This transcript should be read in conjunction with the related 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 1Q22 Earnings Call webcast.

OPERATOR

Good morning and welcome to Tradeweb's first quarter 2022 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 Head of Treasury, FP&A & Investor Relations, Ashley Serrao. Please go ahead.

PART I: INTRODUCTION AND DISCLAIMER

ASHLEY SERRAO (Slide 2-3)

Thank you and good morning.

Joining me today for the call are our Chairman and CEO Lee Olesky, who will review the highlights for the quarter and provide a business update, our CEO Elect and President Billy Hult, who will dive a little deeper into some 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 disclosure obligations under SEC 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 and periodic reports filed with the SEC.

In addition, on today's call we will reference certain non-GAAP measures. Information regarding these non-GAAP measures, including reconciliations to GAAP measures, are in our posted earnings release and presentation.

To recap, this morning we reported GAAP earnings per diluted share of $0.40. Excluding certain non-cash stock-based compensation expense, acquisition-related transaction costs, acquisition- and Refinitiv-related D&A and certain FX items, and assuming an effective tax rate of 22%, we reported Adjusted Net Income per diluted share of $0.48. Please see the earnings release and the Form 10-Q to be filed with the SEC for additional information regarding the presentation of our historical results.

Now, let me turn the call over to Lee.

PART II: OVERVIEW & FINANCIAL RESULTS

LEE OLESKY (Slide 4-6)

Thanks, Ashley. Good morning everyone, and thank you for joining our first quarter earnings call.

2022 has begun frantically with a combination of Fed tapering, global rate hikes, surging inflation and the brutal war in Ukraine. These macro events have combined to spur higher global government bond yields, wider corporate bond spreads and lower equity market valuations.

Amidst this backdrop, we remained very engaged with our clients as they traded more than one trillion dollars daily on average, setting new records. Importantly, these records translated into strong revenue growth as Tradeweb powered past $300 million in quarterly revenues for the first time in our history. As we review the quarter, we were especially pleased by the diversity of our growth across our global, multi-asset class, multi-client and multi-protocol business that we have built over the last 25 years. We had an excellent quarter where we achieved record revenues across U.S. Treasuries, European government bonds, global swaps, U.S. and European Credit, Munis, global ETFs, and repos. This broad-based growth led to record results across our four asset classes, and across our institutional and wholesale channels. It's also great to see the early pickup in our Retail business which produced its strongest revenue growth quarter since 3Q19.

Turning to slide 4, record gross revenues of $311 million during 1Q22 were up 13.9% yr/yr on a reported basis and 15.9% on a constant currency basis. This growth is in-line with the 16% growth we produced over the last five years and is a testament to the durability of our revenue growth story across different macro environments. The revenue growth and the resulting scale translated into improved profitability relative to full year 2021 as our first quarter Adjusted EBITDA margin increased to 51.6%.

Turning to slide 5, this quarter was marked by strong performance across all of our asset classes, with rates and credit continuing to lead the way, accounting for 46% and 31% of our revenue growth, respectively. Specifically, rates posted a record quarter, driven by our continued growth across global government bonds and swaps. In Cash Rates, global government bond revenues were partially helped by healthy central bank issuance, higher volatility and the addition of NFI. Swaps produced another quarterly revenue record with positive market share growth, while mortgage revenues declined. Credit posted a record quarter, driven by strong U.S. and European corporate credit and CDS trading. Equities accounted for 20% of our revenue growth as record revenues were driven by institutional ETFs and our efforts to diversify and grow our other equity products. Money markets performance was fueled by organic growth in institutional repo. Finally, market data growth was driven by investments in our proprietary data products, which are seeing early signs of success.

Moving on to slide 6—let me provide a brief update on our four main focus areas—global interest rate swaps, U.S. Treasuries, U.S. Credit and global ETFs.

Starting with interest rate swaps which is our largest rate product— an improving macro backdrop relative to last year aided our continued organic growth efforts and led to a record first quarter. We continue to attract new clients and deepen our client wallet share by driving higher engagement with both existing and newer products and protocols—this led to overall swaps volumes growing by 25%. Swaps market share increased to 12.7% as measured by Clarus. Longer-term, we remain excited by the multi-year opportunity here as the market continues to electronify.

