Q&A, and we can go from there.

QUESTIONS AND ANSWERS

Operator
We will now begin the question-and-answer session. To ask a question, you may press star then one on your touchtone phone. If you are using a speakerphone, please pick up your handset prior to pressing the keys. To withdraw your question, please press star then two. At this time, we will pause momentarily to assemble our roster.

We have a question from Rich Repetto from Sandler O'Neill. Please go ahead.

Rich Repetto
Good morning, guys. The first question is first on the amount of synergies, you obviously can see the fixed cost coming down, and I know you mentioned it, Nigel, I think, but I'm just trying to clarify how much of your realized and how much is there more to go of that $45 million and then at yearend. We would expect everything, the $45 (million) to be completely out or whatever is left to be completely out by yearend, is that correct?

Nigel Rose
Yes, that's correct. If you take out Q1 '16 results and the synergies in that quarter, if you annualize those synergies, you arrive at $36 million compared to the trailing 12 months going to September 2014, which was the period prior to the announcement of the deal. And therefore there is roughly around $9 million to go between now and the end of this year to secure those final bits of the synergy plan, which would mean if you looked at Q4 '16 against that trailing 12 months and annualized, we would see a $45 million lower cost base then we saw prior to the announcement of the deal.

Rich Repetto
Got it. Okay, so there's a little bit more than $2 million to $2.5 million in quarterly expenses to come out?

Nigel Rose
That's right.

Rich Repetto
Okay. And then the next question is on the institutional capture on the ECN, it looked like you had record volumes, and I know there are some reclassifications going on but it did look like the revenue per million was down. Is that correct, and is there any trend that we're missing here that's going in that particular area right now?

Glenn Stevens
So, Rich, I think part of that is jockeying about. Part of that has to do, number one, with some of the other peers in the market essentially looking for a land grab. There has been a couple of things. From year over year we fared well on the volume side versus some of our larger peers like a Reuters or an EBS. On a year-over-year basis, our volumes were up. In many cases, actually, we outperformed on a

metrics basis. The thing about the RPM, it's driven primarily by two factors. One of them obviously is the levers that you can pull in when you're trying to get volume. So with particularly the bank business that's a very competitive space and so when someone like a Batts comes in and wants to make a strong push for volume play, then you have to make adjustments to say, well, how much of your market share do you want to hold on to? Some of it's short-term, some of it's revenue optimized.

And then the other piece, which we saw a little bit of growing pains, is that some of our business is the prime of prime business, which is a higher RPM business because you're providing prime services, in other words even more than just the institutional venue. We migrated that business on to our City Index platform, if you will, and so we saw a couple of, not exits, but pullbacks in volume by customers getting used to the new platform and getting used to the new system. So bottom line is some of it's aberrational that we'll see some recovery. We fully effect to see some recovery in the revenue per million number. It's heartening to see that our volumes continue, but some of that's really high institutional volume, if you will, but because we're pulling in more of that volume, that bank volume, for example, will generally be lower RPM, because we're absolutely competing head to head with some of the other institutional venues.

Rich Repetto
Okay, that's very helpful, Glenn. And my last question is a solid, from a retail revenue per million, 110 million, the question is now with the mix of the indices and FX and the other components, what do you think is a fair range going forward, the guidance range going forward for that metric?

Glenn Stevens
So I think—let's put it this way, it's preferable for us to provide guidance on where we think our sweet spot RPM when we're above it. When I say above it, when we come in at 110 (million), I don't want to sit here and say, "change your models now to 110 (million)," because that's not what we're doing internally. So I wouldn't recommend it externally. That doesn't mean you can't repeat it, if you get proper volatile—I shouldn't say "proper"—if you get strongly volatile environments, then great. But if you get into the mid-90s, call it 95 and you put a plus or minus 10% around it, that's where we model our business, and that means, as I've said in the past, you take that low-90s, mid-90s, you back into the previous quarter and say what went on, and then that gives you an indication should I be at 10% above that or should I be at 10% below that and by doing that you shouldn't be too far off, generally speaking.

So, no, I don't believe that we've had a structural change where now our multiyear average has been mid-90s, that that's now changed. It's great to have a stronger than average one, but that's why it's called an average. because it also means that we shouldn't get skewered when we have a weaker than average one. The important part is that by lowering our cost base and becoming more efficient, the idea is to be able to weather those periods of the lower RPM so that we can still manage profitable quarters when we have the 85s and we have the 82s. That wasn't the case even a year ago when our breakeven was more like 83. That number is a lot lower now with the low-70s handle. It's not even a high-60s handle and so ultimately that means in those situations, you can be stuck in a challenging environment in terms of revenue per million and still generate positive cash flow.

So, sorry for the long answer, but ultimately, no, I wouldn't adjust what we've been telling you for a while which is that call it that 95 budget, if you will, 95 forecast, stick with it. We benefit from it, which we've shown here when it's above it, but we will also be able to be profitable when we're below it.

Rich Repetto
Understood. That's very helpful, Glenn. And congrats on the solid quarter here.

Glenn Stevens

Thanks, Rich.

Operator
And our next question is from Kyle Voigt from KBW. Please go ahead.

