



VIRTU FINANCIAL



Third Quarter 2016 - Supplemental Materials

November 4, 2016

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This presentation may contain “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements regarding Virtu Financial, Inc.’s (“Virtu’s” or “our”) business that are not historical facts are forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. The Company assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, and if the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect thereto or with respect to other forward-looking statements. Forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events, and is subject to risks and uncertainties, some or all of which are not predictable or within Virtu’s control, that could cause actual performance or results to differ materially from those expressed in the statements. Those risks and uncertainties include, without limitation: fluctuations in trading volume and volatilities in the markets in which we operate; the ability of our trading counterparties and various clearing houses to perform their obligations to us; the performance and reliability of our customized trading platform; the risk of material trading losses from our market making activities; swings in valuations in securities or other instruments in which we hold positions; increasing competition and consolidation in our industry; our belief that cash flow from our operations and other available sources of liquidity will be sufficient to fund our various ongoing obligations, including operating expenses, capital expenditures, debt service and dividend payments; regulatory and legal uncertainties and potential changes associated with our industry, particularly in light of increased attention from media, regulators and lawmakers to market structure and related issues; potential adverse results from legal or regulatory proceedings; our ability to remain technologically competitive and to ensure that the technology we utilize is not vulnerable to security risks, hacking and cyber-attacks; risks associated with third party software and technology infrastructure. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in forward-looking statements, see Virtu’s Securities and Exchange Commission filings, including but not limited to Virtu’s Annual Report on Form 10-K.

GAAP AND NON-GAAP RESULTS

This presentation includes certain non-GAAP financial measures, including Normalized Adjusted Net Income, Normalized Adjusted Pre-Tax Net Income, Normalized Adjusted Free Cash Flow, Net Cash and Trading Capital. Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Accordingly, our non-GAAP financial measures may not be comparable to similar measures used by other companies. We caution investors not to place undue reliance on such non-GAAP measures, but instead to consider them with the most directly comparable GAAP measure. Non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation, or as a substitute for our results as reported under GAAP. A reconciliation of non-GAAP measures to the most directly comparable financial measure prepared in accordance with GAAP is included in Appendix hereto.

GAAP to Non-GAAP Reconciliation



Virtu Financial, Inc. and Subsidiaries (Unaudited)

(in millions, except for per share data)

	3Q 2016	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015
Net Income	\$ 33.0	\$ 39.3	\$ 51.4	\$ 42.9	\$ 69.5	\$ 7.6
Diluted EPS (GAAP)	\$ 0.18	\$ 0.21	\$ 0.26	\$ 0.23	\$ 0.35	\$ 0.01

Reconciliation of Net Income to Normalized Adjusted Net Income

Net Income	\$ 33.0	\$ 39.3	\$ 51.4	\$ 42.9	\$ 69.5	\$ 7.6
Provision for Income Taxes	4.9	5.1	7.3	4.3	9.4	2.0
Amortization of purchased intangibles and acquired capitalized software	0.1	0.1	0.1	0.1	0.1	0.1
Severance	0.1	-	0.2	0.4	0.3	-
Reserve for legal matter	-	-	-	5.4	-	-
Transaction advisory fees and expenses	0.5	0.2	-	-	-	-
Termination of office leases	-	-	(0.3)	-	-	-
Equipment write-off	-	-	0.4	-	0.3	-
Trading related settlement income	(3.0)	-	-	-	-	-
Other losses (revenues)	0.1	-	-	-	-	-
Share-based compensation including IPO related awards	6.7	6.3	7.2	3.9	6.0	48.3
Normalized Adjusted Net Income before taxes	\$ 42.4	\$ 51.0	\$ 66.3	\$ 57.0	\$ 85.6	\$ 58.0
Normalized provision for income taxes ¹	15.0	18.1	23.6	20.2	30.4	20.7
Normalized Adjusted Net Income	\$ 27.4	\$ 32.9	\$ 42.7	\$ 36.8	\$ 55.2	\$ 37.3
Weighted average shares outstanding ²	139.7	139.7	139.9	138.9	138.9	138.7
Normalized Adjusted EPS	\$ 0.20	\$ 0.24	\$ 0.31	\$ 0.27	\$ 0.40	\$ 0.27

GAAP to Non-GAAP Reconciliation (Continued)



(in millions, except for per share data)

	3Q 2016		2Q 2016		1Q 2016		4Q 2015		3Q 2015		2Q 2015	
	Total	/Share	Total	/Share	Total	/Share	Total	/Share	Total	/Share	Total	/Share
Normalized Adjusted Net Income	\$ 27.4	\$ 0.20	\$ 32.9	\$ 0.24	\$ 42.7	\$ 0.31	\$ 36.8	\$ 0.27	\$ 55.2	\$ 0.40	\$ 37.3	\$ 0.27
Depreciation and Amortization	7.1		7.8		7.7		7.6		8.2		8.2	
Capital expenditures ³	(4.3)		(6.5)		(3.3)		(3.7)		(2.8)		(11.5)	
Tax benefit ⁴	2.1		2.3		2.7		2.7		2.7		2.6	
Transaction Fees and Expenses ⁵	(1.2)		(0.2)		-		(1.0)		-		-	
Principal Payments on Debt ⁶	(1.3)		(1.3)		(1.3)		(1.3)		(1.3)		(0.4)	
Other Sources (Uses) of Cash ⁷	1.3		(0.5)		(0.7)		(4.7)		(0.8)		(0.5)	
Normalized Adjusted Free Cash Flow	\$ 31.1	\$ 0.22	\$ 34.5	\$ 0.25	\$ 47.9	\$ 0.34	\$ 36.4	\$ 0.26	\$ 61.1	\$ 0.44	\$ 35.8	\$ 0.26
Weighted average shares outstanding ²	139.7		139.7		139.9		138.9		138.9		138.7	

