

---

# Investor Presentation

## Credit Suisse Financials Forum

February 2018

# 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.

## WHAT WE DO

Provide retail traders and institutions with exceptional liquidity, service and technology to trade OTC forex, CFD and exchange-traded markets

## INVESTMENT HIGHLIGHTS



Proven Leader in a Large, Attractive and Growing Market



Highly Diverse and Scalable Business Model



Multiple Levers to Drive Growth and  
Operational Efficiency



Risk Management Controls Limit  
Market Volatility Headwinds



Strong Financial and Credit Profile



## A LEADER IN MULTI-ASSET TRADING SOLUTIONS

Global markets

**12,500+**

OTC and exchange traded markets

Active retail traders

**140,000+**

Customers across 180 countries

Institutional partners

**1,200+**

Institutional partners from 6 continents

Retail trading volume

**\$11mm**

Average daily volume in January 2018

Strong global regulatory protection

**8 jurisdictions**

US, Canada, UK, Australia, Hong Kong, Singapore, Japan and Cayman Islands

Staff

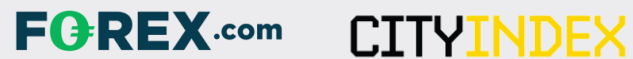
**750+**

Across 4 continents with Headquarters in Bedminster, NJ



# OPERATING RESULTS BY SEGMENT

## RETAIL



Total Revenue	\$282 mm
Profit Margin	27%
ADV (bns)	\$9.7
Active Accounts	133,813

## INSTITUTIONAL



Total Revenue	\$33 mm
Profit Margin	16%
ECN ADV (bns)	\$10.3
Swap Dealer ADV (bns)	\$3.0

## FUTURES



Total Revenue	\$41 mm
Profit Margin	7%
Avg. Daily Contracts	28,510
Active Accounts	8,056

**Total Net Revenue: \$355 mm<sup>1</sup>**

Note: Data for the trailing twelve months ended 9.30.17.  
1. Includes Corporate and Other revenue loss of \$8 million.



## PATH TO VALUE CREATION

### Deliver Organic Growth

- Grow share in new and existing markets
  - Introduce new products and services
  - Focus on customer experience
- 

### Increase Operational Efficiency

- Improve agility across business
  - Drive cost savings
  - Grow margins
- 

### Complement with Strategic M&A

- Expand product set and distribution channels
  - Increase geographic reach and scale
-



## PATH TO VALUE CREATION: ORGANIC GROWTH INITIATIVES PROGRESS

Investing in product enhancements and marketing to drive increased client retention and acquisition

### Enhanced Trading Experience

- Introducing new features on mobile trading apps
- Limited risk accounts for less-experienced traders
- Launched Bitcoin trading in Q4

### Automated and Streamlined Account Opening

- Implemented new mobile automated ID authentication
- Developed a simplified application form with in-line verification and automated KYC checks

### Global, Cross-Brand Affiliate Marketing Program

- Successfully completed a global roll out for City Index
- Launched FOREX.com in UK/Europe
- Targeting global FOREX.com rollout in Q1 2018

