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 3Q22 Earnings Call webcast.

OPERATOR

Good morning and welcome to Tradeweb's third 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 brief 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 $0.33. 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 $0.45. 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 third quarter earnings call.

As I take part in my last Tradeweb earnings call, I sit back and reflect upon this startup that I co-founded over 25 years ago with $10 million in capital. The core approach was simple. Listen to our clients and build services, products, protocols and functionalities that enhance their trading workflows. Over those 25 years, the talented Tradeweb employees have grown this institutional U.S. Treasury startup into a global, multi-asset class, multi-client and multi-protocol business.

One of the crowning achievements was the 2019 IPO, followed by the tremendous growth the team has produced as a public company. In fact, from 2004 through 2021, we have averaged 12.9% annual revenue growth. In the first three quarters of 2022, we generated revenues of $896 million, up 55% from the first three quarters of 2019, or an average growth of 16% per year despite the material FX headwinds we are currently facing in 2022. The lion's share of this growth has been organic as a result of the relentless focus on innovation and collaboration that continues to be the North Star of our company, as we help clients trade as efficiently as possible.

This strategy sounds simple, yet success requires perseverance. Our team has dedicated the time and focus to link different liquidity pools and markets, to deliver holistic, global, multi-asset class solutions – something we call connecting the dots. This incessant focus on moving markets forward has allowed us to develop a diversified business model that allows the company to drive strong revenue growth even when facing a challenging macro environment in some of our products and client channels.

I'm thrilled to pass the baton to my long-time friend and partner, Billy. I am excited to see him, Tom, Sara, Enrico Bruni, who is the Head of Asia and Europe, Chris Bruner, who built our Institutional U.S. Credit business, Justin Peterson, our Chief Technology Officer, and the entire Tradeweb team as they continue to build upon our competitive advantage – our people, network, and technology. I am excited to watch the team capitalize on the long-term growth runway ahead with most of our markets still trading over the phone.

Turning to slide 4, record 3rd quarter revenues of $287 million were up 8.2% yr/yr on a reported basis. The underlying strength in the business was even better – stripping out the 490 bps of FX headwinds that have been the most severe since we went public, we generated strong revenue growth of 13.1% on a constant currency basis and another double-digit revenue growth quarter. The revenue growth and the resulting scale translated into improved profitability relative to full year 2021 as our year-to-date Adjusted EBITDA margin increased by 83 basis points to 51.0%. Adjusted EPS saw healthy growth of 15% yr/yr.

Turning to slide 5, the diversity of our growth was on display once again this quarter, marked by double-digit constant currency growth across all of our asset classes. Rates and credit continued to lead the way, accounting for 40% and 27% of our revenue growth, respectively, while equities provided 22% of the growth, a high-water mark in terms of growth contribution. Specifically, rates posted its best 3rd quarter revenues ever, driven by our continued growth across global government bonds and swaps. In Cash Rates, U.S. Treasury revenues were up nearly 10% yr/yr given the acceleration of our retail business due to the higher rate environment. Swaps produced another strong quarter with positive market share growth, while mortgage revenues declined given the challenging rate backdrop. Credit posted another strong quarter, driven by strong Munis, U.S. corporate credit and CDS trading. Equities posted its highest 3rd quarter revenues ever driven by institutional ETFs and our efforts to diversify and grow our other equity products. Money markets set a new record fueled by growth in our retail CD franchise and continued organic growth in institutional repos. Finally, market data revenue growth was equally split across our Refinitiv contract and our proprietary data products, which continue to enjoy robust growth.

Moving on to slide 6—I will provide a brief update on two of our main focus areas — U.S. Treasuries and ETFs and turn it over to Billy to dig deeper into U.S. credit and global interest rate swaps.

Starting with U.S. Treasuries—our market share fell slightly to 19.6% of the U.S. Treasury market. The slowdown that we saw in the 2nd quarter within our institutional asset manager and hedge fund clients, as they moved to the sidelines and trimmed risk as volatility spiked, persisted into July. Activity started to improve exiting July with both August and September registering month-over-month increases. The leading indicators of the institutional business remains strong—we gained share versus Bloomberg and client engagement was good with the number of users increasing by 10% yr/yr and 3% qtr/qtr.

