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**Joanna Nader & Mark Pumfrey**  
Liquidnet

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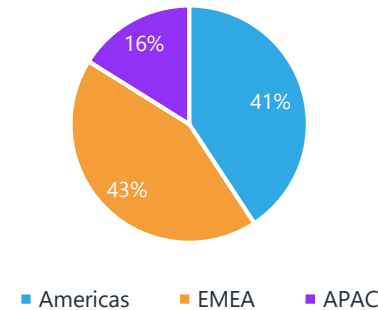
# Liquidnet Overview

## Leading Global Electronic Trading Network

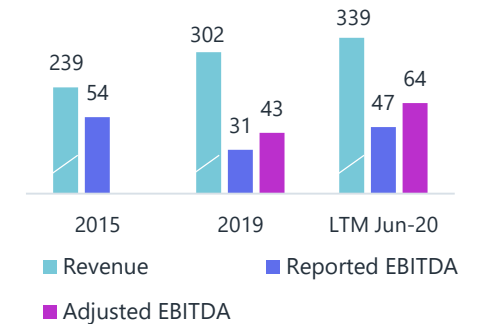


- **Transaction is highly complementary to TP ICAP & will accelerate delivery of our strategy & boost our growth trajectory**
- **Trusted brand and partner to the buy-side for ~20 years**
  - Buy-side clients collectively manage ~\$33tn<sup>1</sup> equity & fixed income assets
  - Integrated client end-to-end workflow via desktop applications, FIX, OMS/EMS<sup>2</sup>
- **Complementary business segments**
  - **Equities:** Focused on dark trading, providing execution solutions, workflows and liquidity sourcing techniques. 1,000 buy-side clients<sup>1</sup> across 45 markets
  - **Fixed Income:** Trading solution offering access to buy-side corporate bond liquidity pool, with focus on large C2C trades. 500 buy-side clients<sup>1</sup> globally
  - **Investment Analytics:** Solutions allowing investors to analyse, filter & organize data via AI / Machine Learning / Natural Language Processing
- **Three post-transaction focus opportunities:**
  - D2C Credit; D2C Rates; Data & Analytics