Kyle Voigt
Hi, good morning. Thanks for taking my question.

Glenn Stevens
Hi, Kyle.

Kyle Voigt
So you increased your capital return during the quarter, but your free cash balance still grew during the quarter. So what is the right number to think about in terms of cash you want in your balance sheet? I'm just trying to understand your appetite to return a potentially higher portion of your free cash flow to shareholders on a go-forward basis.

Glenn Stevens
Okay, great question. So it's a balancing act, and there's a couple of things here. Number one, at the free cash rates that we have, you're right, there is more available for us to be able to return to shareholders. We continue to do that, whether it would be through the vehicle of our dividend, our stock buyback or a convertible buyback, absolutely true. The other part, though, is that I do not believe we're anywhere near having a strong enough currency in our stock if we wanted to use it in an opportunistic M&A play, and because of that I feel compelled to maintain a reasonable cash buffer whether it's a tuck-in deal, whether it's a content deal, whether it's a mobile platform that makes sense, whether it's a new product range or new region. I want to be able to have that flexibility.

If we had stronger equity situation, a more reasonable valuation of our company, then I believe I'd be able to have multiple opportunities, but I don't want to do that at this stage; it doesn't make sense. And so that's why there is a little bit of reluctance not to say, "Hey, your free cash increased, why didn't you use all of that increase?" Because that's our level. No, I actually think that with the opportunity to bolster that we're not going to horde it by any stretch, and I think we're showing that by for the last three quarters straight, we keep increasing our share buybacks and keep increasing our convertible buybacks, and we obviously keep paying our dividend. And we're going to keep doing that.

At some point, I won't put a price on it, but at some point when the stock becomes more reasonable for us to say, "hey, that's a lever" if we needed to raise cash in an opportunity that we thought really made sense, then great, but not having that, then I have to be self-funded here, if you will. So I would say that we are fully expecting to continue to increase our buyback rate, our convertible rate when it makes sense and obviously stick cleanly with our dividend. But I think that until we end up in a stronger position stock-wise then we'll continue to maintain enough cash to give us a little bit of a cushion to be opportunistic.

Kyle Voigt
Okay. Just a followup on that question. Looks like your minimum regulatory capital requirements increased around 7 million during the quarter. What was the cause of that exactly?

Glenn Stevens
Positions primarily, each jurisdiction has their own rules. Some of them have minimum capital requirements, and others are tied to a customer position. So for example, in the UK you have a situation where when customers want to put positions on, you need to match that with balance sheet,

so in a good way when customers are more deeply engaged and getting into their positions, you want to be able to accommodate them. So that's the reason why it moved.

Nigel Rose
Just to play on that, we see that as a positive thing rather than a negative thing because, as Glenn described, the extent people have got increasing positions on, I think that's a good lead indicator for where we see the next quarter and the one after that going.

Kyle Voigt
Okay. There is just one more question I had. I don't know if I missed this earlier in the call so I apologize. But what was the 9.4 million legal expense, what was that related to?

Glenn Stevens
So we've been posting an outstanding item for a couple of years now. This relates to about seven years ago. It's a legal settlement of a case that's going on for about five years. It had to do with some of our original forays outside the US, and so it's just something that we've been posted and we were hoping to settle and working our way through the legal systems in this case actually outside the US. That finally got settled and put to bed, and we don't have anything else in the pipeline or anything else open, but we have had that as on open risk factor in our filings consistently, and this is just notably putting it to bed and wiping it off our risk factor.

Kyle Voigt
This was the UK issue, right?

Glenn Stevens
Yes, that's right.

Kyle Voigt
Okay, thanks. I'll get back in queue. Thanks.

Glenn Stevens
Sure.

Operator
The next question is from Dan Fannon from Jefferies. Please go ahead.

Dan Fannon
Thanks. Good morning. The pie chart on slide five, which is the trailing 12-month revenue breakdown, can you rank in order thinking about the impact to the revenue per million in terms of how we should think about the mix and give us what it was in the first quarter versus the trailing 12-month?

Glenn Stevens
So you're talking about RPM per product or are you talking about percentage of total RPM driven by a product type?

Dan Fannon
The first part, and then what it was in the first quarter as well. So if you use these breakdowns here, the contribution to, just thinking about when mix changes, if commodities is higher, does that generally drag down RPM? Just ranking of these four buckets in order in terms of contribution to RPM.

Glenn Stevens

Okay. Well, let me give you a qualitative thing first. Generally speaking, for us, indices are a higher RPM product, commodities are a higher RPM product generally speaking. FX is a lower RPM product. So to first answer your question, generally speaking when FX is a higher portion of our volume mix in any particular period, then our RPM will be closer to our trailing 12 months of, call it 95. If one of those other products like commodities or like indices was to have an outsized volume contribution, then generally it will be higher than that 95; however, for Q1, we ended up with an over-performance of FX as a product from a trailing 12 months. We actually posted 107 on the RPM there, and we actually had a bit of an underperformance on some of the other products.