On the other hand, our wholesale performance was mixed as our legacy streaming offering saw positive revenue growth while our CLOB underperformed as elevated volatility benefited the incumbent. Recall when we acquired NFI, the first phase of our integration plan was focused on expenses—consolidating broker-dealers and technology platforms, and migrating the data center. We will be consolidating the broker-dealers shortly and plan to migrate data centers during the first half of 2023. After we migrate the data center, we expect that to be a catalyst for revenue growth as we rebuild the liquidity pool. On the whole, we believe the UST business is in an unique position with deep retail, wholesale and institutional liquidity pools giving us the ability to continue to grow and capitalize on any potential market structure change.

Finally, within equities, institutional ETFs produced strong quarterly revenue growth with ADV up 43% yr/yr driven by new client wins and strong industry volumes. The client pipeline remains strong as the benefits of our electronic solutions continue to resonate. Structurally, we are seeing an increase in cross-asset trading, whereby ETF RFQs are being placed by both fixed income and equity trading desks. Our other initiatives to expand beyond our flagship ETF franchise are also bearing fruit with momentum continuing in equity options, convertibles, and ADRs. We look forward to crossing the $100 million annual revenue mark in the coming quarters, and we believe we remain well-positioned to benefit from the secular growth in ETFs and our other growth initiatives scaling.

With that I will turn it over to Billy.

BILLY HULT (Slide 7-8)

Thanks, Lee and congratulations on a terrific run at Tradeweb.

As Lee highlighted in his opening, we have methodically grown our asset class, geographic, and client footprint over the last 25 years. One thing that has been constant at Tradeweb is our singular focus on collaborating with our clients to drive change in the fixed income markets. Despite all the success we've had to date, I believe the best is yet to come. In fact, we just completed an offsite where we gathered our senior leaders and discussed our growth outlook for the next few years. The energy and optimism around the durability of our growth was remarkable—we expect credit and swaps to continue to be the backbone of our growth, but will also be expanding our EM and muni footprint in a meaningful way. As you might expect, we are also working on a few more initiatives that we will reveal in due course.

I am truly excited about the team that we have assembled and our ability to deepen our competitive advantage across our people, network, and technology. On that note, I'd like to officially welcome Tom Pluta who joined as President-elect at the beginning of the month, and I believe he will be a valuable addition as we look to grow Tradeweb's footprint over the coming years.

U.S. Credit

Turning to slide 7 for a closer look at Credit.

We quite often talk about the diversity of the business across asset classes, but the diversity within each asset class shines in moments like this. Corporate credit faced a mixed industry volume backdrop given the elevated volatility, continued fee per million pressures across institutional IG due to a reduction in duration, and tougher market share conditions across HY. However, the elevated volatility and wider spreads continued to boost our CDS business, and the higher rates helped drive nearly 90% yr/yr revenue growth in our muni and retail and middle market credit businesses. The product of this was a healthy quarter with 12% yr/yr constant currency revenue growth.

It's amazing to see our growing Credit business now annualizing over $300 million in revenues, led by U.S. Credit. We have a differentiated strategy in U.S. Credit and we continue to work on building out that puzzle — expand our client network, grow our A2A volumes, and develop our integrated strategy across client channels. Electronically, credit is a young market with plenty of potential for further innovation, and we believe that our holistic credit approach and strong feedback loop with clients will continue to help us expand our network. We are excited to hit new fully electronic market share records in IG, and we believe further investments in high yield can lead to a similar outcome in the coming quarters and years.

Our institutional volume growth continues to be underpinned by growth in RFQ and portfolio trading. Our 3rd quarter RFQ ADV grew 14% yr/yr driven by investment grade. RFQ remains the main protocol in the U.S. Credit market, but we realized that the protocol hadn't evolved very much over the last 15 years. So rather than imitate, we reimagined the RFQ protocol to create a differentiated client trading experience and we are excited about the initial positive results that we have achieved over the past few quarters. Expanding our RFQ presence across IG and HY remains our biggest opportunity and we continue to see great success cross-selling the innovations we have brought to the credit market to gain wallet share.