<u>Cumulative</u>	Normalized Adj.	
	Net Income	Free Cash Flow
Per Share	\$ 1.67	\$ 1.77
Dividends	\$ 1.44	\$ 1.44
Payout Ratio	86%	81%

■ Cash flow characteristics:

- Our trading revenues are realized as cash within a trade settlement cycle, typically 1-3 days
- Low capital expenditure profile – run-rate is below depreciation and amortization
- Positive net cash impact from Tax Receivable Agreement (TRA)
- Liquid balance sheet with \$146.0 million of Cash and cash equivalents (\$128.4 million Net Cash⁸) and \$370.7 million of Trading Capital⁸ at 9/30/16

GAAP to Non-GAAP Reconciliation (Continued)



(1) Normalized provision for income taxes: Reflects U.S. federal, state, and local income tax rate applicable to corporations of approximately 35.5%

(2) Weighted average shares outstanding: Assumes conversion of all vested and unvested Virtu Financial LLC Units into Class A common stock on a one-for-one basis, including additional shares from dilutive impact of options and restricted stock units outstanding under the 2015 Management Incentive Plan

(3) Capital expenditures: Includes costs associated with the purchase of networking and communication equipment plus internally developed software

(4) Tax benefit: Represents cash tax savings realized from the amortization of deferred tax assets created from the tax basis step-up on a pro-forma basis, assuming conversion of all Virtu Financial LLC Units into Class A common stock, net of payment obligations under the tax receivable agreements

(5) Transaction Fees and Expenses: Includes transaction costs associated with the Secondary Offerings of our Class A common stock in Q4 2015 and Q3 2016, respectively, and minority investment in SBI Japannext in Q3 2016

(6) Principal Payments on Debt: Represents mandatory principal payments on our Senior Secured Credit Facility

(7) Other Sources (Uses) of Cash: Includes other miscellaneous items including one-time trading related settlement income, severance, and payments associated with net settlement of Class A shares awarded pursuant to the 2015 Management Incentive Plan, net of withholding taxes

(8) Net Cash / Trading Capital: Refer to the next page for reconciliations to from GAAP measures

GAAP to Non-GAAP Reconciliation (Continued)



Virtu Financial, Inc. and Subsidiaries Reconciliation of Statement of Financial Condition to Net Cash (Unaudited)

<i>(in millions)</i>	<u>September 30, 2016</u>
From Statement of Financial Condition:	
Cash and cash equivalents	\$ 146.0
(-) Short-term borrowings	(17.6)
(=) Net Cash	<u><u>\$ 128.4</u></u>

Reconciliation of Statement of Financial Condition to Trading Capital (Unaudited)

<i>(in millions)</i>	<u>September 30, 2016</u>
From Statement of Financial Condition:	
Cash and cash equivalents	\$ 146.0
(+) Securities borrowed	394.8
(+) Receivables from broker-dealers and clearing organizations	513.3
(+) Trading assets, at fair value	1,440.0
(-) Short-term borrowings	(17.6)
(-) Securities loaned	(481.9)
(-) Payables to broker-dealers and clearing organizations	(305.3)
(-) Trading liabilities, at fair value	(1,318.6)
(=) Trading Capital	<u><u>\$ 370.7</u></u>

Summary of Refinancing of Sr. Secured Credit Facility



Refinancing Summary		
	Prior Terms	New Terms
Senior Secured Credit Facility		
Principal	\$496M	\$540M
LIBOR Floor	1.00%	0.75%
Spread over LIBOR	+425 Bps	+350 Bps
Maturity	2019	2022
Japannext Seller Financing		
Principal ⁽¹⁾	\$35M	\$35M
Rate	4.00%	5.00%
Maturity	2019	2019
Cash Weighted Average Annual Interest Cost ⁽²⁾		
	5.17%	4.30%

Sources & Uses	
New Term Loan	\$540M
OID, Fees, and Expenses	-\$7M
Repay Principal	\$496M
Cash to Balance Sheet	\$37M
Debt to EBITDA ⁽³⁾	
Prior Terms	As of 9/30
Debt (Net of Cash) ⁽⁴⁾	1.5x
New Terms	
Debt (Net of Cash) ⁽⁵⁾	1.5x

(1) ¥3.5B principal amount at ¥/\$ rate of 101.27

(2) Excluding OID

(3) Trailing Twelve Months ending 9/30 Adjusted EBITDA of \$276M

(4) Debt principal, net of \$128.4M Net Cash at 9/30

(5) Includes \$37M additional proceeds from the refinancing