**Group Revenue Mix by Region<sup>3</sup> (2019)**

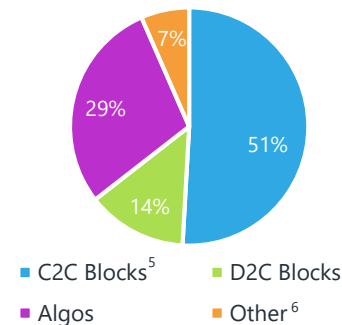


**Group Revenue and EBITDA<sup>4</sup> (\$m)**

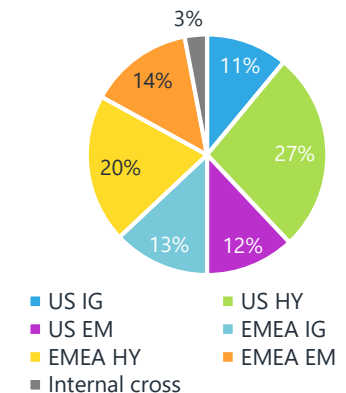


**Product Mix by Segment (2019)**

*Equities (\$289m Revenue<sup>4</sup>)*



*Fixed Income (\$5m Revenue<sup>4</sup>)*



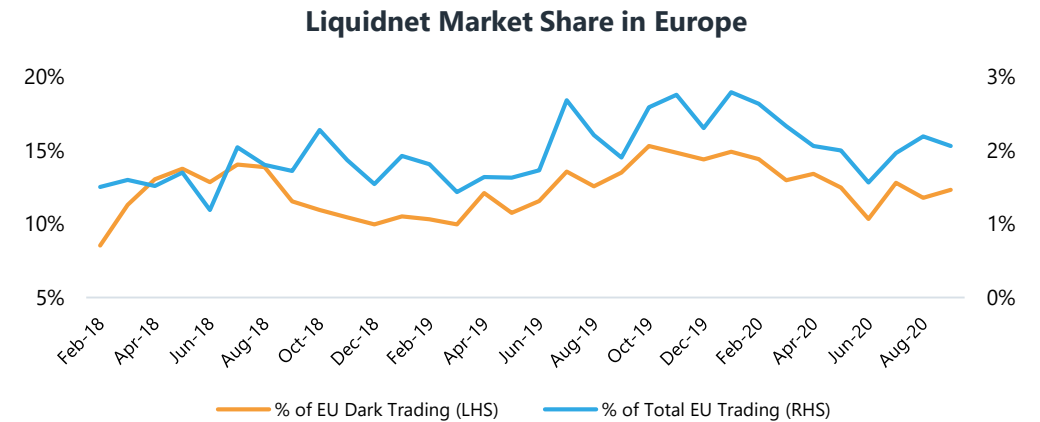
1. AuM as of Sept. 30 2018 (excludes APAC); Buy-side clients as of Q2 2020, incl. asset managers, pension fund, hedge funds  
 2. An Order Management System ("OMS") is a software application used to manage order/trade flow between an asset manager and trading venues. An OMS manages communications between portfolio managers and traders, as well as allocations and management of positions. An Execution Management System ("EMS") focusses on order execution and is used by traders to provide seamless access to multiple trading venues, and manage order execution incl. using algorithms. Over time, distinction between OMS and EMS has blurred.  
 3. Regional split by equities revenue only  
 4. Liquidnet financials based on US GAAP. Adj. EBITDA (non-GAAP) excl. equity based compensation & other non-recurring expenses  
 5. Liquidnet's negotiation product allows clients to use the desktop application to negotiate trades on a 1-to-1 basis with other clients  
 6. Includes sell-side blocks, sell-side streaming and high-touch

# Liquidnet Equities

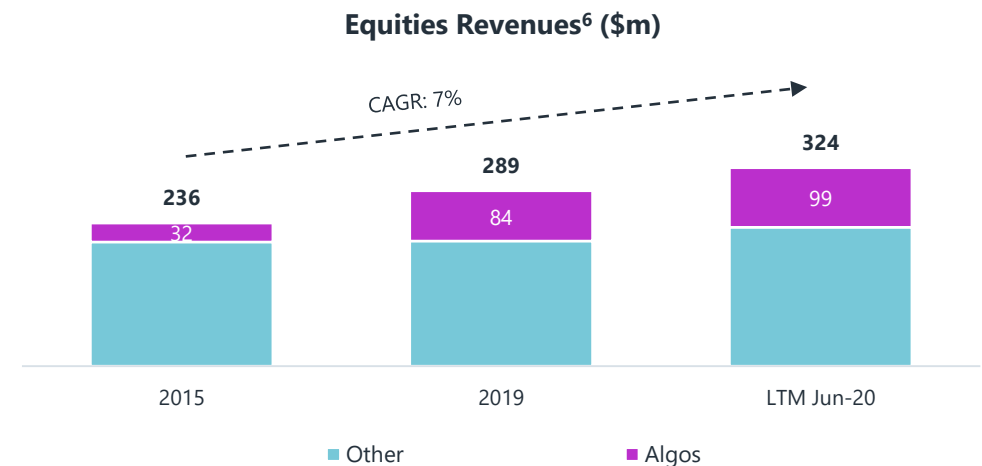
## Leading Dark Execution Specialist



- **Dark trading is a critical and stable portion of global market activity**
  - Key part of market activity in Europe
  - Accounts for ~15% of market volume in US<sup>1</sup>
- **Initially established to facilitate block C2C dark trading, Liquidnet has evolved into a sophisticated ecosystem through continuous innovation**
  - Global franchise with access across 45 markets
  - Access to third party dark and lit venues
  - Connectivity via desktop UIs, integration with most OMS/EMS platforms
  - Liquidnet’s “blotter sync” technology is a key differentiator
  - Leading-edge Algo suite strongly positioned in a fast-growing segment
- **Liquidnet has a strong, well-regarded brand & solid market positioning**
  - \$79bn of average daily liquidity<sup>2</sup>
  - Known for high average trade size
  - Average global execution size for negotiated blocks<sup>3</sup> of \$1.5m<sup>4</sup>
  - Liquidnet’s average trade size is ~5x average of European dark venues<sup>5</sup>
  - Growing market shares in EMEA and APAC
- **Future growth opportunities include:**
  - US market share growth (new management in place, new CRM strategy)
  - Continued development of algo suite, including of algos that access both dark and lit liquidity