Despite the continued increase in spreads and volatility, we also continue to see strong portfolio trading activity on the platform, with ADV growing 13% yr/yr and September being another record month. The underlying trends remain impressive--globally, the number of users are up by 15% while the line items traded were up over 35% yr/yr. In the quarter, our largest trade was greater than $2 billion. Behavior change takes time, but clients are increasingly using our market leading portfolio trading solution to access greater liquidity, minimize information leakage, improve certainty of execution, trade less liquid instruments more efficiently, trade credit portfolios at the close, and reduce workload and operational risk.

The strength in RFQ and portfolio trading was matched by the strong growth of our anonymous liquidity solution, AllTrade, which saw nearly $100 billion in volume — with ADV increasing 12% yr/yr. Our all-to-all liquidity volumes saw positive yr/yr growth across IG, but faced tougher client conditions within HY. While HY volumes were down yr/yr, the number of HY all-to-all responders increased by 12% yr/yr and is up 40% since the beginning of 2021, giving us confidence that we can continue to deepen our liquidity pool moving forward. Sessions volumes saw double digit volume growth led by IG, while HY faced tougher hit rate conditions given more one-way submission flow. Finally, 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. Our Rematch ADV was up nearly 80% in the 3rd quarter.

Turning to the non-US credit business, revenues grew 17% yr/yr and continued to perform well in the current market environment. Our muni business achieved record 3rd quarter revenues, as the retail market sprung back to life and the institutional business, which grew more than 150% yr/yr, continues to attract new clients. We'll be leveraging our leading presence in the tax-exempt muni space to expand our institutional offering to include taxable munis soon. Our recent rollout of our AiPrice for Munis has gone well and we recently partnered with SIX Financial to re-distribute our muni data.

Another area of focus over the coming years is emerging market credit. Our current EM portfolio trading offering continues to scale, and we are methodically expanding our presence across all rates and credit products. We believe our position as a global multi-asset class firm gives us a unique one-stop shop proposition, being able to offer EM products across swaps, CDS, Credit, and China Bonds to our clients.

The continued volatility in the market boosted our CDS revenues which grew 45% yr/yr with strong growth across regions. Finally, we're excited about our collaboration with S&P Global Market Intelligence to introduce electronic connectivity between primary and secondary markets across European credit, covered, sovereign, supranational and agency bonds.

In sum, it was another solid quarter for credit, and we continue to see a lot of opportunity in credit as our institutional and wholesale platform continues to scale and the retail business continues to thrive.

Global Swaps

Moving on to swaps, the multi-year growth story continues as swaps registered another strong quarter aided by rebounding industry volumes and market share gains. Our variable swaps revenues grew 23% yr/yr, driven by strong growth across tenors and market share climbing to 15.2%. Since the beginning of 2019, the swaps industry has fluctuated from high growth to negative growth, high rates to zero rates and now back to higher rates, and fluctuating volatility. Over those 15 quarters, our swaps business has produced an average of 30% yr/yr revenue growth, a testament to the resiliency of our market-leading swaps business and the strong growth opportunity that we feel is underappreciated.

Our momentum in major currencies continues with record year-to-date share in dollar, euro, pound, and EM-denominated swaps. We believe the LIBOR transition is progressing well—50% of our year-to-date volumes came from SOFR trades, up from 14% in the year ago period, with 95% of our dollar swap clients having executed a SOFR-based trade since the start of the year.

Inflation and the upward pressure on commodity prices have shown little sign of abating. Central banks continue to raise interest rates to help counter rising inflation. However, such uncertainty means market participants have had to make longer-term decisions about how they hedge their exposure to inflation. Since executing our first cleared inflation swap transaction in 2017, Tradeweb has carved out a leading position in the electronic execution of inflation swaps, just another example of us helping our clients improve their execution experience. Year-to-date, inflation swaps volumes are up over 60% yr/yr.

