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 3Q23 Earnings Call webcast.

OPERATOR

Good morning and welcome to Tradeweb's third quarter 2023 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 CEO Billy Hult, who will review the highlights for the quarter and provide a brief business update, our President Tom Pluta, 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 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, 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 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 4-6)

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

I am extremely proud of our Tradeweb team that generated the 2nd best revenue quarter in our history. This quarter continued to showcase profitable share gains across many of our markets. While our business is not immune to the macro backdrop, we believe we are increasingly building an all-weather platform that helps our clients manage risk in a variety of environments. We are also laser focused on enhancing our "one-stop shop" value proposition for our clients by continuing to add and link products electronically.

Diving into the third quarter, client activity and risk-appetite continued to grow which drove a return to double-digit revenue growth despite an uncertain macro backdrop. Specifically, on slide 4, record revenues for any third quarter in our history of $328 million were up 14.4% yr/yr on a reported basis and 12.5% on a constant currency basis and adjusted EBITDA margins expanded by 92 basis points relative to the third quarter of 2022. We continue to balance revenue growth and expenses on an annual basis, with revenue growth of 8% during the first nine months of 2023 translating to a 58 basis point increase in our adjusted EBITDA margin to 52.2% relative to the first nine months of 2022.

Turning to slide 5, rates and credit led the way, accounting for 60% and 29% of our revenue growth, respectively. Specifically, the record revenues across our rates business were driven by continued growth across global government bonds and swaps, and returning growth across our mortgage business. Similarly, the record revenues across credit were led by strong U.S. and European corporate credit, including record quarterly market share in electronic U.S. investment grade and high yield credit. Money markets produced its 2nd highest quarterly revenues ever fueled by growth in our retail certificate of deposit franchise and continued organic growth in institutional repos. Equities revenues fell 2%, due to a double-digit decline in industry ETF volumes which were partially offset by strong equity derivatives revenue growth. Finally, market data revenues were driven by our proprietary third-party data products, which continue to enjoy robust growth and a strong product pipeline, as well as by APA reporting revenues.

Turning 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 Tom to dig deeper into U.S. credit and global interest rate swaps.

Starting with U.S. Treasuries—revenues achieved a new record, increasing by 17% yr/yr and eclipsing industry volume growth of 15%. This was driven by our institutional business that had its best revenue quarter ever, led by record ADV across our institutional streaming protocol and growing adoption of our RFQ+ offering. The high rate environment continued to propel our retail business where revenues grew over 60% yr/yr. The leading indicators of the institutional business remain strong—we achieved record quarterly market share of longer-dated U.S. Treasuries versus Bloomberg and client engagement was healthy with institutional average daily trades up over 60% yr/yr. Automation continues to be an important theme with institutional U.S. Treasury AiEX average daily trades increasing by more than 150% yr/yr.

Our U.S. Treasuries wholesale business produced its best revenue quarter in our history, led by record volumes across our sessions protocol and strong growth across our streaming protocol. While our central limit order book protocol faced tough market conditions, the team has made initial progress in deepening client wallet share with ADV up over 20% qtr/qtr, and we expect to onboard more liquidity providers over the coming quarters.

Within equities, our ETF business outperformed the overall market, but faced a tough industry backdrop given lower equity market volatility and a lack of price dispersion that minimized portfolio rebalance activity.

During the quarter, we added notional-based trading for ETFs to complement our legacy share-based trading, responding to increased demand from asset managers, retail aggregators, and the wealth management community. Other initiatives to expand our equity brand beyond our flagship ETF franchise continue to bear fruit. Institutional equity derivatives revenues were up nearly 30% yr/yr, driven by strong double-digit growth across options and convertibles. ADR volumes also saw dramatic year over year increases. Looking ahead, the client pipeline remains strong as the benefits of our electronic solutions continue to resonate. We believe we are well-positioned to capitalize on the long-term secular ETF growth story, not just in equities, but across our fixed income business.

Moving onto our international business, which is another component of our growth, revenues grew 18.1% yr/yr on a reported basis and 13.0% on a constant currency basis. The growth was driven by strong performance across European government bonds, European swaps, emerging market swaps, European credit, and market data. Revenue growth was driven, in part, by growing adoption across Asian and North American clients trading non-US products.

Looking forward, we're excited to broaden our international presence with the closing of the Yieldbroker acquisition, which complements our existing rates business, deepens our product presence, and expands our client footprint deeper into the APAC region. Similar to Tradeweb, Yieldbroker has a comprehensive product offering across Australian and New Zealand debt capital markets, and a diverse set of clients and protocols. We have hit the ground running with the integration and will be focusing on consolidating technology over the next 18 months. Additionally, we are spending significant time with the talented Yieldbroker employees that we welcomed to Tradeweb and with local clients to set the stage for further collaboration.

Finally, today, we announced our new market data agreement with Refinitiv who will distribute our data to their clients for a period of two years. This contract not only generates significantly more revenue for Tradeweb, which Sara will touch on later, but also provides more flexibility to grow our proprietary data business. We also see additional upside as we build more products to enhance the trading experience of our clients. Separately, we also announced a strategic partnership with FTSE Russell to expand benchmark pricing, broaden index inclusion, and enhance trading functionality across fixed income products. We'll update you on that initiative as we make progress.

