



# FX Alliance Inc.

First Quarter 2012 Results  
May 3, 2012

partner with the FX

# leader



# Forward Looking Statements

The following information contains, or may be deemed to contain, “forward-looking statements.” By their nature, forward-looking statements involve risks, assumptions and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results of FX Alliance Inc. (the “Company”) may vary from the results and performance expressed in, or implied by, such forward-looking statements, possibly to a material degree. For discussion of some of the important factors that could cause the Company’s results and performance to differ from those expressed in, or implied by, the forward-looking statements contained in the following information, please refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2011, in particular, the information under headings such as “Forward-Looking Statements,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in other filings and furnishings made by the Company with the SEC from time to time. The Company undertakes no obligation to update or revise any forward-looking statements.

# Q1 2012 Summary<sup>1</sup>

## Key Metrics

- Revenues of \$30.0 million vs. \$27.4 million, up 10%
- Total Average Daily Volume (ADV) of \$86.8 billion (single count), up 13%
  - Relationship Trading ADV of \$68.0 billion, up 7%
  - Active Trading ADV of \$18.8 billion, up 36%
- Net Income of \$4.6 million and Adjusted Net Income<sup>2</sup> of \$5.2 million
- Total Operating Expenses of \$22.4 million up 21%
  - Includes one-time IPO-related costs
- Adjusted EBITDA<sup>2</sup> of \$11.1 million

## Strategic Developments

- Successful completion of initial public offering
- Added four members to our board of directors:  
Carolyn Christie            Kathleen Casey  
Peter Tomozawa            James L. Fox
- Arranged a credit facility
- Steve Rubinow started as Chief Information Officer

<sup>1</sup> All period comparisons in this presentation versus Q1 2011 unless otherwise stated.

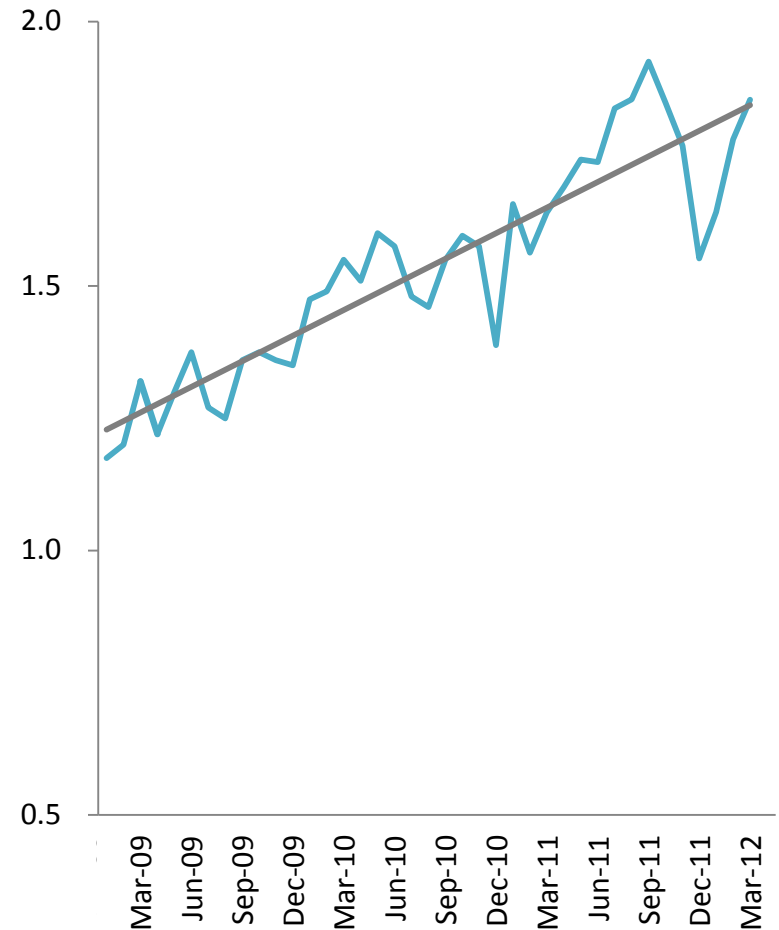
<sup>2</sup> These are non-GAAP financial measures. Please refer to the slides at the end of the presentation for a reconciliation to the equivalent GAAP financial measures

