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# Investor Presentation

June 2019

# SAFE HARBOR STATEMENT

## Forward Looking Statements

In addition to historical information, this 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, 2018, as filed with the Securities and Exchange Commission on March 11, 2019, 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, and adjusted EPS. 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. See the Appendix for a reconciliation of the non-GAAP financial measures used herein to the most directly comparable GAAP measure.

## 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**



**Diverse and Scalable Business Model**



**Multiple Levers to Drive Growth and  
Operational Efficiency**



**Two Decade Track Record of Successfully  
Managing Risk Through Major Market Events**



**Strong Financial and Credit Profile**



## A LEADER IN MULTI-ASSET TRADING SOLUTIONS

Global markets

**15,000+**

OTC and exchange traded markets

Retail traders

**120,000+**

Customers across 150 countries

Institutional partners

**~900**

Institutional partners from 4 continents

Retail trading volume

**\$9.0bn**

TTM average daily volume at the end of Q1'19

Strong global regulatory protection

**7 jurisdictions**

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

Staff

**600+**

Across 4 continents with Headquarters in Bedminster, NJ



# LEADING GLOBAL PROVIDER WITH MULTI-PRODUCT OFFERING

## RETAIL OTC

**FOREX.com**

**CITYINDEX**

- Range of 15,000 OTC markets offered, including FX, Indices, Commodities, Crypto and Equities
- #1 Retail FX provider in the US
- Clients are self-directed retail traders and partners

Total Revenue	\$253.5 mm
Profit Margin	25%
ADV (bns)	\$9.0
Active Accounts	120,641

## FUTURES

**dt Daniels Trading**  
INDEPENDENT. OBJECTIVE. RELIABLE.

**TOP THIRD**  
AG MARKETING

**GAIN CAPITAL FUTURES**

- Innovative online futures broker with proprietary trading technology
- Clients are retail traders, asset managers and agricultural hedgers

Total Revenue	\$41.9 mm
Profit Margin	14%
Avg. Daily Contracts	30,005
Active Accounts	7,387

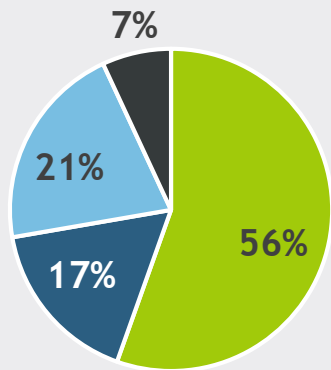
**Total Net Revenue: \$295.4 mm**



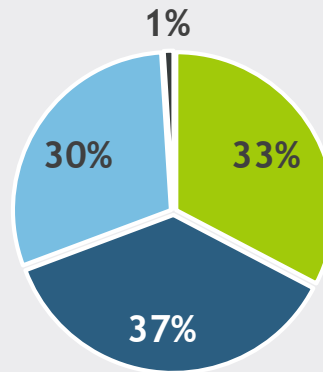
# WELL-DIVERSIFIED BUSINESS ACROSS GEOGRAPHIES

## Focus on Driving Volume in High Growth Markets

FY 2010 Volume by Region



FY 2018 Volume by Region



## Licensed in 7 regulatory jurisdictions

- US
- Canada
- UK
- Australia
- Singapore
- Japan
- Cayman Islands

■ North America ■ EMEA ■ APAC ■ Rest of World    ■ North America ■ EMEA ■ APAC ■ Rest of World



## PATH TO VALUE CREATION: LONG-TERM STRATEGIC PRIORITIES TO ACCELERATE ORGANIC GROWTH

**Increase  
Marketing  
Investment**

Supported by conversion optimization efforts to further increase ROI on marketing spend

**Leverage  
Powerful Brand  
Assets**

Target two distinct customer segments with our global brands: GAIN Capital and FOREX.com

**Innovate the  
Trading  
Experience**

Deliver best-in-class trading platforms, decision support tools, and innovative new ways to trade

**Focus on  
Premium Clients**

Executed through our brand strategy & the development of product and services tailored to experienced traders



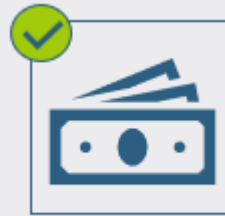


# ACCELERATE GROWTH: BENEFITS FROM INCREASED MARKETING INVESTMENT



## Cost Efficient Acquisition

After three quarters of increased marketing spend, we continue to track below our target cost per new account.



## ROI Timeline on Track

Expected payback period on the new cohorts also well within acceptable range at the higher investment levels.



## IRR

Three-year IRR at current marketing investment levels approximately 240%.