With that I will turn it over to Tom.

TOM PLUTA (Slide 7-8)

Thanks Billy.

Global Credit

Turning to slide 7 for a closer look at Credit. Strong double-digit revenue growth was driven by 21% and 49% yr/yr revenue growth across U.S. and European Credit, respectively. This was partially offset by unattractive yield differentials still dampening client interest in munis and softer industry trends across credit derivatives. Automation continued to surge with global credit AiEX average daily trades increasing over 95% yr/yr.

Honing in on U.S. corporate credit, revenue growth was driven by all three client channels. The strong share gains across IG and HY were driven by our continued focus on providing all our clients, regardless of client channel, with a diverse set of protocols that meet their execution needs across a variety of market environments. This strategy is resonating as we continue to expand our wallet share across RFQ and

Dealer RFQ, especially with respect to the rising share we have accomplished within our All-To-All network, and we continue to grow our leading footprint across portfolio trading and sessions. We also continue to increase our engagement and wallet share with ETF market makers, where inquiry volume was up over 80% yr/yr and traded volume was up over 100% yr/yr. Finally, we achieved our 2nd highest block market share across both IG and HY.

Our institutional business continues to scale to new highs. Despite mixed industry volume trends with IG growing 7% but HY falling 9% yr/yr, our institutional U.S. Credit revenues grew over 25% yr/yr. Looking at the underlying protocols, our primary focus on growing institutional RFQ continues to pay off with ADV growing 29% yr/yr, with strong double-digit growth across both IG and HY. Overall, portfolio trading ADV rose 23% yr/yr, led by growth across U.S. and European PT. In the third quarter, we produced record ADV across IG portfolio trading. Retail credit revenues were up low-single digits yr/yr as financial advisors remained focused on buying U.S. Treasuries.

AllTrade produced a record quarter with over $137 billion in volume. Our all-to-all volumes grew over 50% yr/yr aided by 60% yr/yr growth in our dealer-RFQ offering. The team continues to be focused on broadening out our network and increasing the number of responses on the AllTrade platform. In the third quarter, the number of A2A responders rose by over 10% and responses increased by nearly 50% yr/yr. Our sessions ADV grew over 35% yr/yr while Rematch produced 30% yr/yr growth.

Looking ahead, US credit remains our biggest focus area and we like the way we are positioned across our three client channels. We believe we have a long runway of growth ahead of us. As I've said in the past, electronically, credit is a young market that is ripe for further innovation. The team remains focused on growing our wallet share over the long-term, led by further product innovation and enhancements as we work with our clients to further electronify the market.

Beyond U.S. Credit, our EM expansion efforts continue to progress steadily--one quarter after completing our first Mexican local currency bond trade, we saw our largest EM portfolio trade in September, and we completed our first local currency bond trade that utilized our FXall collaboration.

Global Swaps

Moving to slide 8, global swaps produced record revenues despite facing a volatile macro environment in the quarter. The third quarter saw continued headwinds from lower duration as clients trade on the shorter end of the yield curve, and record compression activity in August. Despite the 17% reduction in duration and elevated quarterly compression activity, which improved materially in September, variable swaps revenues increased 24% yr/yr. Overall, global swaps revenues grew 20% yr/yr and market share rose to 18.2% with record share across U.S. dollar-denominated swaps.

Electronic adoption continues to grow, from the utilization of electronic trading of products for the first time, to the expansion of automated trading. During the quarter, we saw certain clients trade swaptions electronically for the first time, a product that we are focused on electronifying. Additionally, we've seen banks look to expand their usage of electronic protocols across their strategies. Finally, we've seen macro hedge funds increasingly look to utilize automated trading as they expand their footprint across global swaps. Electronic adoption is different across our different clients, but the trend is all the same – we believe clients will look to trade more of their flow electronically moving forward. Our core focus is to be the valued partner our clients look towards as they expand their electronic footprint.

Finally, we continue to make progress across emerging markets swaps and our rapidly growing RFM protocol. Our third quarter EM swaps revenues increased over 165% yr/yr, and we believe there is still a lot of room to grow given the low levels of electronification. Our RFM protocol saw ADV rise over 100% yr/yr with adoption picking up, especially across our European swaps business.

Looking ahead, we believe the long-term swaps revenue growth potential is meaningful. We believe recent cyclical tailwinds around the shape of the yield curve will provide clients with the opportunity to start extending duration. With the market still less than 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 9-13)

Thanks Tom 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 third quarter average daily volume of nearly $1.4 trillion, up nearly 30% yr/yr, and up 29% when excluding short tenor swaps. Among the 22 product categories that we include in our monthly activity report, 12 of them produced year-over-year volume growth of more than 20%. Areas of strong growth include global swaps, U.S. investment grade credit, China bonds, equity derivatives, and repos.

Slide 10 provides a summary of our quarterly earnings performance.

