

This transcript should be read in conjunction with the related Quarterly Report on Form 10-Q, the earnings release, and the earnings presentation, which includes important additional detail, and is provided for the convenience of investors and analysts only. For a full recording of this earnings conference call please see the 1Q25 Earnings Call webcast.

OPERATOR

Good morning and welcome to Tradeweb's first quarter 2025 earnings conference call. As a reminder, today's call is being recorded and will be available for playback.

To begin, I'll turn the call over to Managing Director of Investor Relations, Sameer Murukutla. Please go ahead.

PART I: INTRODUCTION AND DISCLAIMER

SAMEER MURUKUTLA (Slide 2-3)

Thank you and good morning.

Joining me today for the call are our CEO Billy Hult, who will review our business results and key growth initiatives and our CFO Sara Furber, who will review our financial results. We intend to use the website as a means of disclosing material, non-public information and complying with our disclosure obligations under Regulation FD.

I'd like to remind you that certain statements in this presentation and during the Q&A may relate to future events and expectations, and as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements related to, among other things, our guidance are forward-looking statements. Actual results may differ materially from these forward-looking statements. Information concerning factors that could cause actual results to differ from forward-looking statements is contained in our earnings release, earnings presentation and periodic reports filed with the SEC.

In addition, on today's call we will reference certain non-GAAP measures as well as certain market and industry data. Information regarding these non-GAAP measures, including reconciliations to GAAP measures, is in our earnings release and earnings presentation. Information regarding market and industry data, including sources, is in our earnings presentation.

Now, let me turn the call over to Billy.

PART II: OVERVIEW & FINANCIAL RESULTS

BILLY HULT (Slide 4-8)

Thanks, Sameer. Good morning everyone, and thank you for joining our first quarter earnings call. Before I start, I'd like to congratulate our colleague, Ashley Serrao, on the birth of his second daughter, and we're excited for his return following his paternity leave.

I'm extremely proud of the Tradeweb team for delivering the best revenue quarter in our history. We achieved strong double-digit revenue growth for the seventh consecutive quarter — and, for the first time, we surpassed \$500 million in quarterly revenues. This milestone is a testament to our team, who have worked tirelessly to drive durable growth over many years. The first quarter was anything but quiet, marked by an evolving macro backdrop and geopolitical risks at every turn. Despite that, we believe technology continues to drive markets toward greater connectivity than ever before. We thrive in change and complexity and we continue to invest into our strengths. We're on this continuous journey of learning and we remain hyper focused on the next wave of growth and innovation across our global marketplaces.

Diving into the first quarter, strong client activity, share gains and a risk-on environment drove 24.7% yr/yr revenue growth on a reported basis. We continue to balance investing for growth and profitability as Adjusted EBITDA margins expanded by 88 basis points relative to the first quarter of 2024.

Turning to slide 5, our rates business produced a record revenue quarter, driven by continued organic growth across swaps, global government bonds, and mortgages. Credit was led by strength in munis and credit derivatives, and further supported by growth across global corporate bonds. Money markets was led by the addition of ICD and aided by record quarterly revenues across global repos. Equities posted double-digit revenue growth led by growth in our global ETF and equity derivatives business. Finally, market data revenues were driven by growth in our LSEG market data contract and proprietary data products.

Turning to slide 6—I will provide a brief update on two of our focus areas — U.S. Treasuries and ETFs and then I will dig deeper into U.S. credit and global interest rate swaps.

Starting with U.S. Treasuries—we saw dramatic moves in the U.S. Treasury market. In fact, over 25% of the trading days in the quarter saw daily yield movements that were twice the historical average. Our first-quarter market share of 23% drove record revenues, up 13% yr/yr. Our institutional business delivered record revenues as well, with key performance indicators remaining strong. We hit another quarterly market share record exceeding 50% for the fourth consecutive quarter in Institutional U.S. Treasuries versus our main electronic competitor. Automation continues to be an important theme with institutional U.S. Treasury AiEX average daily trades increasing by 15% yr/yr.

Turning to our U.S. Treasury wholesale business—we delivered the highest revenue quarter in our history. This was driven by record adoption of our streaming and sessions protocols, along with continued contributions from r8fin. Wholesale remains a key area of focus as we prioritize onboarding more liquidity providers and enhancing our various liquidity pools in line with our holistic strategy.