### Expansion into Digital Advisory

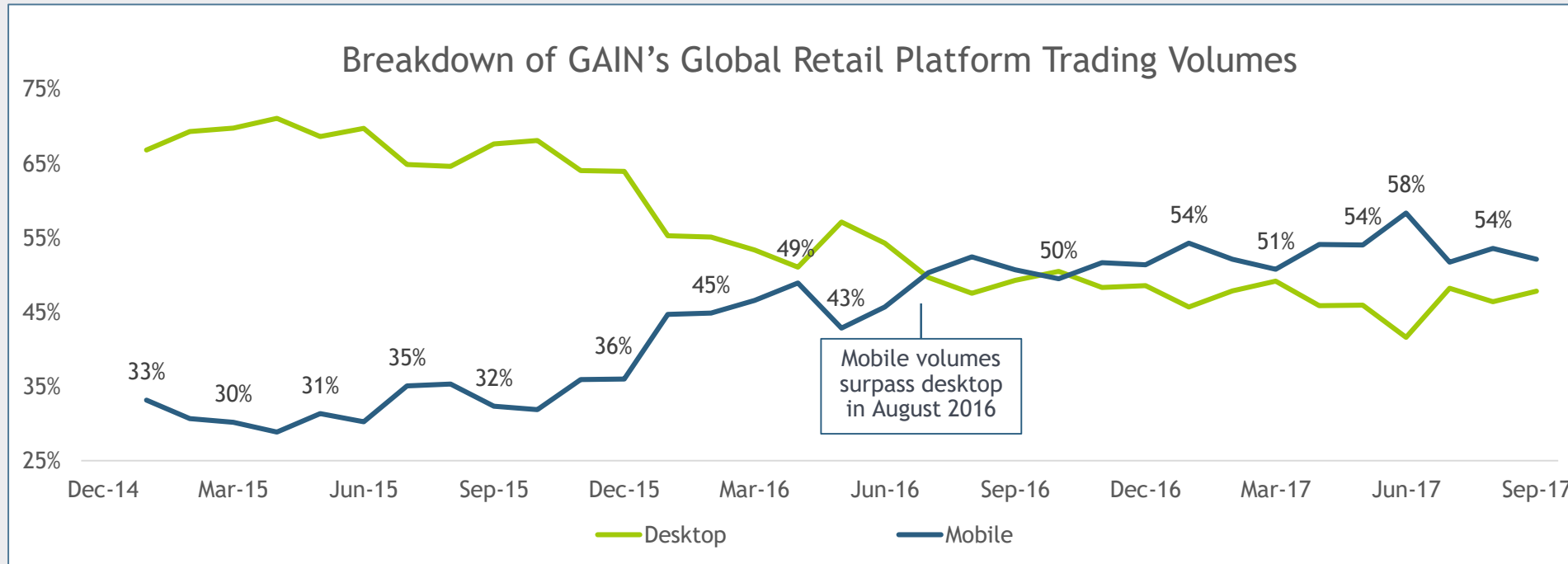
- Introduced GetGo, an innovative mobile-only trade signals app





# PATH TO VALUE CREATION: GROWTH OF MOBILE TRADING

Mobile increasing as a percent of retail trading volumes transacted over GAIN's proprietary trading platforms





# PATH TO VALUE CREATION: EXPANDING INTO DIGITAL ADVISORY W/ MOBILE-ONLY TRADING SIGNALS APP



- Innovative mobile-only signals app offers a new point of engagement with our customers
- Expands addressable audience beyond self-directed traders
- Proprietary algorithm analyses >1MM data points/hour to produce trading signals with highly consistent historic outcomes
- Generates approximately 10 signals/hour across 40+ markets incl. FX, indices and gold
- Automated and intelligent trade entry and exit offers significant upside and protected downside
- Initial launch for iPhone users in the UK market in Q4