# Q1 2012 Market Environment

## Observations

- **Q1 2012 Foreign Exchange trading volumes<sup>1</sup>**
  - Up 2% from Q4 2011
  - Up 8% from Q1 2011
- **March 2012 Foreign Exchange trading volumes<sup>1</sup>**
  - Up 4% from February 2012
  - Up 12% from March 2011

## Foreign Exchange Volumes<sup>1</sup> (Average Daily Trading Value \$ in Trillions)

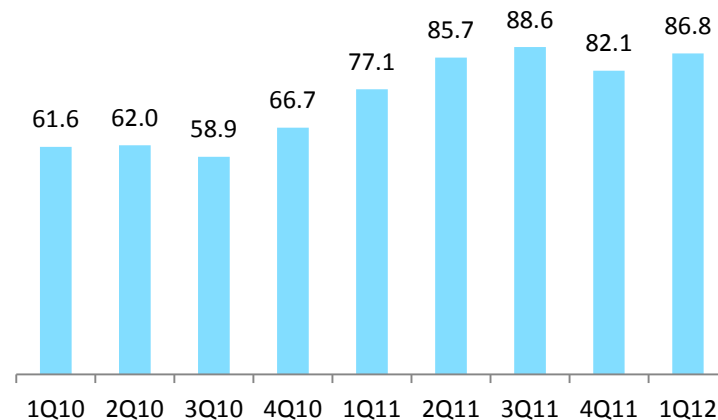


# Average Daily Volume Growth

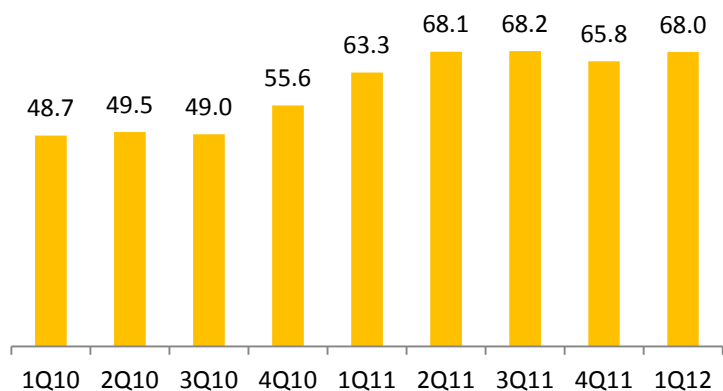
## Highlights

- Average Daily Volume (ADV) increased 13% vs. Q1 2011
- Relationship Trading ADV increased 7% vs. Q1 2011 driven by strong contribution from new customers
- Active Trading ADV increased 36% vs. Q1 2011 reflecting new customers and increasing volume per customer

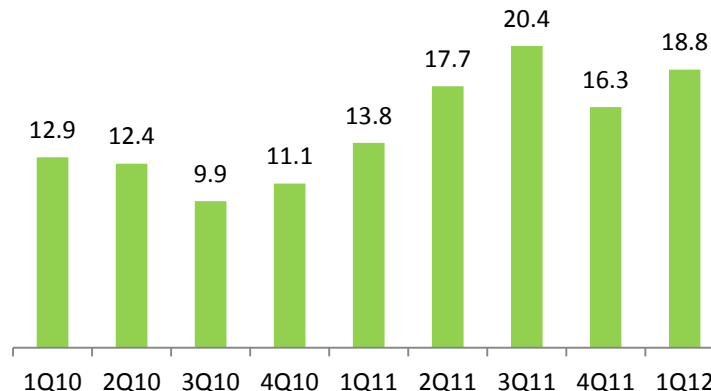
## Total Average Daily Volume (\$ billions)