Beyond the risk-free rate transition and inflation swaps, we continue to respond to structural changes in the swaps market, making strong advances in cleared EM swaps and RFM protocol adoption. We saw record EM share in the first nine months of the year with revenues increasing by over 100% yr/yr. We believe if we increase our market share by an incremental 10% of the cleared EM market, that could add up to an additional $15 million in variable revenues assuming current market average daily volumes. The long-term opportunity is even larger--since 2017, Clarus EM IRS average daily volumes have increased at an average of 24% per year. Finally, we also saw record RFM activity as we continue to onboard dealers and deepen our liquidity pool globally.

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.

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 3rd quarter average daily volume of nearly $1.1 trillion, up 14% yr/yr, and up 12% when excluding short tenor swaps. Among the 22 product categories that we include in our monthly activity report, 10 of the 22 product areas produced year-over-year volume growth of more than 20%. Areas of strong growth include European government bonds, global swaps, U.S. investment grade credit, munis, credit swaps, and global ETFs.

Slide 10 provides a summary of our quarterly earnings performance.

- The 3Q volume growth translated into gross revenues increasing by 13.1% on a constant currency basis, continuing our track record of double-digit revenue growth. FX headwinds of 490 bps led to reported growth of 8.2%. We derived ~36% 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 14.8% and our total trading revenue increased by 8.6%.
- Total fixed revenues related to our 4 major asset classes were down 5.1% but were flat on a constant currency basis.
    - Rates fixed revenues were down given the migration of certain European government bond clients from fixed to variable contracts at the end of last year and the impact of FX.
    - Money Markets fixed revenue growth was driven by global repos.
    - Other trading revenues were down 2% -- 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 3.4% due to growth in Refinitiv and our proprietary data products.
- This quarter's Adjusted EBITDA margin of 51.0% increased by 86 basis points on a reported basis, and 130bps on a constant currency basis, relative to the third quarter of 2021. Similarly, our adjusted EBITDA margin for the first 9 months of 2022 increased by 83 bps on a reported basis, and 109 bps on a constant currency basis, from the full year 2021.
- 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 $0.45.

On slide 11, we contextualize the impact of FX on our historical results. The key takeaway here is the extreme moves in FX this year are unprecedented and are masking the strength and consistency of our constant currency revenue growth. Specifically, the third quarter FX headwinds of nearly 500 bps were driven by a 14% decline in the Euro relative to the USD, which is the highest decline we have seen YTD and remains in October.

That said, when you compare our constant currency growth rates versus prior years, you can see the continued momentum across our business. This is a testament to the diversity of our business model across asset classes, protocols, geographies, and client channels. This diversity allows us to uniquely navigate different macro environments while the secular story of electronification unfolds. As Billy highlighted, we are excited about the growth potential that lies in front of us, and we believe we have multiple significant initiatives that will help us to continue to drive double-digit revenue growth over the long-term. On top of our own initiatives, as yields increase across fixed income, we expect the interest from clients investing and trading in fixed income products to continue to increase.

Moving on to fees per million on Slide 12. 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 1% yr/yr, primarily as a result of stronger growth in higher fee per million Rates Derivatives and Cash Equities. Excluding lower fee per million short tenor swaps and futures, our blended fees per million were up 3%.
- Let's review the underlying trends by asset class, starting with rates
    - Average fees per million for rates were up 4%.
    - For cash rates products, fees per million were up 14%, primarily due to a positive mix shift towards higher fee per million U.S. Treasuries and the migration of certain European government bond clients from fixed to variable contracts at the end of last year.
    - For long tenor swaps, fees per million were down 7% primarily due to lower duration while we continue to see growth in EM swaps and RFM.
    - In other rates derivatives, which includes rates futures and short tenor swaps, average fees per million increased 34% due to a shift towards rates futures, which carries a higher fee per million than the group average, and a core increase in OIS fee per million.
- Continuing to credit
    - Despite the higher fee per million across Cash Credit, Credit Derivatives and electronically processed U.S. Cash Credit, average fees per million for credit decreased 17% 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 4% despite the continued U.S. High Grade fee pressures, due to stronger growth in U.S High Grade and Munis, which both carry a higher fee per million than overall Cash Credit. Notably, our fully electronic U.S. High Grade volumes were a record in the third quarter.
    - Looking at the Credit Derivatives and electronically processed U.S. Cash Credit category, fees per million increased 3%, driven by stronger growth in European index CDS, which carries a higher fee per million than the group average.
- Continuing with equities
    - Average fees per million for equities were up 23%.
    - For cash equities, average fees per million increased by 20% 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 increased 1% due to an increase in convertibles fees per million.
- Finally, within money markets
    - Fees per million increased 2%.
    - This was primarily driven by a mix shift towards U.S. CDs, which offset a decrease in our U.S. repo fees per million. In addition, the higher fee per million retail money markets business continues to improve given the higher interest rate environment.