In Equities, our ETF business generated record revenues as volatility increased over 50% during the quarter, and we continue to deepen our integration with our clients. Our efforts to broaden our equity presence beyond our flagship ETF franchise continues to pay off, with record equity derivatives revenues up over 20% yr/yr. Looking ahead, we're continuing to make inroads by onboarding new clients, and the pipeline remains strong as the benefits of our electronic solutions continue to resonate. A key competitive advantage has been our AiEX solution, with average daily trades increasing by over 100% yr/yr.

Global Credit

Turning to slide 7 for a closer look at Credit—high single-digit revenue growth for the quarter was driven by strong double-digit gains in both credit derivatives and municipal bonds. Global cash credit delivered low single-digit revenue growth due to product and volume mix with retail credit revenues being down 20% yr/yr, primarily reflecting a risk-off tone among retail investors amid rising macro uncertainty. Additionally, the elevated volatility in March drove higher discounts being hit in our wholesale business. Overall automation continues to surge with global credit AiEX average daily trades increasing over 15% yr/yr.

We achieved a record 9% block share in fully electronic U.S. Investment Grade trading, and our second-highest block share in U.S. High Yield at over 4%. This growth was driven by continued adoption of portfolio trading, RFQ, and sessions protocols. Our institutional credit business continues to scale as clients leverage our diverse suite of trading solutions. Institutional RFQ ADV grew over 25% yr/yr, with strong double-digit growth in both IG and HY. Portfolio trading ADV also increased 10% yr/yr, with record volumes across both IG and HY. During the quarter, we saw our largest PT by size and volume at over \$8 billion in volume involving over 3,500 line items.

AllTrade had a strong quarter, with nearly \$220 billion in volume—up almost 10% yr/yr. Our all-to-all ADV grew over 25% yr/yr. The team remains focused on expanding our network and increasing the number of responders on the AllTrade platform. In the first quarter, the average number of responses per A2A inquiry remained steady yr/yr. Lastly, sessions ADV grew nearly 10% yr/yr.

Looking ahead, U.S. Credit remains a key area of focus, and we're confident in the longer-term revenue wallet in this asset class and the way we're positioned across all client channels. Since 2019, we've made meaningful progress—growing our fully electronic U.S. Credit market share by 1,100 basis points. This growth has come from putting clients first across the full ecosystem, and we continue to recognize the critical role our dealer partners play.

As we've successfully reached critical scale in our credit franchise, we are evolving our pricing model by introducing subscription fees and increasing minimum floors with certain dealers. When we were building a business like credit, it was natural for dealers to start with a fully variable pricing model as they were unsure whether the platform would succeed. As our business has scaled and becomes a large part of the broader trading ecosystem, a mix of variable and fixed pricing becomes a mutually beneficial model across our credit business to incentivize long-term growth and innovation. In addition, as we have grown significantly, we are also able to rebalance the revenue model by introducing or optimizing variable buy-side fees—ensuring we're capturing the full value we deliver across both sides of the marketplace and maximizing our opportunity for the revenue pool.

We also understand that our role in the market isn't one-size-fits-all and varies by channel. While the institutional channel is the holy grail of the industry wallet, it relies on the risk management that occurs in the wholesale channel. Given this, we offer pricing incentives in wholesale to support our dealer clients' risk management, which in turn strengthens our collective ability to execute on our future growth opportunities in the institutional channel.

We believe there is still a long runway for growth, with plenty of opportunity to innovate alongside both buy-side and dealer clients. We're currently working on the next generation of our institutional portfolio trading offering—focusing on enabling clients to build customized, criteria-based portfolio trades. On the wholesale side, we're working with clients to improve post-sessions match rates and are actively exploring new dealer-initiated workflow solutions, as the dealer community looks for faster and more efficient ways to recycle risk.

Beyond U.S. Credit, we're continuing to prioritize our emerging markets credit expansion efforts. Our goal is to build a robust, end-to-end trading solution, focused on onboarding both global and local dealers while expanding our local network to deepen market connectivity. We expect to launch our Saudi Arabian offering in the coming months and are making steady progress in onboarding local dealers across several key EM regions. While still early in the journey, EM credit revenues grew nearly 20% yr/yr in the first quarter, signaling strong momentum.

Global Swaps

Moving to slide 8—global swaps delivered record revenues, driven by a combination of strong client engagement amid a dynamic macro backdrop, a favorable mix shift toward risk trading, and a 2% increase in weighted-average duration. Altogether, global swaps revenues grew over 40% yr/yr. Our core risk market share—which excludes compression trading—was second highest ever, rising over 250 basis points yr/yr. Total market share declined from 22.0% to 21.0%, largely due to a significant reduction in U.S. and European client-related compression volumes, which carry much lower fee rates. During the quarter, we achieved the 2nd highest share in our history across Other G-11 and EM-denominated currencies.