## Relationship Trading ADV (\$ billions)



## Active Trading ADV (\$ billions)

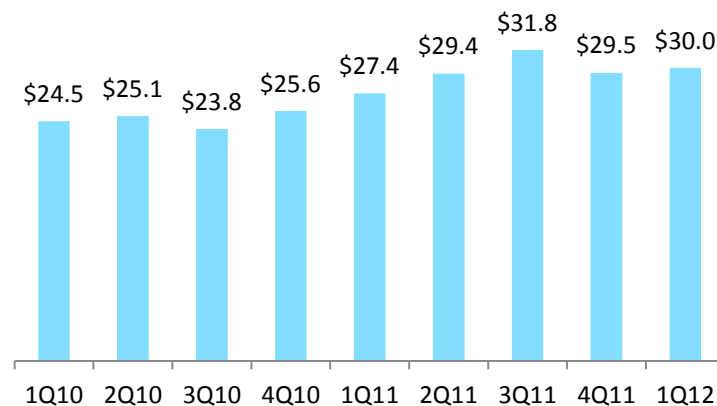


# Financial & Operating Performance

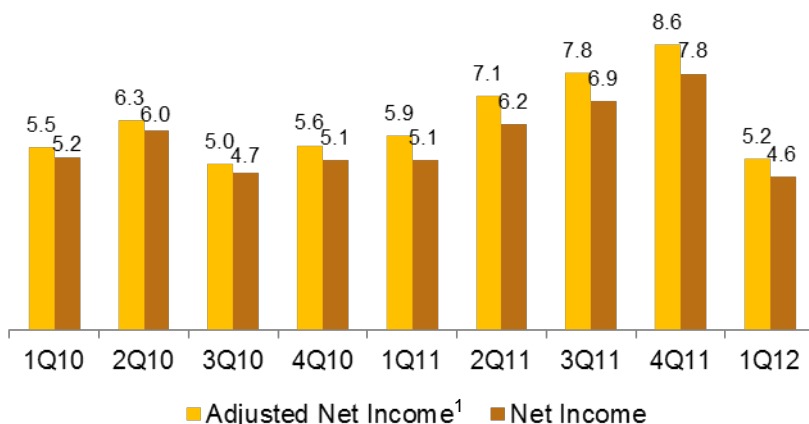
## Highlights

- Revenues increased 10% vs. Q1 2011
- Adjusted EBITDA decreased 12% vs. Q1 2011
- Adjusted Net Income and EPS decreased 12% and 10% respectively vs. Q1 2011
- Non-recurring IPO-related expenses and higher public company expenses drive Net Income and EBITDA lower

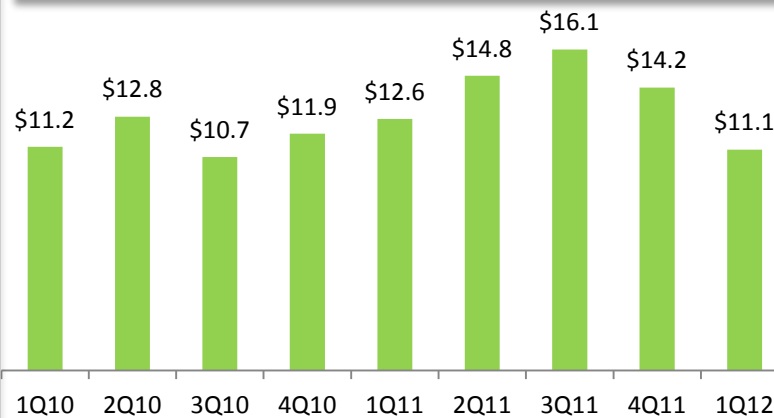
## Revenues (\$ millions)



## Adjusted Net Income and Net Income (\$ millions)



## Adjusted EBITDA<sup>1</sup> (\$ millions)



# Q1 2012 Revenue Detail

- Q1 2012 Revenues increased due to higher trading volumes reflecting the addition of new customers and improved market conditions from last quarter