And again, I say "underperformance" for the quarter, generally to trailing 12 or even trailing like 3 years. So the answer to your question is in this case, we had a little bit of anomaly, but this is the whole point of having a diversified portfolio and the whole point of having a broad base of products. In this case, general rule would be that if FX plays a bigger part, then we're closer to that kind of mid-90s. If some of the other ones step up like commodities or indices, we would have generally higher. But in this case, actually FX was a slightly better performer than historical averages, and those other ones that you mentioned were slightly lower. And because we ended up with a mix of, call it 49% of FX, that over-performance by FX caused a positive or let's call it an outlier on the plus side for our RPM for this particular quarter, over the 12 months trailing.

Does that make sense?

Dan Fannon
Yes, that's helpful. The partnership optimization that you guys have been talking about, are there certain regions that you're not operating in now because the profitability isn't there or are there customers that are white label partners or other things that you've cut off or stop doing business with? Just want to get a little more specific as to what you're actually doing there.

Glenn Stevens
So broad-based answer, regions, no. We haven't curtailed our activities in any part of the world, in any product mix, in any type of customer segment. No; however, because GAIN is ultimately a combination of GAIN, of GFT, which was very partner laden, from that acquisition in 2013 and then with City, which was partner laden but gave us a bigger representation, particularly in the UK and Europe markets, it gave us more flexibility to reevaluate partners and say, "look, hey, we really want to continue to be partner business." It's a very important part of our overall mix. It's a key part of our growth strategy, it's a key part of our volume and it's a key part of our overall service provision, if you will.

But, in some cases, some legacy partners that came out of the last couple years did not reach the return on capital standards that we said were going to make sense for our constituents, and so we had to reevaluate. In some cases, we reevaluated and it made sense for our partners to stick with us. In other cases, where either we were able to compete better locally because of our increased presence in UK, Europe, then if that made sense to not continue to partner with them, but you can only do that when you achieve some scale. So the whole purpose of this exercise was to achieve the scale first, so we acquired GFT, a year and a half later, we acquired City Index, we achieved a global scale that puts us in a leadership role. Then you look back and say, "hey, how do we optimize this, how do we make it most efficient?"

So the way we looked at it, the way we approached it was a two-step process, scale first and then go in and say, how do you optimize that scale. That's the result of this. But you don't just need volume for volume's sake. The point is not just to say we do the most volume. Great, but if you don't make any money at it, what's the difference? And so in this case, scale is important, but to a degree. And so I think the key takeaway that Nigel highlighted was there was a good chunk of volume that came out by design, and we were I think pretty clear about telegraphing that for the last six months. And it had almost zero impact on EBITDA. So it had impact on revenue, and it had impact on volume. Yes, but it didn't have any impact on EBITDA. So that's the takeaway.

So the simple answer is, no, we haven't pulled back from any region or any product or any customer segment, but yes, we did get a little more choosy and raised our standards, if you will, to still be a very valued partner provider. A huge part of our business will continue to remain so, but we can be a little more selective with who our partners are and hopefully serve those select partners even better because we're more streamlined.

Dan Fannon
Got it. And then just last one on M&A, how would you characterize the environment today for as an acquirer and how much time are you actually spending as a management team looking at other properties or business lines or complementary things?

Glenn Stevens
So, our mantra, I think, for a long time has always been that M&A is part of our DNA, if I'm able to say that, in respect that there hasn't been a year that we haven't done a deal, and as a matter of fact, most years do multiple deals. I don't expect that to go away either. In terms of the opportunities out there, they're mixed. The answer is it depends. If you're talking about certain other larger global players, then I don't necessarily see anything on the horizon that says, "Hey, here's a tremendous mover." Keep in mind that some of our moves in recent past were by design. So you say, "hey, GFT has this strong partner business, we want to be able to merge that with our direct business in the FOREX.com brand." We did that. Let's make a bigger push into CFD markets like UK, Europe, Singapore, Australia and such. City Index does that well, we should go on with them.

But what that does do is that says the next time you come around, then, well, wait, hang on a second, we have one of those already, so it raises the bar. So in some cases, where we believe we filled certain voids, that void is filled and so now it raises the standard by which you review or judge an opportunity next. That said, I think in certain areas like other products, whether it would be non-FX products, whether it be different types of delivery or whether it would be content, in the MobileSphere, in certain gamification of these markets where people can just relate to it better like the whole world is, those are situations we're very active in and reviewing a lot of products. And by the way, we've mentioned that our payments business in its nascent form right now, I do believe that it will grow as a combination of organic growth and M&A, and that's very much on our radar now as well. So to supercharge the growth in that one, I wouldn't be surprised to see if we can make a move this year in that space as well.

Dan Fannon
Great. Thank you.

Operator
Again, if you would like to ask a question, please press star then one on your touchtone phone. Thank you.

CONCLUSION

Operator
I'm showing no further questions at this time. I'd like to turn the conference back over to Mr. Guido for any closing remarks.

Andrew Guido
Thank you, everyone, for participating today. Just a reminder, this call will be available for replay on our website and via telephone, and we will also be posting a version of our transcript on the website tomorrow. Thanks again for your time.

Operator
And ladies and gentlemen, that concludes today's presentation. We do thank everyone for your participation. You may now disconnect your lines.