The first quarter truly showcased the diversity of our global swaps revenue base, not just across currencies, but across a broad and expanding client set. We posted record institutional swap revenues, with new highs across U.S., European, Sterling, G-11, and EM swaps. This growth was supported by an 11% increase in active clients. Importantly, client growth was broad-based—spanning hedge funds, bank clients, asset managers, and insurance firms—as we continue to deepen our global relationships across a wide range of clients.

Finally, we continue to make progress across emerging markets swaps and our rapidly growing RFM protocol. Our first quarter EM swaps revenues rose over 60% yr/yr, and we believe there is still significant room to grow given the low levels of electronification. Our RFM protocol saw ADV rise over 70% yr/yr with adoption picking up.

Overall, we believe the long-term growth potential for swaps revenue is significant. We're excited about the opportunity to deliver more solutions across both the cleared and uncleared swaps markets. With the cleared swaps market still only about 30% electronified, there is substantial room to further digitize manual workflows. As global fixed income markets and the broader swaps landscape continue to grow, we see meaningful opportunity to support our clients through deeper automation and innovation.

And with that, let me turn it over to Sara to discuss our financials in more detail.

SARA FURBER (Slide 9-12)

Thanks Billy and good morning.

As I go through the numbers, all comparisons will be to the prior year period, unless otherwise noted.

Slide 9 provides a summary of our quarterly earnings performance.

- As Billy recapped earlier, this quarter we saw record revenues of \$510 million that were up 24.7% yr/yr on a reported basis and 25.8% on a constant currency basis.
- We derived approximately 40% of our 1Q revenues from international clients, and recall that ~30% of our revenue base is denominated in currencies other than dollars, predominantly in Euros.

- Our variable revenues increased by 27% and total trading revenues increased by 24%.
- Total fixed revenues related to our four major asset classes were up 14% on a reported basis and 15% on a constant currency basis.
 - Rates fixed revenue growth was primarily driven by an increase in minimum fee floors for certain dealers and by the addition of dealers to our mortgage and US government bond platforms.
 - Credit fixed revenue growth was primarily driven by the migration of certain dealers to a subscription fee model and by prior increases to our subscription fees in 2024.
- And other trading revenues were up 8%-- as a reminder, this line fluctuates as it reflects revenues tied to periodic technology enhancements performed for our retail clients.
- This quarter's adjusted EBITDA margin of 54.6% increased by 125 bps on a reported basis when compared to our 2024 full-year margins.

Moving on to fees per million on Slide 10 and a highlight of the key trends for the quarter. You can see slide 16 of the earnings presentation for additional detail regarding our FPM performance this quarter.

- For cash rates products, average fees per million were down 8%, primarily due to negative mix shift changes within US Government bonds, and lower European Government bond fee per million.
- For long tenor swaps, average fees per million were up 42%, primarily due to a decline in compression activity and greater risk-taking volumes.
- For cash credit, average fees per million decreased 11% due to a mix shift away from retail, the migration of certain dealers from fully variable plans to fixed, and dealers in our wholesale channel hitting volume tier discounts given the elevated volatility in March.
- For cash equities, average fees per million increased 17% due to a mix shift towards EU ETFs which carry a relatively higher fee per million.
- Finally, with money markets, average fees per million increased 54% primarily due to the inclusion of ICD and were partially offset by a mix shift towards repos which carry a comparatively lower FPM.

Slide 11 details our adjusted expenses

- At a high level, the scalability and variable nature of our expense base allows us to continue to invest for growth and grow margins—we have maintained a consistent philosophy here.
- Adjusted Expenses for 1Q increased 22% on a reported and 23% on a constant currency basis. Given the strong environment to invest for long-term growth, during the first quarter, we continued investments in digital assets, consulting and client relationship development.
- Adjusted compensation costs grew 24%, with the vast majority as a result of discretionary and performance related compensation and the addition of ICD.
- Technology and communication costs increased 35% primarily due to our previously communicated investments in data strategy and infrastructure.
- Adjusted professional fees grew 19% mainly due to an increase in tech consultants as we augment our offshore technology operations and build incremental scalability.
- Adjusted general and administrative costs decreased 11% due to favorable movements in FX that resulted in approximately a \$2.9 million gain in 1Q25 versus approximately a \$900k gain in 1Q24. This was partially offset by a pickup in travel and entertainment.