- The 3Q volume growth translated into gross revenues increasing by 14.4% on a reported basis and 12.5% on a constant currency basis. We derived approximately 37% 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% and total trading revenues increased by 15%.
- Total fixed revenues related to our four major asset classes were up 7.8% on a reported and 6.2% on a constant currency basis.
  - Rates fixed revenues growth was driven by the addition of new dealers across our mortgage specified pools platform and our U.S. Treasury streams and CLOB protocols.
  - Credit fixed revenue growth was driven by the previously disclosed dealer fee floor price hikes which we instituted at the start of the third quarter.
  - And other trading revenues were up 9% -- as a reminder, this line fluctuates as it reflects revenues tied to periodic technology enhancements performed for our retail clients.
- Year-to-date adjusted EBITDA margin of 52.2% increased by 29 bps on a reported basis, and 78 bps on a constant currency basis, from the full year 2022.

Moving on to fees per million on Slide 11 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.

- Overall, our blended fees per million decreased 8% yr/yr, primarily due to a mix shift away from Cash Rates and a decrease in cash credit and cash equities fees per million.
- For cash rates products, fees per million were up 8%, primarily due to a positive mix shift towards higher fee per million U.S. Treasuries. U.S. Treasuries fees per million were also aided by the continued pickup in our retail channel.
- For long tenor swaps, fees per million were down 21%, primarily due to an 17% decline in duration yr/yr and an increase in compression trades. This was partially offset by growth in EM and European swaps and our RFM protocol.

- For cash credit, average fees per million decreased 4% due to a mix shift away from munis partially offset by an increase in European Credit fee per million.
- For cash equities, average fees per million decreased by 13% due to a mix shift away from higher fee per million European ETFs and a reduction in US ETF fee per million given an increase in notional per share traded. Recall in the U.S. we charge per share and not for notional value traded.
- Finally, within money markets, average fees per million increased 5% driven by a mix shift towards U.S. CDs partially offset by a mix shift away from EU repos.

Slide 12 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—there has been no change in our philosophy here.
- Adjusted Expenses for 3Q increased 12.1% on a reported basis and 8.5% on a constant currency basis.
- Compensation costs increased 14.1% due to increases in headcount and performance-related compensation.
- Technology and communication costs increased primarily due to higher data fees, and our previously communicated investments in data strategy and infrastructure.
- Professional fees decreased 9.7% mainly due to a decrease in legal and consulting fees.
- Adjusted general and administrative costs increased due to unfavorable movements in FX. Unfavorable movements in FX resulted in a $1.4 million loss in 3Q23 versus a $2.2 million gain in 3Q22.

Slide 13 details capital management and our guidance

- On our cash position and capital return policy
    - We ended the 3Q in a strong position, with nearly $1.5 billion in cash and cash equivalents. Free cash flow reached approximately $645 million for the trailing twelve months, up 16% yr/yr. As a reminder, we funded our Yieldbroker acquisition with cash on hand.
    - Our net interest income of $17.5 million increased due to a combination of higher cash balances and interest yields. This was primarily driven higher by recent Fed hikes and more efficient management of our cash.
    - Non-acquisition capex and capitalized software development for the quarter was $17.9 million, with the increase driven primarily due to timing of our investment spend. Year-to-date Non-acquisition capex and capitalized software development is up 9% yr/yr.
    - With this quarter's earnings, the Board declared a quarterly dividend of $0.09 per share of Class A and Class B common stock.
    - And finally, we spent approximately $4.9 million under our share buyback program, which included opportunistic and planned repurchases to offset dilution from stock-based compensation plans, leaving approximately $239.8 million at the end of the quarter for future deployment.
- Turning to guidance items
    - We are now tightening our 2023 Adjusted Expenses to range from $670M - $695M.
    - We now expect capex and capitalized software development to be about $56 to $63 million, with the increase due to the Yieldbroker acquisition.
    - Acquisition and Refinitiv Transaction related D&A, which we adjust out due to the increase associated with pushdown accounting, is now expected to be $128 million due to the Yieldbroker acquisition.
    - For forecasting purposes, we continue to use an assumed non-GAAP tax rate range of 24% - 25% for the year.

- Finally, we expect 2024 and 2025 revenues generated under the new master data agreement with Refinitiv to be ~$80M and ~$90M, respectively.

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

BILLY HULT

Thanks, Sara.

In today's ever-changing financial landscape, market participants are constantly seeking efficient and reliable trading solutions to navigate periods of market stress and volatility. While the first half of this year saw a more challenging macro environment, it did provide our teams with the opportunity to sit down with clients to problem solve real-time inefficiencies in their current workflows. The combination of a reliable product that delivers proven performance improvement, the close collaboration with clients to address their pain points, and the flexibility to continually enhance that product creates a recipe for perpetual innovation. I continue to be excited about the road ahead.

With a couple of important month-end trading days left in October which tend to be our strongest revenue days, overall revenue growth is up mid to high teens relative to October 2022. The diversity of our growth remains a theme as we are seeing strong volume growth across global government bonds, global interest rate swaps, corporate credit, equity derivatives and global repos. Our IG share is higher than September levels while HY share is lower than September 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 our record quarterly volumes and best third quarter revenues at Tradeweb.

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

ASHLEY SERRAO

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

THANK YOU

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