Slide 13 details our expenses

- Adjusted Expenses for 3Q increased 6.8% and 10.4% on a constant currency basis. Recall ~15% of our expense base is denominated in currencies other than dollars, predominantly in Sterling.
- 3Q22 adjusted operating expenses were higher as compared to 3Q21 primarily due to increased employee compensation, technology and communication, and G&A.
- Compensation costs increased 4.6% due to higher headcount.
- Adjusted non-comp expense increased 11.1% primarily due to technology and communications, G&A, D&A, and professional services but were helped by favorable movements in FX. Adjusted non-comp expense on a constant currency basis increased 16.1%.
- 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 $2.2 million gain in 3Q22 versus a $0.9 million gain in 3Q21.
- Professional fees increased 6.4% mainly due to higher legal costs.

Slide 14 details capital management and our guidance

- First, on our cash position and capital return policy
  - We ended 3Q in a strong position, holding $1.1 billion in cash and cash equivalents and free cash flow reached $555 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 $12.3 million, an increase of 23% year over year. 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 $11.3 million offsetting equity dilution during the quarter. Specifically, we spent $9.0 million under our regular share buyback program, leaving $9.0 million for future deployment as of the end of the quarter. In addition, we withheld $2.3 million in shares to cover payroll tax obligations related to equity compensation.
  - In October, we exhausted our $150M share repurchase authorization, which expires at year end. Given our historical philosophy of using share repurchases to offset the impact of our annual equity grants, we will be discussing with our Board renewing our buyback program as well as other typical aspects and strategies within our capital management framework.
- Turning to other guidance items for 2022
  - We are now tightening our Adjusted Expenses to range from $620M - $640M which incorporates the benefits from FX movements, mainly related to the Sterling.
  - For forecasting purposes, we continue to use an assumed non-GAAP tax rate of 22% for the year.
- Finally, on slide 15, we have updated our quarterly share count sensitivity for 4Q22 to help you calibrate your models for fluctuations in our share price.

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

BILLY HULT

Thanks, Sara.

Following the positive 3rd quarter results, we believe we are on track for another great year at Tradeweb and for our 23rd consecutive year of record revenues. That level of consistent absolute revenue growth speaks to the resilience of our business model, and the team remains laser-focused on the things in our control – maximizing the power of our network to drive further innovation into the marketplace. While the ongoing FX environment act as headwinds to the core growth and earnings power of the business, we believe our competitive position has never been stronger, a testament to the impressive talent and network we have at Tradeweb.

With a couple of important month-end trading days left in October which tend to be our strongest revenue days, we are seeing double digit volume growth across Credit, Equities and Money Markets relative to October 2021. The diversity of our growth remains a theme as we continue to see double-digit average daily volume growth across U.S. high grade credit, munis, CDS, global ETFs, equity derivatives, repos, and retail certificates of deposit. We are seeing record average daily volumes in our muni business. Our IG share is in-line with 3Q levels while HY share is stronger than September levels.

LEE OLESKY

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. As I sign off on my last earnings call, I want to also thank all the investors and sell side analysts that I have had the great pleasure to meet over the last few years.

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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