Moving on to U.S. Treasuries— another rates product that continues to perform at record levels with volumes up 30% yr/yr, led by both the institutional and wholesale business and aided by our NFI acquisition. Market share rose to 19.6% of the U.S. Treasury market. The backdrop of healthy issuance continues to support the institutional channel, and the pickup in volatility aided both the wholesale and institutional channels. Our share gains have been driven by existing clients doing more business and making further inroads into the T-bill market. Looking ahead, we continue to invest in driving the adoption of early-stage institutional streaming protocols like Tradeweb+. The wholesale NFI integration is going according to plan. We are finalizing our clearing arrangement, submitted our broker-dealer consolidation plan for regulatory approval and recently announced the timeline for the migration of our data centers.

Shifting to Credit, this was another record quarter as our business continues to surge ahead generating more than $86 million in revenues to start the year. Seven years into our journey, it's amazing to see the growth in this business, with HY hitting a new market share record in January. We are continuing to see growing institutional client demand in our innovations like portfolio trading, AllTrade and net spotting, and growing wholesale adoption around innovations like session trading and ReMatch. Looking ahead, we continue to see a lot of opportunity in credit as our platform continues to scale and as the retail business recovers.

Finally, within equities, institutional ETFs produced record quarterly revenues with ADV up 54% yr/yr driven by new client wins and strong industry volumes. The first quarter continued the strong growth we've seen in global ETF volumes after a record 2020 and 2021. ETFs are increasingly becoming a core tool for our buyside clients as they use the product for cash equitization, short-term tactical trades, or tax management purposes. We are assisting our clients by providing straight-through-processing, integrating pre-trade transparency to reduce the number of clicks involved in dealer selection, and enhancing our list ticket functionality. Fundamentally, we continued to add new clients globally and remain excited about the prospects for the business. Our other initiatives to expand beyond our flagship ETF franchise are also bearing fruit with momentum continuing in equity options, convertibles, and ADRs. Looking forward, we believe we remain well-positioned to benefit from the continued growth in ETFs globally and as our growth initiatives scale.

Finally, as most of you saw in February, I will be retiring as CEO at the end of the year, with Billy taking the reins at the beginning of 2023. I will continue to be involved with Tradeweb's future having recently been elected as the Chairman of the Board this past February effective through the end of 2023. Retiring wasn't an easy decision, but I am thrilled to be confidently passing the CEO baton to my longtime partner Billy at the end of this year. Billy's promotion to CEO is a culmination of over 20 years here at Tradeweb, and he embodies the amazing innovative culture we have here at the firm. I'll pass it onto Billy to say a few words.

BILLY HULT

Thanks for the kind words Lee. I am excited by the opportunity to lead this company at a time when the winds of change, electronification and technological advancements continue to transform the trading ecosystem. I look forward to continuing to work alongside so many creative and talented individuals at Tradeweb and our clients. Lee has been a tremendous leader creating a culture of innovation and collaboration and I am focused on preserving that spirit. We have a fundamental view and a core set of beliefs here at Tradeweb that has served us well. With that said, we will continue to be dynamic and listen to our clients and always be open to being moved and influenced.

Tradeweb is a company built on breakthroughs—consistent and meaningful solutions created for clients' real-world needs and challenges. The simple truth is our clients dictate the pace of change and we work alongside them to help drive meaningful innovations to benefit their execution experience. We are laser focused on empowering all our clients with innovative technology to access liquidity, accurate pricing, and streamlined workflows. Our strategy is working, and clients have responded to our engagement by pushing our revenues to record highs at Tradeweb.

BILLY HULT (Slide 7-8)

U.S. Credit

Turning to slide 7 for a closer look at Credit.

We believe this was a very important quarter. For the past few years, we have been very happy with the way in which clients have responded to our vision for electronic credit trading by supporting our brand of innovation. As we reimagined the credit ecosystem by introducing and growing a variety of new protocols, we became the fastest growing credit platform by both share and absolute revenues. We were especially pleased to see that our belief that our credit platform has reached critical mass play out as the liquidity we strived hard to build remained resilient as volatility spiked. We have come a long way since the start of the pandemic. Our brand and competitive position continue to get stronger every quarter, but we know we have more work to do and remain focused on helping our clients and capturing the substantial opportunity in global credit we believe is in front of us.