	Quarterly Results			% Δ vs. Q1 2011
	Q1 2012	Q4 2011	Q1 2011	
Revenues (\$ million)				
RT Transaction Fees	\$15.6	\$15.5	\$14.8	6%
AT Transaction Fees	7.2	6.9	5.8	26%
User, Settlement & License Fees	7.2	7.2	6.9	5%
<b>Total Revenues</b>	<b>\$30.0</b>	<b>\$29.5</b>	<b>\$27.4</b>	<b>10%</b>
# of Trading Days	64	64	64	
Average Daily Volume (ADV) (\$ billion)				
Relationship Trading ADV	\$68.0	\$65.8	\$63.3	7%
Active Trading ADV	18.8	16.3	13.8	36%
<b>Total Average Daily Volume</b>	<b>\$86.8</b>	<b>\$82.1</b>	<b>\$77.1</b>	<b>13%</b>
RT Average Transaction Fee/Million	\$3.58	\$3.67	\$3.64	(2%)
AT Average Transaction Fee/Million	\$6.00	\$6.61	\$6.50	(8%)
Total Average Transaction Fee/Million	\$4.11	\$4.26	\$4.16	(1%)

# Q1 2012 Expense Detail (\$ millions)

- Operating expenses increase \$3.9 million from Q1 2011 due to:
  - \$ 1.4 million of non-recurring IPO-related expenses
  - \$ 0.6 million of new public company-related operating costs
  - \$ 1.9 million predominantly investment spending

	Quarterly Results			% Δ vs. Q1 2011
	Q1 2012	Q4 2011	Q1 2011	
Operating Expenses				
Salaries and benefits	\$14.1	\$11.2	\$12.1	16%
Technology	1.9	2.0	1.6	20%
General and administrative	2.1	1.8	1.5	44%
Marketing	0.3	0.2	0.4	(21%)
Professional fees	1.3	1.2	0.4	215%
Depreciation and amortization	2.6	2.7	2.4	6%
<b>Total Operating Expenses</b>	<b>\$22.4</b>	<b>\$19.1</b>	<b>\$18.5</b>	<b>21%</b>



# Q1 2012 Financial Results (\$ millions)

	Quarterly Results			% $\Delta$ vs. Q1 2011
	Q1 2012	Q4 2011	Q1 2011	
Revenues	\$30.0	\$29.5	\$27.4	10%
Operating expenses	22.4	19.1	18.5	21%
Operating income	7.6	10.5	8.9	(14%)
Interest and other income, net	0.0	0.0	0.1	NM
Pre-tax income	7.7	10.5	9.0	(15%)
Taxes	3.1	2.7	3.9	(21%)
Net income	4.6	7.8	5.1	(10%)
Stock-based compensation expense, net of tax	0.5	0.9	0.7	(26%)
Adjusted net income <sup>1</sup>	\$5.2	\$8.6	\$5.9	(12%)
GAAP earnings per share <sup>2</sup>	\$0.13	\$0.14	\$0.12	8%
Net income per share <sup>3</sup>	\$0.16	\$0.27	\$0.18	(11%)
Adjusted net income per Share <sup>1</sup>	\$0.18	\$0.30	\$0.20	(10%)
GAAP diluted shares <sup>2</sup>	26.1	21.7	21.5	22%
Pro Forma diluted shares <sup>3</sup>	29.3	29.0	28.7	2%
Adjusted EBITDA <sup>1</sup>	11.1	14.2	12.6	(12%)
Adjusted EBITDA <sup>1</sup> margin	37.0%	48.1%	46.1%	

<sup>1</sup> These are non-GAAP financial measures. Please refer to the slides at the end of the presentation for a reconciliation to the equivalent GAAP financial measures

<sup>2</sup> Reflects the conversion of Series A preferred stock into common stock at time of IPO on February 9, 2012

<sup>3</sup> Pro forma earnings per common share and pro forma weighted-average common shares outstanding reflect the conversion of the convertible preferred stock outstanding into shares of common stock on a one-for-one basis at the beginning of each period.