## Long Tail of Revenue

With 56% of revenues from loyal clients with tenure of >3 years, new cohorts expected to deliver long tail of revenue beyond our three-year ROI benchmark\*

**2019 marketing spend estimated at ~\$50M, up approximately 40% year over year;  
Flexibility to adjust spend up or down based on results & market conditions.**

1. 56% of total client transaction revenue from Q2-18 through Q1-19

## ACCELERATE GROWTH: LEVERAGE POWERFUL BRAND ASSETS

Target two distinct customer segments built on GAIN's robust customer proposition, global regulatory footprint and reputation as a trusted, well-capitalized provider



### GAIN Capital - Experienced Traders

- **Target Customer:**  
Sophisticated, high value clients who trade multiple asset classes and demand high quality tools, competitive pricing and personalized service
  - Fully leverages strength and credibility of GAIN Capital name
  - Will replace City Index brand
  - Global rollout from early 2020



### FOREX.COM – Retail Traders

- **Target Customer:**  
Self-directed traders of all experience levels looking to trade FX and the most popular global markets.
  - Quality offering with high global brand awareness & reach
  - High volume, cost efficient acquisition
  - Additional global expansion opportunities, including language offerings



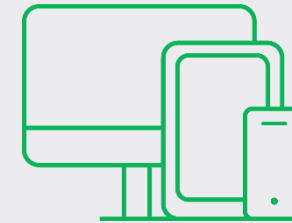


## ACCELERATE GROWTH: FOCUS ON PREMIUM CLIENTS



### Focus on Customer Service

- Dedicated global team providing high touch relationship management to Premium clients
- Prioritized service
- Exclusive events & hospitality

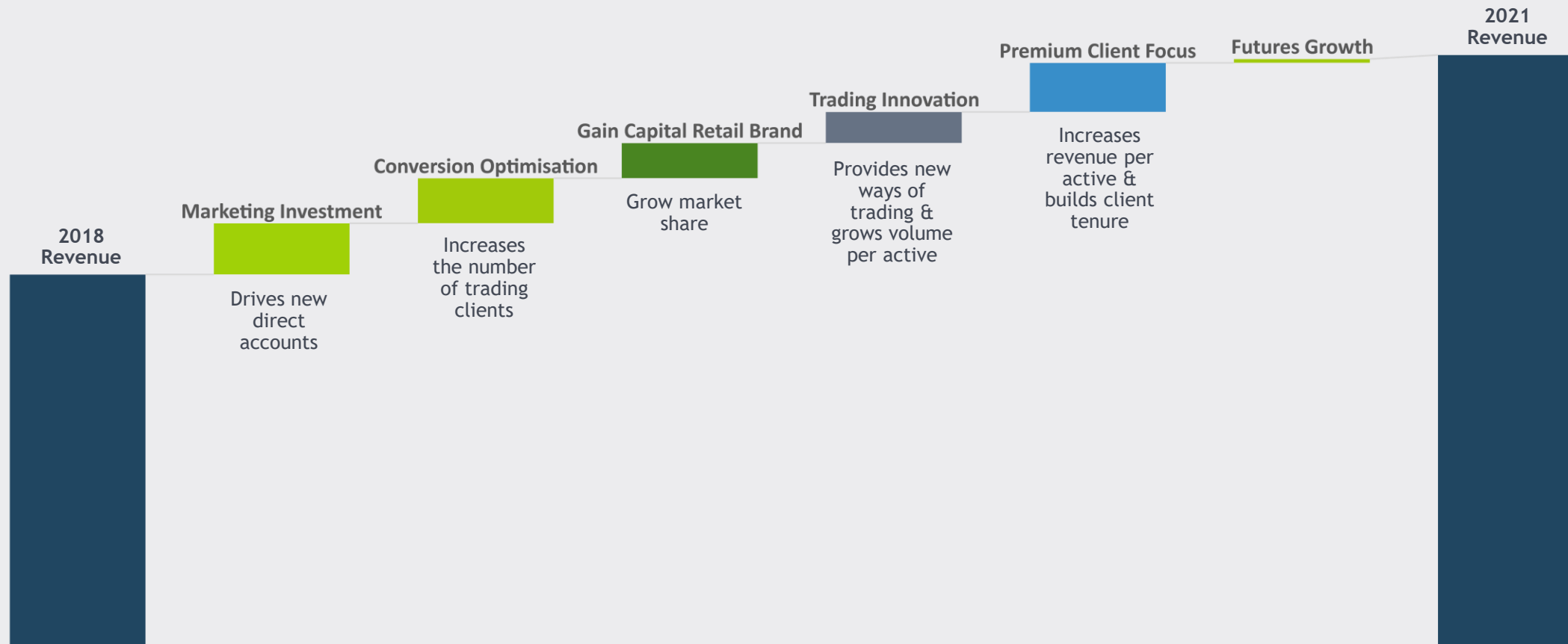


### Technology-enabled Personalized Experiences

- Platform & tools designed for experienced traders
- Premium account packages & preferred pricing
- GAIN Capital retail brand is foundational to our future efforts