A key part of our strategy has been to serve the entire credit market with a variety of protocols. Our share and revenues continue to be anchored by our fast-growing institutional business across both IG and HY. At the same time, we also believe we have a great balance with wholesale also contributing meaningfully and retail starting to show early signs of a recovery. Additionally, our focus on voice workflows and net spotting also proved to be another differentiator as electronically processed share hit record levels as volatility increased.

Our institutional growth continues to be underpinned by growth in portfolio and RFQ trading. The latter remains an area of focus, and we are pleased to see the growth continue to unfold especially in high yield RFQs as client engagement increases. Portfolio trading remains an important protocol, weathering the rapid spread widening and volatility we saw in the quarter. Specifically, we saw a record 45,000 line-items trade in March with record HY portfolio trading ADV. The value of portfolio trading also continues to resonate globally. Tradeweb facilitated a record $89 billion in portfolio trades in the first quarter of 2022, an increase of more than 25% yr/yr, aided by client growth of 70%. Behaviorally, clients continue to become savvier in their usage of portfolio trading by putting more dealers in competition and dealers are becoming more and more sophisticated in the way they price portfolio trades across all environments. Dealers have also become engaged in portfolio trading more than ever with our in-comp portfolio trading reaching record levels comprising 87% of portfolio trading volumes, up from 64% in the first quarter of last year.

The strength in portfolio trading was matched by the rapid growth of our anonymous liquidity solution AllTrade, which saw a record of nearly $102 billion in volume — an increase of 23% yr/yr. Session trading hit rates held up as volatility increased, and we remain laser focused on maximizing the value of session liquidity uploaded on our platform through newer protocols like Rematch, which accesses our all-to-all liquidity.

Turning to the rest of our credit business, we achieved record revenues in institutional European Credit with strong growth driven by portfolio and RFQ trading. Institutional Muni revenues, continues to grow rapidly increasing nearly 50% yr/yr as we continue to gain share and add clients. We recently launched AiPrice for Munis which leverages our transactional and MSRB data to initially calculate nearly 900,000 end of day prices and eventually provide our clients with intraday pricing as well. Our entire muni platform sees one in every six trades that occurs in the muni market today giving us a great foundation for growth. Our CDS revenues also saw double digit yr/yr growth across regions. In sum, it was a good quarter for credit, and we continue to believe we have a lot of potential for growth as we look ahead.

Global Swaps

Moving on to swaps, our biggest revenue bucket within our rates franchise. Just like credit, the multi-year growth story continues as swaps registered another strong quarter aided by rebounding industry volumes and market share gains. Specifically, the pick-up in volatility and rising rate expectations drove a 16% yr/yr increase in 1Q22 industry volumes. Our variable swaps revenues grew 19% yr/yr, driven by increased trading in higher fee per million protocols. Market share increased to 12.7% despite a substantial pick-up in short dated central bank meeting date trades in the voice market. These trades tend to be speculative in nature, carry a low fee per million and have notionals that can be 10x larger than our regular swaps trades.

Our momentum in major currencies continues with record first quarter share in euro and pound denominated swaps. We believe the LIBOR transition is progressing well—over 45% of our first quarter volume came from SOFR trades, up from 15% in the year ago period, with 89% of our dollar swap clients having executed a SOFR-based trade since the start of the year.

Beyond the risk-free rate transition, we continue to respond to structural changes in the swaps market, making strong but early advances in cleared EM swaps, inflation swaps, RFM protocol adoption, and multi-asset trading. During the first quarter, we saw record EM share, and revenues increased by over 200% year over year. We also saw record RFM activity as we continue to onboard dealers and deepen our liquidity pool.

Looking ahead, we believe the long-term swaps revenue growth potential is meaningful. With the market still only 30% electronified, we believe there remains a lot that we can do to help digitize our clients' manual work flows while the global fixed income markets and broader swaps market grow.

AiEX

Finally, we continue to invest in our leading multi-asset class automated trading capability, AiEX. The first quarter is a testament to growing adoption as clients get increasingly comfortable with low to no-touch trading even with heightened volatility. The number of AiEX trades grew by 15% yr/yr in the first quarter, while the average daily volume increased 31%. In fact, the average daily trades increased each month in the first quarter despite the pick-up in volatility.