Source: CBOE



1. Based on Rosenblatt Securities data as of 2019. 2. As of Q1 2020 3. Liquidnet’s negotiation product allows clients to use the desktop application to negotiate trades on a one-to-one basis directly with other clients 4. Average of Jan-Feb 2020 5. Based on H1 2020 data from Liquidnet and BigXYT 6. Liquidnet financials based on US GAAP. Algos LTM revenues as of Mar-20

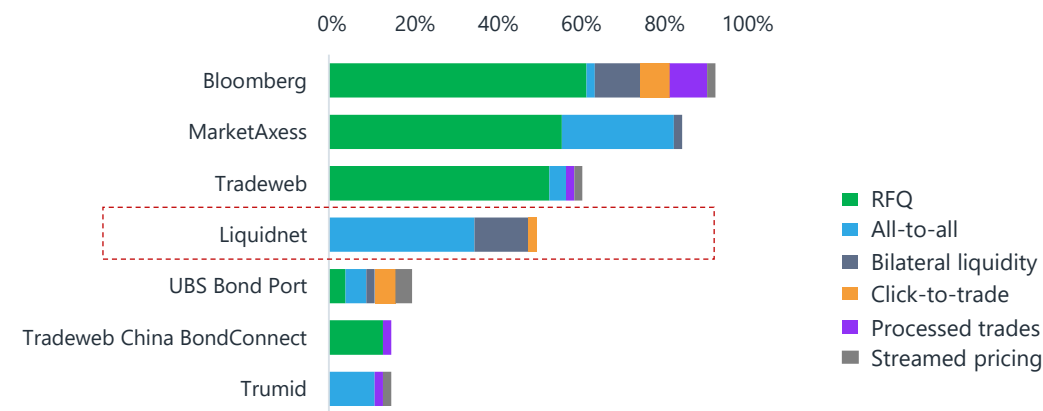
# Liquidnet Fixed Income

## Extensive Global Network with Substantial Growth Potential



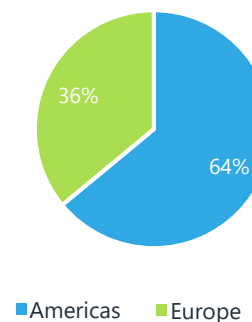
- Comparatively early stage business, launched in 2015**
  - US and European IG and High Yield launched Sep 2015
  - Emerging Market bonds launched October 2018
  - Building on credibility and connectivity established for equities
- One of the largest pools of buy-side corporate liquidity, with high average trade size**
  - Buy-side daily liquidity of \$13bn<sup>1</sup> (total average daily liquidity of \$19bn)
  - Trade size 5-10x higher than typical for other platforms
  - Current Liquidnet protocols offer high degree of information protection and particularly favour large execution sizes
    - C2C dark, A2A dark (A2A launched February 2020)
- Liquidnet's connectivity and active user base place it amongst the leading fixed income platform operators**
  - Connectivity with major OMS/EMS platforms, leveraging "blotter sync" technology
  - Network of ~500 buy-side clients<sup>2</sup>
  - 47 of the 50 largest global corporate bond holders<sup>2</sup>
- Already in-train growth plans will add to offering**
  - Algo portal
  - Primary DCM workflow solutions