Note: slight differences may occur due to rounding

# Q1 2012 Balance Sheet (\$ millions)

- Total cash and investments of \$56 million, down \$79 million from \$135 million at year-end due to one-time IPO-related dividend and annual payment of cash bonuses
- One class of stock: all preferred converted to common upon the IPO

	3/31/2012	12/31/2011
<b>Assets</b>		
Cash and cash equivalents	\$48.9	\$127.7
Investments available-for-sale	7.2	7.1
Accounts receivables, net	14.6	13.1
All other assets	67.8	64.6
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<b>Total Assets</b>	<b>\$138.5</b>	<b>\$212.5</b>
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<b>Liabilities, Redeemable Convertible Preferred Stock and Stockholders Equity</b>		
Total Liabilities	\$14.2	\$23.8
Redeemable Convertible Series A Preferred Stock	-	109.3
Total stockholders equity	124.3	79.5
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<b>Total Liabilities and Stockholders Equity</b>	<b>\$138.5</b>	<b>\$212.5</b>
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Note: Slight differences may occur due to rounding

# Summary

- Strong top-line growth as revenues increased 10% from Q1 2011
- Growing our client footprint
- Investing in our market leadership position
- Added four new independent Directors and new Chief Information Officer
- FXall is well positioned
  - Diversified institutional client base
  - Broad capabilities and robust offerings
  - Global footprint
  - Strong growth across diversified institutional client base

# Appendix

# GAAP to Non-GAAP Reconciliation

Reconciliation to Adjusted Net Income	Quarters								
	Q1 2010	Q2 2010	Q3 2012	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
\$ millions									
Net income	\$5.2	\$6.0	\$4.7	\$5.1	\$5.1	\$6.2	\$6.9	\$7.8	\$4.6
Stock-based compensation expense, net of tax	0.3	0.3	0.3	0.5	0.7	0.9	0.9	0.9	0.5
Adjusted net income	<u>\$5.5</u>	<u>\$6.3</u>	<u>\$5.0</u>	<u>\$5.6</u>	<u>\$5.9</u>	<u>\$7.1</u>	<u>\$7.8</u>	<u>\$8.6</u>	<u>\$5.2</u>
Reconciliation to Adjusted EBITDA	Quarters								
	Q1 2010	Q2 2010	Q3 2012	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
\$ millions									
Net income	\$5.2	\$6.0	\$4.7	\$5.1	\$5.1	\$6.2	\$6.9	\$7.8	\$4.6
Interest and other income	(0.1)	(0.1)	(0.1)	0.0	(0.1)	(0.1)	0.1	0.0	0.0
Depreciation and amortization	2.0	2.1	2.3	2.4	2.4	2.4	2.5	2.7	2.6
Stock-based compensation expense	0.5	0.5	0.5	0.8	1.3	1.5	1.5	1.1	0.9
Income tax expense	3.6	4.1	3.2	3.5	3.9	4.7	5.1	2.7	3.1
Adjusted EBITDA	<u>\$11.2</u>	<u>\$12.8</u>	<u>\$10.7</u>	<u>\$11.9</u>	<u>\$12.6</u>	<u>\$14.8</u>	<u>\$16.1</u>	<u>\$14.2</u>	<u>\$11.1</u>
Reconciliation to Full Diluted Common Shares Outstanding	Quarters								
	Q1 2012	Q4 2011	Q1 2011						
(shares millions)									
Adjusted weighted-average fully diluted common shares outstanding	26.1	21.7	21.5						
Conversion of preferred shares into common shares	3.1	7.2	7.2						
Adjusted weighted-average fully diluted shares outstanding	<u>29.2</u>	<u>29.0</u>	<u>28.7</u>						



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What's Your Edge?