Clients continue to take advantage of various tools and features like Time Release and Smarter Counterparty Selection to minimize or eliminate the number of clicks. Time Release allows orders to be routed for execution at specific time intervals. We also continue to invest in enriching our advanced dealer selection functionality which allows clients to customize their counterparty selection according to real time market conditions and their specific execution objectives. We believe this is really resonating with clients. And as clients become more comfortable with automation, we are seeing them get more comfortable trading larger volumes through AiEX.

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

SARA FURBER (Slide 9-14)

Thanks Billy and good morning.

As I go through the numbers, all comparisons will be to the prior year period, unless otherwise noted. Let me begin with an overview of our volumes on Slide 9.

We reported record quarterly average daily volume in excess of $1.1 trillion, up 11% yr/yr, and up 8% when excluding short tenor swaps. Among the 22 product categories that we include in our monthly activity report, 12 hit quarterly records while another 4 achieved their 2nd highest quarterly ADV. Perhaps even more notable, 11 of the 22 product areas produced year-over-year volume growth of more than 20%. Areas of strong growth include US and European government bonds, global swaps, U.S. corporate credit, U.S. and European ETFs, and institutional repo.

Slide 10 provides a summary of our quarterly earnings performance.

- The record 1Q volumes translated into gross revenues increasing by 13.9% on a reported and 15.9% on a constant currency basis. We derived ~39% of our revenues from international customers, and recall that ~30% of our revenue base is denominated in currencies other than dollars, predominantly in Euros.
- Our variable revenues increased by 18.9% and our total trading revenue increased by 14.5%.
- Total fixed revenues related to our 4 major asset classes continued to grow, up 5.4% and 7.9% on a constant currency basis.
    - Rates fixed revenue growth was primarily driven by the addition of the NFI acquisition while Credit fixed revenue growth was driven by European Credit.
    - Other trading revenues were down 16% -- as a reminder, this line does fluctuate as it is affected by periodic revenues tied to technology enhancements performed for our retail clients.
- Market data increased by 7.0% primarily due to growth in proprietary data products.
- Adjusted EBITDA margin of 51.6% declined by 40 basis points relative to 1Q21 but increased 75 bps from the full year 2021. Relative to 1Q21, margin was impacted by higher compensation due to 3 factors: 1) increased headcount, 2) a pickup in incentive compensation to better align with stronger revenue performance, and 3) elevated payroll taxes driven by the annual vesting of equity compensation at higher stock price levels.
- With that said, we remain committed and on track to delivering annual margin expansion in 2022 and there has been no change to our philosophy of balancing revenue growth with margin expansion.
- All in, we reported Adjusted Net Income per diluted share of $0.48.

Moving on to fees per million on Slide 11. The trends I am about to describe are driven by a mix of the various products within our four asset classes.

- In sum, our blended fees per million increased 6% yr/yr, primarily as a result of stronger growth in higher fee per million Credit, Cash Rates and Cash Equities. Excluding lower fee per million short tenor swaps and futures, our blended fees per million were up 9%.
- Let's review the underlying trends by asset class, starting with rates
    - Average fees per million for rates were up 1%.
    - For cash rates products, fees per million were up 8%, primarily due to growth in higher fee per million U.S. Treasuries and migration of certain European government bond clients from fixed to variable contracts.
    - For long tenor swaps, fees per million were up 2% primarily due to growth in billable volume, EM swaps and RFM that was offset by lower duration.
    - In other rates derivatives, which includes rates futures and short tenor swaps, average fees per million decreased 17% due to a shift towards OIS, which carries a lower fee per million than FRAs.
- Continuing to credit
    - Average fees per million for credit decreased 6% due to relative product mix, with stronger volume growth in lower fee per million Credit Derivatives and electronically processed trades.