Slide 12 details capital management and our guidance

- On our cash position and capital return policy
 - We ended 1Q in a strong position, with \$1.3 billion in cash and cash equivalents and free cash flow reached approximately \$834 million for the trailing twelve months.

- Our net interest income of \$13.3 million decreased due to a combination of lower cash balances and interest yields.
- With this quarter's earnings, the Board declared a quarterly dividend of \$0.12 per Class A and Class B shares up 20% y/y.
- Turning to guidance for 2025
 - We continue to expect Adjusted Expenses to range from \$970 million - \$1.03 billion.
 - We continue to believe we can drive margin expansion compared to 2024, although it will be more modest compared to last year since we expect to capitalize on the anticipated healthy revenue environment by accelerating investments to support our current and future organic growth.
 - We expect our capex spend to increase as the year progresses into our previously communicated range.
 - We continue to expect 2025 revenues generated under the master data agreement with LSEG to be ~\$90 million.
 - And as Billy highlighted, we expect a modest shift between our Credit fixed and variable fees in this year. In the second quarter, we expect our Credit fixed revenues to increase ~\$6 to \$7 million from the first quarter, up 62% at the midpoint, due to the expected introduction of minimum fee floors and the migration of certain dealer to subscription fees. We would expect the shift in 2Q to be total revenue neutral, resulting in a corresponding \$6-7M drop in variable credit fees, equivalent to a ~\$9.00 drop in our Cash Credit fee per million from first quarter levels. As a reminder, fee per million is really variable fee per million, calculated as variable revenues over total volume.

Now I'll turn it back to Billy for concluding remarks.

BILLY HULT

Thanks, Sara.

We want to build upon the success of the present by continuing to be an ambitious company. We continue to focus on moving more voice and paper markets to more transparent markets, and pivoting into new markets organically or via M&A. Every day, we ask ourselves what is the special sauce that we can provide to the market to make our clients' search for liquidity more efficient. I want to briefly touch on market conditions in April. Macro uncertainty and the emergence of a global trade war triggered rapid repricing of risk across both equity and fixed income markets. While conditions may have felt stressed, our clients remained highly engaged on the platform. As many of our large dealer clients noted during their earnings calls, we continue to see an active and resilient two-way market.

We believe moments like April clearly demonstrate how both dealer and buy-side clients have been investing in their electronic trading workflows. In today's environment, where the long-term impacts of de-globalization on growth, inflation, and the overall rate outlook remain uncertain, we see an even greater need for a resilient and efficient electronic trading ecosystem. Our clients are the lifeblood of Tradeweb. We believe the global, multi-asset footprint we've built is one of our strongest competitive advantages. We feel very confident in our long-term growth outlook. We remain focused on driving innovation and value across the global markets, further enhancing our one-stop-shop offering, both organically and inorganically, to support all four of our client channels.

With an important month-end trading day left in April which tends to be one of our strongest revenue days, overall revenue growth is trending approximately 30% higher relative to April 2024. Revenue growth this month is being impacted by one less trading day. Focusing on average daily revenue, we are trending higher than the first quarter as momentum in the business continues. The diversity of our growth remains

a theme as we are seeing double-digit volume and revenue growth across all four asset classes. Our IG share is trending below March levels, while our HY share is tracking ahead of March levels.

Finally, I would like to conclude my remarks by welcoming Rich Repetto to our Board of Directors. Rich is known to many of you on this call and brings more than 25 years of industry experience to our board and a valuable perspective. I'd also like to thank our clients for their business and partnership in the quarter – and recognize my colleagues for their efforts that contributed to the record quarterly revenues and volumes at Tradeweb.

With that, I will turn it back to Sameer for your questions.

SAMEER MURUKUTLA

Thanks Billy. As a reminder, please limit yourself to one question only. Feel free to hop back in the queue and ask additional questions at the end. Q&A will end at 10.30 am ET. Operator, you can now take our first question.

THANK YOU

Sameer Murukutla, CFA

Managing Director, Investor Relations

Tel: 646-767-4864

Email: sameer.murukutla@tradeweb.com

Sheriq Sumar, CFA

Director, FP&A and Investor Relations

Tel: 646-767-4929

Email: sheriq.sumar@tradeweb.com

Isha Rao

AVP, Investor Relations

Tel: 646-560-7232

Email: isha.rao@tradeweb.com