Trading Platforms Used, Split by Trading Protocol<sup>3</sup>

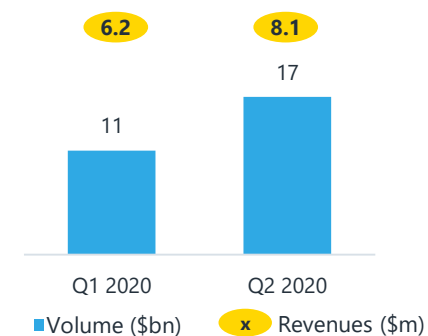


Source: The DESK, March 2020

Clients by Region<sup>4</sup>



Annualised Transaction Volume and Revenues<sup>5</sup>



1. Average as of Q2 2020

2. As of Q2 2020

3. Measured as a percentage of survey responses

4. As of March 2020

5. Q1 2020 and Q2 2020 figures annualised

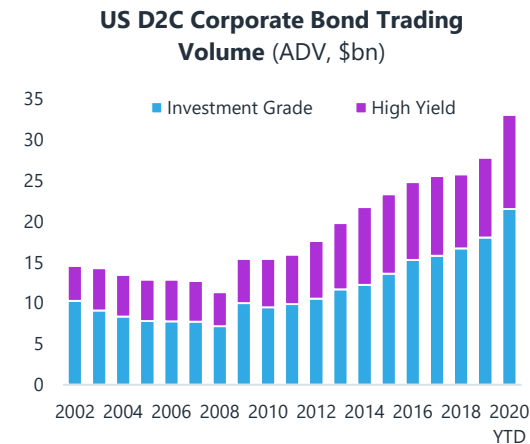


# Focus Opportunity #1: D2C Electronic Credit Trading

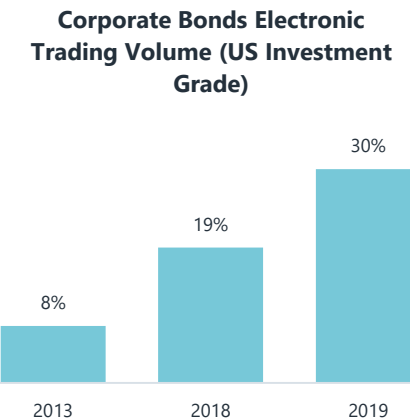
## Leveraging TP ICAP's Network & Building on Liquidnet's Capabilities



- Post-2008 regulation prompted behavioural changes that meaningfully altered market structure**
  - Dealers provide much less "risk" liquidity than pre-crisis (too costly to hold inventory), shifting to agency-like execution
  - Search costs have increased for the buy-side
  - Buy-side firms turning to electronic platforms for price discovery and trade execution (efficiency, best execution obligations)
- Market structure continues to evolve**
  - D2C electronic volumes growing rapidly
  - Non-bank liquidity providers becoming more important
  - Blurring boundaries between D2D and D2C marketplaces
  - Barrier to entry in D2C Credit is buy-side network and dealer connectivity, not liquidity
- Opportunity for TP ICAP to improve Liquidnet's dealer connectivity and enhance/augment execution protocols**
  - TP ICAP has global, long-established and trusted dealer relationships and connectivity in Credit
  - TP ICAP Credit OTC Data & Analytics products may be deployed to enhance efficiency of the ecosystem

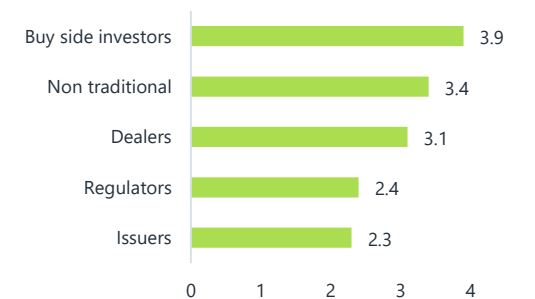


Source: SIFMA



Source: SIFMA, Electronic Trading Market Structure Primer 2019  
Note: Based on percentage of total trading volumes (notional value of bonds traded)

**Expected future providers of additional liquidity**  
Score by buy side survey participants, rated out of 5



Source: The DESK's Trading Intentions Survey 2020

**D2C Competitive Landscape**

**Bloomberg**

**Market Axess**

**Tradeweb**

# Focus Opportunity #2: D2C Electronic Rates Trading

Leveraging Liquidnet's Platform and TP ICAP's Dealer Connectivity / Product Expertise



- **Regulatory change has encouraged growth in OTC Rates derivatives, compared with exchange-traded**

- Central clearing has prompted market share gains for OTC vs exchange-traded derivatives
- The D2C segment of the market is growing particularly rapidly (much faster than inter-dealer)
- Best execution and efficiency continues to encourage more electronic trading