# ELEMENTS OF REVENUE GROWTH THROUGH 2021





## 2021 OPERATING AND FINANCIAL TARGETS

	FY 2018 Performance	FY 2021 Outlook
<b>Operational</b>		
New Direct Accounts	87.6K	38% to 42% growth
Retail Volume	\$2.6 trillion	30% to 35% growth
<b>Financial</b>		
Revenue <sup>1</sup>	\$353 million <sup>2</sup>	\$420 to \$460 million
Overhead Costs	\$190 million	\$190 to \$200 million
EBITDA Margin	25% <sup>2</sup>	30% to 35% <sup>3</sup>
EPS	\$0.66 <sup>4</sup>	\$2.15 to \$2.40

1. Assumes long-term RPM of \$106

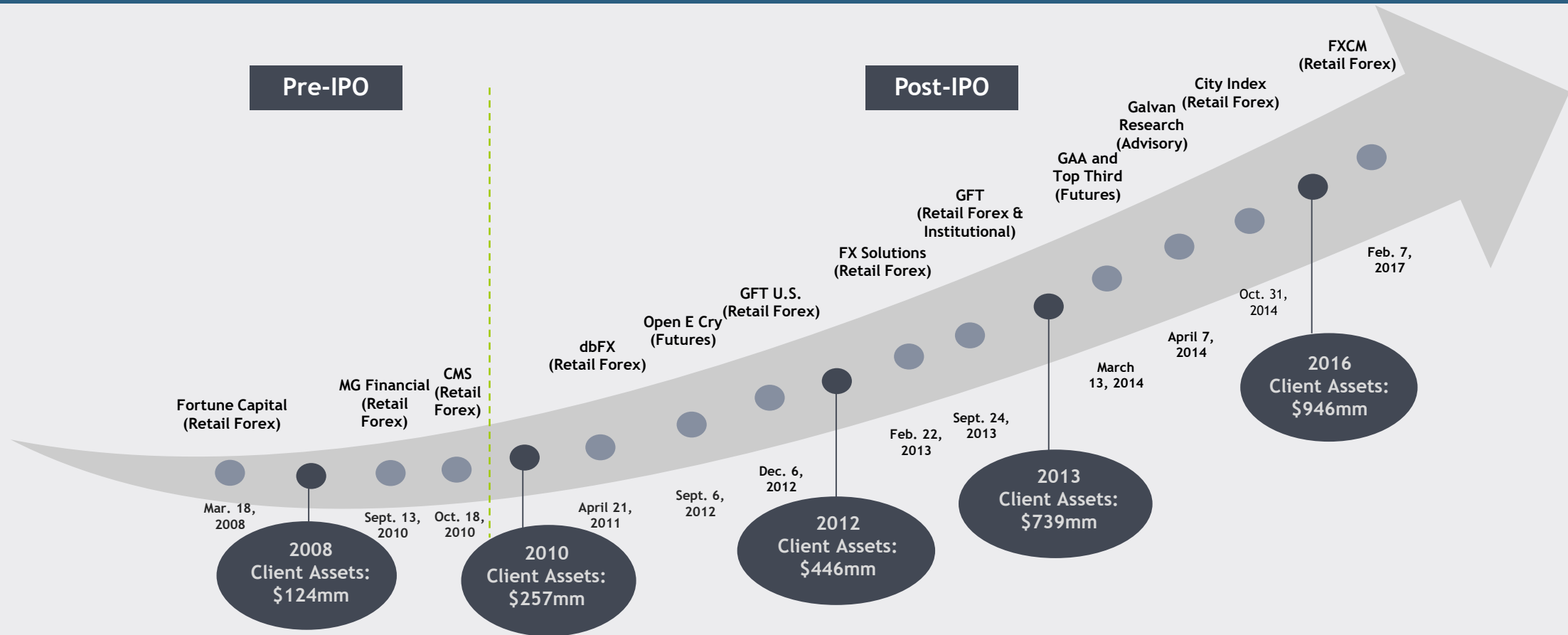
2. Refer to slide 25 in our Q4 2018 earnings presentation for FY 2018