- Drilling down on Cash Credit, average fees per million increased 9% due to stronger growth in U.S. High Yield, which carries a higher fee per million than overall Cash Credit. Our U.S. High Grade and High Yield volumes were a record in the first quarter.
  - Looking at the Credit Derivatives and electronically processed U.S. Cash Credit category, fees per million increased 9%, driven by growth in European CDS, which carries a higher fee per million than the group average.
- Continuing with equities
  - Average fees per million for equities were up 13%.
  - For cash equities, average fees per million increased by 11% due to an increase in fees per million within U.S. ETFs which was driven by a decrease in notional per share traded. Recall in the U.S. we charge per share and not for notional value traded.
  - Equity derivatives average fees per million decreased 4% due to growth in equity futures, which carry a lower fee per million than the equity derivatives average.
- Finally, within money markets
  - Fees per million increased 1%.
  - This was primarily driven by an increase in our European repo fees per million which was partially offset by a reduction in our retail CD fee per million. The higher fee per million retail money markets business remained pressured by the low interest rate environment.

Slide 12 details our expenses

- Adjusted Expenses for 1Q increased 14.6% and 17.1% on a constant currency basis. Recall ~15% of our expense base is denominated in currencies other than dollars, predominantly in Sterling.
- 1Q22 adjusted operating expenses were higher as compared to 1Q21 due to increased employee compensation, technology and communication, G&A, and D&A which were partially offset by lower occupancy.
- Compensation costs increased 17.4% due to higher headcount, incentive compensation, and payroll taxes related to equity compensation that I discussed earlier.
- Adjusted non-comp expense increased 8.7% on a reported basis primarily due to technology and communications and D&A, but were helped by favorable movements in FX. Adjusted non-comp expense on a constant currency basis increased 15.2%.
- Specifically, technology and communication costs increased primarily due to higher clearing and data fees as a result of higher Credit AllTrade volumes and streaming U.S. Treasury volumes which continue to grow. In addition, this quarter also saw the continued impact of our previously communicated investments in data strategy and infrastructure.
- Adjusted general and administrative costs increased primarily due to an increase in travel and entertainment as we recover from the pandemic. Favorable movements in FX resulted in a $1.1 million realized gain in 1Q22 versus a $1.5 million realized loss in 1Q21.
- Professional fees decreased 1.2% due to lower legal costs partially offset by the inclusion of NFI expenses following our acquisition in June of last year.

Slide 13 details capital management and our guidance

- First, on our cash position and capital return policy
  - We ended 1Q in a strong position, holding $828 million in cash and cash equivalents and free cash flow reached nearly $511 million for the trailing twelve months.
  - We have access to a $500 million revolver, that remains undrawn as of quarter-end.
  - Capex and capitalized software development for the quarter was $18.0 million, an increase of 43% year over year, primarily due to accelerated timing of investment spend. We continue to expect capital expenditures and capitalized software to be in the range of $62

- $68 million for the full year. With this quarter's earnings, the Board declared a quarterly dividend of $0.08 per Class A and Class B share.
    - We spent $143 million offsetting equity dilution during the quarter. Specifically, we spent $47 million under our regular share buyback program, leaving $27 million for future deployment at the end of the quarter. In addition, we withheld $96 million in shares to cover payroll tax obligations related to equity compensation. As a reminder, we plan to use our share repurchase authorization to mostly offset dilution from ongoing equity compensation.
- Turning to other guidance items for 2022
    - In line with our previous guidance, we expect adjusted expenses to range from $620M - $655M.
    - For forecasting purposes, we continue to use an assumed non-GAAP tax rate of 22% for the year.
- Finally, on slide 14, we have updated our quarterly share count sensitivity for 2Q22 to help you calibrate your models for fluctuations in our share price.

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

LEE OLESKY

Thanks, Sara. 2022 is off to a strong start and I am very encouraged by the broadening momentum across our business giving us a strong foundation for future growth. With a couple of important month-end trading days left in April which tend to be our strongest revenue days, momentum from the first quarter has continued with overall revenues and volumes up double digits relative to April 2021. Similar to the first quarter, the diversity of our growth remains a theme as we continue to see double-digit average daily revenue growth across global interest rate swaps, European government bonds, global equities, and U.S. and European corporate credit. Our IG share has rebounded strongly from March to exceed 1Q levels while HY share is trending similar to 1Q levels.

I would like to conclude my remarks by thanking our clients for their business and partnership in the quarter, and I want to thank my colleagues for their efforts that contributed to the record quarterly revenues and volumes at Tradeweb.

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

ASHLEY SERRAO

Thanks Lee. 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 Eastern time. Operator, you can now take our first question.

THANK YOU

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