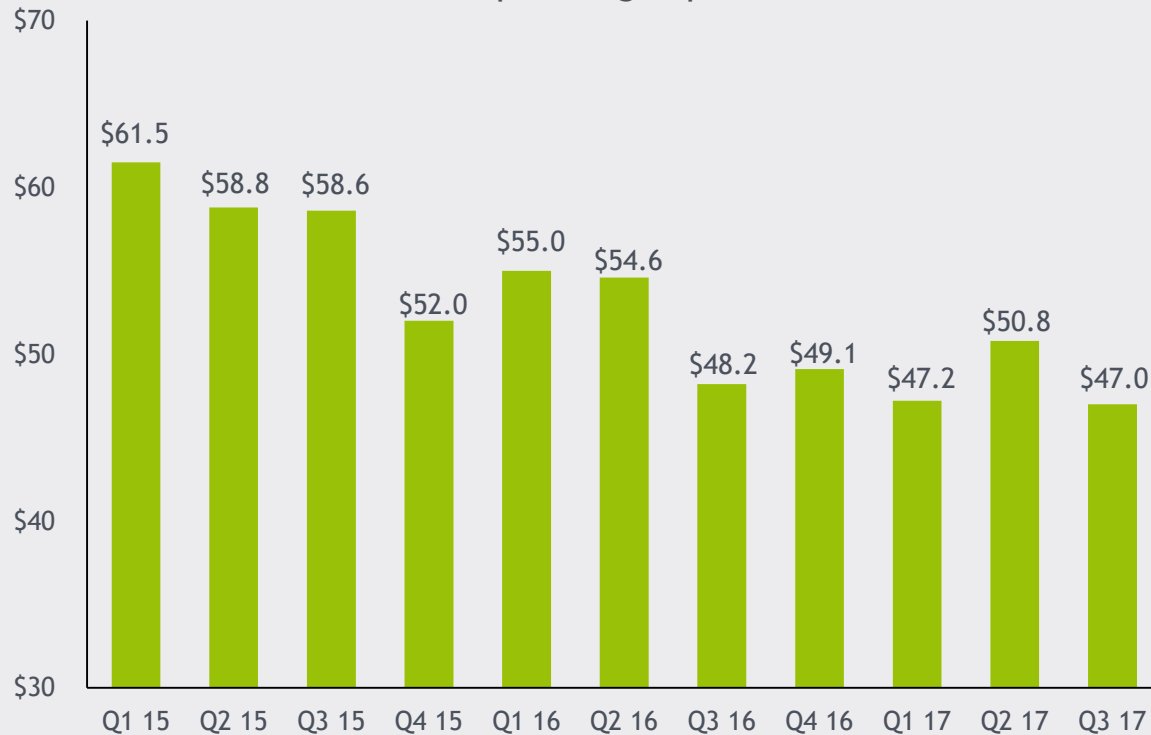
## PATH TO VALUE CREATION: CRYPTO CURRENCY PRODUCT OFFERING UPDATE

- On December 1<sup>st</sup>, launched Bitcoin trading in U.K. and Europe
- Select markets and branded platforms where GAIN currently offering Bitcoin:
  - U.K. on City Index and FOREX.com platforms
  - Europe on City Index and FOREX.com platforms
  - Australia on City Index platform
  - Singapore on City Index platform
  - U.S. (futures only) through Futures Online and Daniels Trading platforms
- Our Bitcoin trading offering as a derivative has several key advantages over a Bitcoin exchange
  - Competitive fees and margin rates
  - Ability to go long or short
  - Enhanced price discovery via aggregated liquidity from multiple Bitcoin market makers and exchanges
  - Fast trade execution as compared to buying Bitcoin itself
- Next steps in the continued global rollout in 2018
  - Enter into other markets in Asia and expand U.S. offering
  - Look to expand cryptocurrency offering to include Ethereum and other digital currencies in early 2018



# STRATEGIC FIXED EXPENSE MANAGEMENT

Fixed Operating Expenses<sup>1</sup>



- Achieved significant cost synergies from recent City Index acquisition
  - Over \$45 million of run-rate savings realized in Q4 2016
- Identified \$15 million in fixed cost reductions for FY 2017

Note: Dollars in millions.

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



## PATH TO VALUE CREATION: STRATEGIC ACQUISITIONS TO ACCELERATE GROWTH

We have a strong pipeline of M&A opportunities that are being reviewed, focused on achieving the following objectives

### Expand Our Product Set

- Adding new products within existing business lines by partnering with start-ups or other fintech companies to leverage their innovation

### Provide Additional Distribution Channels

- Accessing new platforms or other technologies favored by different customer groups