3. Refer to slide 34 in our Q4 2018 earnings presentation for GAAP reconciliation

4. Refer to slide 27 in our Q4 2018 earnings presentation for FY 2018



# EXPERIENCED INDUSTRY CONSOLIDATORS



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





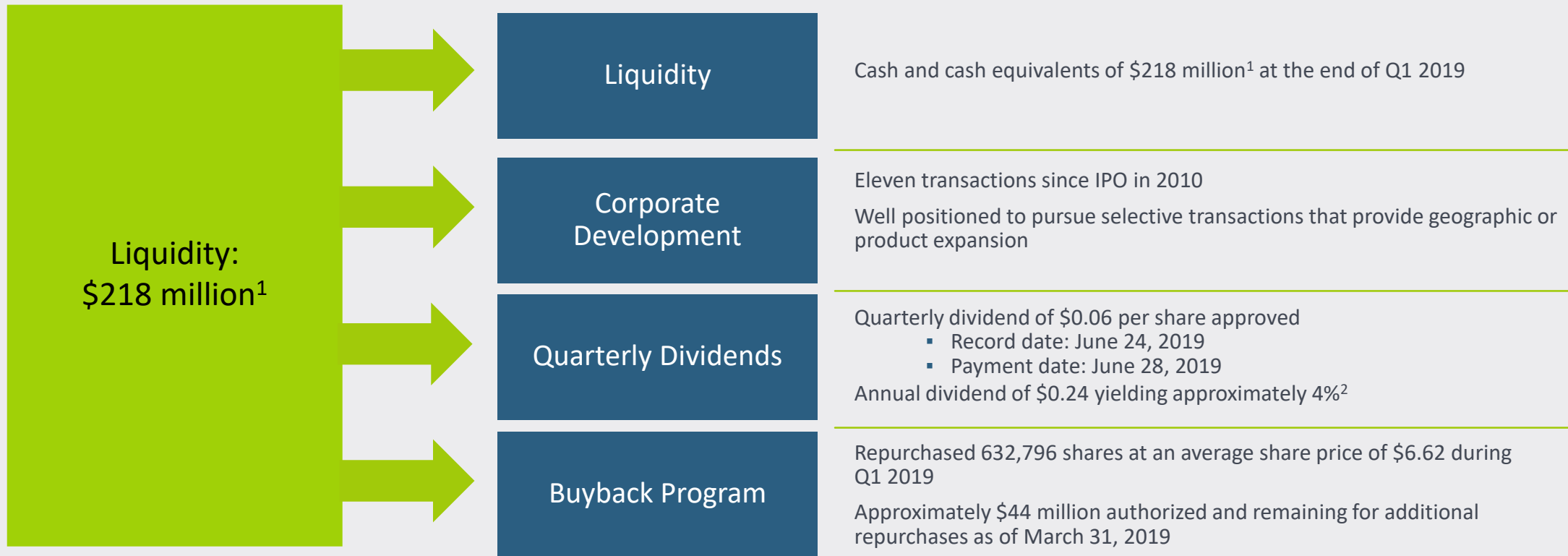
# SUCCESSFUL TRACK RECORD OF MANAGING MARKET RISK

Proven track record of protecting our balance sheet during market disruptions and improving our future processes

	2016 BREXIT	2015 Swiss National Bank	2015 GREXIT
Planning	<ul style="list-style-type: none"> <li>• Committee established in May 2016</li> <li>• Extensive scenario-based stress testing before vote</li> <li>• Proactive margin policy management</li> </ul>	<ul style="list-style-type: none"> <li>• Planning for potential Swiss depegging began months in advance, recognizing potential risk</li> <li>• Operational procedures formalized in the event that the 1.2 floor was removed</li> <li>• Market and credit exposure assessed weekly</li> </ul>	<ul style="list-style-type: none"> <li>• Daily assessment of market and credit risk</li> <li>• Tiered margin was increased for larger positions</li> </ul>
Execution	<ul style="list-style-type: none"> <li>• Fully staffed risk desk, commercial team, customer service and compliance throughout the night</li> <li>• Trading systems performed extremely well in face of record volumes</li> <li>• Hedging program effectively utilized to remain market neutral</li> </ul>	<ul style="list-style-type: none"> <li>• Planned procedures were implemented:                             <ul style="list-style-type: none"> <li>• Position and PL calculation</li> <li>• Suspension of all relevant markets</li> <li>• Liquidation of clients at one price across all platforms once markets were back online</li> </ul> </li> <li>• All products were reviewed, resulting in increases to pegged and exotic FX margins</li> </ul>	<ul style="list-style-type: none"> <li>• Market and credit risk were reduced over several weekends using a digital options hedging strategy</li> </ul>
Results	<ul style="list-style-type: none"> <li>• Record daily trading PnL: \$14.2M</li> <li>• Highest single day trading volume</li> <li>• Protected balance sheet</li> </ul>	<ul style="list-style-type: none"> <li>• Ultimately posted positive PL, whereas other providers incurred terminal levels of bad debt</li> </ul>	<ul style="list-style-type: none"> <li>• No major issues</li> <li>• Reverted back to our daily stress tests, but incorporated more detailed options probability analysis</li> </ul>



# STRONG LIQUIDITY POSITION



1. Cash and cash equivalents as presented on the Balance Sheet and Liquidity pages in the appendix in our Q1 2019 earnings presentation.  
 2. Dividend yield of 3.8% based on 3/29/19 closing price of \$6.28.

## INVESTMENT HIGHLIGHTS



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