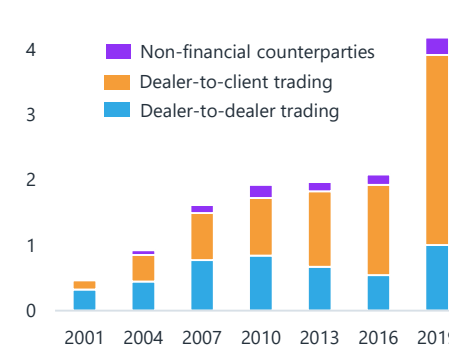
- **D2C electronic execution expected to continue to grow, particularly in IRS segment**

- D2C is a large and growing market
- Best execution (pre-trade, audit trail)
- Workflow efficiencies
- Barrier to entry in D2C Rates is buy-side network and dealer connectivity, not liquidity

- **Vision: Dealer connectivity (TP ICAP) + buy-side electronic network (Liquidnet) to create powerful D2C competitor**

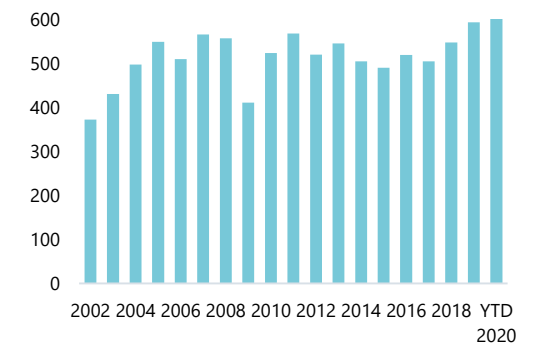
- TP ICAP brings a large global Rates franchise to the Liquidnet network
- TP ICAP's majority-controlled iSwap platform connects 40+ banks through API and/or GUI

**OTC Interest Rate Derivatives Turnover, by Participant Group (US\$ Trn)**



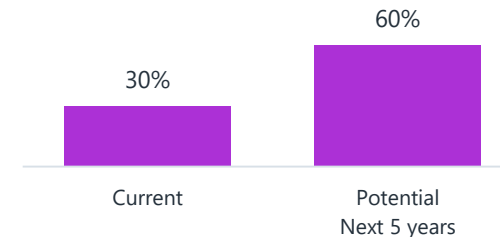
Source: BIS

**US Treasuries Average Daily Trading Volume (US\$ bn)**



Source: SIFMA

**Rapid Increase in Electronification in Rates Derivatives**



Source: Management estimates based on industry sources

**D2C Competitive Landscape\***

**Bloomberg**

Tradeweb

\* For D2C IRD trading

# Focus Opportunity #3: Enhanced Data & Analytics (D&A)

## Leverage Complementary Capabilities with Cross-Selling Potential



- **Accelerate D&A's buy-side penetration**

- Sell TP ICAP's data to ~500 fixed income<sup>1</sup> buy-side clients already onboarded on Liquidnet's platform
- Enhance TP ICAP's objective of diversifying client base, accelerating penetration of the buy-side

- **Leverage TP ICAP's client base and global sales team to sell Liquidnet's products and services**

- Provide Liquidnet with exposure to D&A's global sales team, Channel Partners and clients

- **Augments TP ICAP's D&A expertise to develop new Information and Knowledge products**

- Enhance TP ICAP's D&A offering with Liquidnet's data science team, specialised in artificial intelligence powered analytics (Liquidnet Investment Analytics) and Natural Language Generation capability (Prattle)
- Accelerate D&A's organic revenue opportunities, including pre and trade analytics, risk management and index creation



Automated investment research provider using natural language processing



AI and Machine Learning powered structured data analytics platform

1. As of Q2 2020

# Liquidnet: Growth & P&L Targets<sup>1</sup>

## Medium Term Targets



- **Key Model Drivers and Assumptions**

- **Equities**

- Top-line growth in line with market volumes/pricing trends
    - Low single-digit operating margin improvement

- **Credit**

- Build on existing infrastructure and client base / connectivity
    - Add dealers and protocols
    - Target Year 3<sup>2</sup> corporate bond trading<sup>3</sup> market share of 3-6%
    - Reference competitors: Tradeweb, MarketAxess, Bloomberg