### Expand Our Geographic Reach and Scale

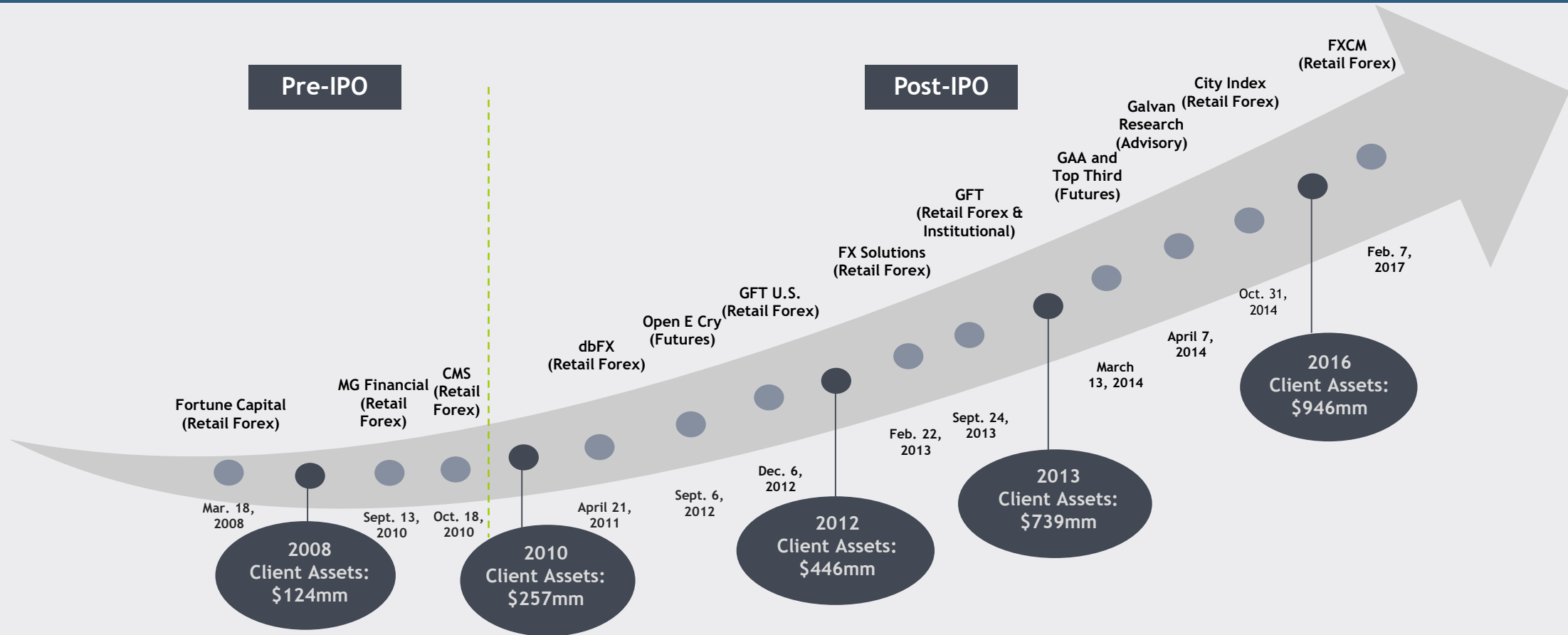
- Accessing markets where we do not have expertise, personnel or required regulatory permissions
- Acquiring strong local brands

### Complement Our Existing Products and Services

- Adding new business lines that are complementary to our core offerings
- “Acqui-hire” transactions to add talent



# PROVEN SUCCESS AS AN INDUSTRY CONSOLIDATOR



Ten acquisitions since IPO in 2010



# RISK PREVENTION SYSTEMS IN PLACE

## Our Philosophy on Risk Management

- ✓ Work within the local regulatory framework
- ✓ Report directly to the Risk Committee at each quarterly board meeting
- ✓ Manage the market vs. credit dynamic on a real-time basis
- ✓ Focus specific attention on tail risk
- ✓ Create management systems to communicate critical data and concepts
- ✓ Measure progress

### Key Focus Areas

- Market risk
- Liquidity risk
- Counterparty risk
- Credit risk
- Operational risk

### Structures & Systems

- Group risk Committee
- Reporting / monitoring systems
- Daily risk report
- Position limits and hedging
- Concentration limits
- Tiered margins



# ACTIVELY RETURNING CAPITAL TO SHAREHOLDERS





## INVESTMENT HIGHLIGHTS



Proven Leader in a Large, Attractive and Growing Market



Highly Diverse and Scalable Business Model



Multiple Levers to Drive Growth and  
Operational Efficiency



Risk Management Controls Limit  
Market Volatility Headwinds



Strong Financial and Credit Profile