- **Rates**

- Technology/connectivity build in Years 1 and 2
    - Revenue assumed from Year 3<sup>2</sup>
    - Reference competitors: Tradeweb, Bloomberg

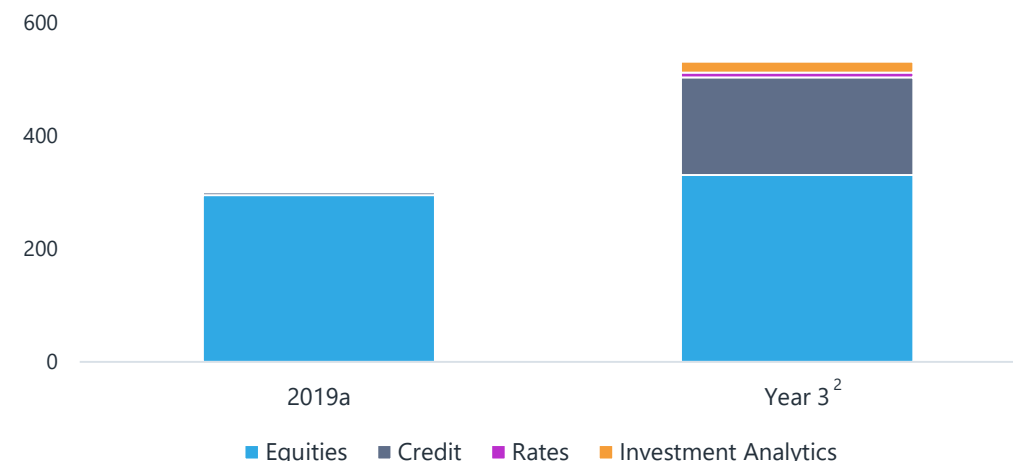
- **Investment Spend**

- £25m - £30m incremental investment in the 12 – 24 months post completion of acquisition, with the bulk focussed on D2C Rates build
  - Spend will be in addition to continued investment in Liquidnet’s Equities business and TP ICAP’s standalone investment plan

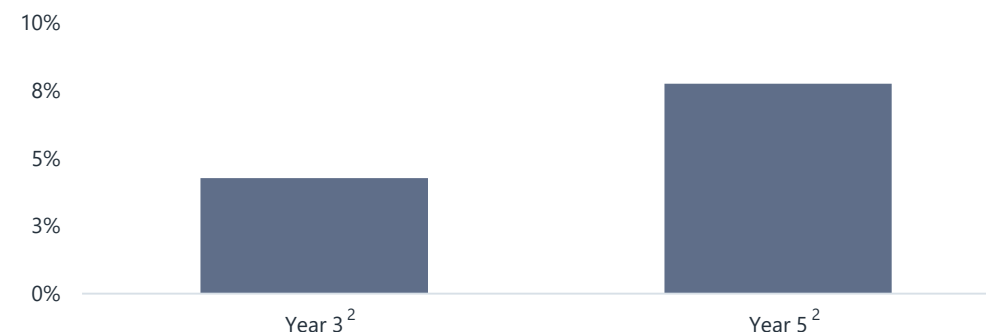
- **Adjusted EBITDA margin:**

- Medium term target: c.35%

**Revenue Target (\$m): 3-year CAGR of c.17%<sup>2</sup>**



**Credit Market Share Target<sup>1</sup>**



1. Please note that the term “target” used here, and elsewhere in this document, should not be construed as a profit or revenue forecast or estimate or profit or revenue guidance.

As previously announced, the Group intends to publish a prospectus in relation to its proposed acquisition of Liquidnet (“Prospectus”) in due course. Investors are advised not to rely on this presentation nor make any investment decisions in relation to the shares to be issued in connection with the Prospectus except on the basis of the information contained therein

2. “Year 3” refers to the 3rd full year post-completion of the acquisition. “Year 5” refers to the 5th full year post completion of the acquisition

3. Including US and Europe investment grade, high yield, and emerging markets



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## TP ICAP Capital Markets Day

1 December 2020

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