

# BGC PARTNERS, INC.

NASDAQ: BGCP

General Investor Presentation

2Q 2019



## Discussion of Forward-Looking Statements

Statements in this document regarding BGC that are not historical facts are “forward-looking statements” that involve risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements. Except as required by law, BGC undertakes no obligation to update any forward-looking statements. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see BGC’s Securities and Exchange Commission filings, including, but not limited to, the risk factors and Special Note on Forward-Looking Statements set forth in these filings and any updates to such risk factors and Special Note on Forward-Looking Statements contained in subsequent Forms 10-K, Forms 10-Q or Forms 8-K.

## Note Regarding Financial Tables and Metrics

Excel files with BGC’s quarterly financial results and metrics from the current period dating back to the full year 2017 are accessible in the various financial results press releases at the “Investor Relations” section of <http://www.bgcpartners.com>. They are also available directly at <http://ir.bgcpartners.com/news-releases/news-releases>.

## Other Items of Note

BGC spun off all of the shares of its former subsidiary Newmark Group, Inc. (NASDAQ: NMRK) (“Newmark”) held by BGC to the stockholders of BGC on November 30, 2018 (the “Spin-Off” or “Distribution”). This includes the shares of Newmark Class A and Class B common stock owned by BGC, as well as the shares of Newmark common stock into which the limited partnership units of Newmark Holdings, L.P. and Newmark Partners, L.P. owned by BGC were exchanged prior to and in connection with the Spin-Off. For more information, see the press release titled “BGC Partners Announces Completion of Spin-Off of Newmark” dated November 30, 2018, and the related filing on Form 8-K filed before market open on December 6, 2018. Newmark, through subsidiaries, operates as a full-service commercial real estate services business, and completed its initial public offering (“IPO”) on December 19, 2017. Because BGC did not own any shares of Newmark as of December 31, 2018, Newmark’s results are presented as discontinued operations within BGC’s consolidated results for all periods through the November 30, 2018 spin-off date. Newmark’s results are not included in BGC’s consolidated results for all periods presented after November 30, 2018. Unless otherwise stated, all the tables and results below through the Outlook section reflect only BGC’s results from continuing operations. Post-spin BGC represented what BGC financial results would be had the spin-off of Newmark occurred prior to the Distribution date of November 30, 2018. Post-spin BGC can also be defined as the results for BGC’s Financial Services segment plus its pro-rata portion of corporate items. See section on Discussion of Financial Results in this document.

Cash segregated under regulatory requirements increased mainly due to the acquisition of Ed Broking Group.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This standard requires lessees to recognize a right-of-use (“ROU”) asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures. These impacts were approximately \$190.2 million and \$204.9 million in Total Assets and Total Liabilities, respectively, as of March 31, 2019. For additional information regarding the adoption of ASC 842, please see the section titled “New Accounting Pronouncements” in BGC’s Annual Reports on Form 10-K as filed with the Securities and Exchange Commission.

For the purposes of this document, all of the Company's fully electronic businesses may be collectively referred to as "Fenics". Fenics includes revenues from fully electronic brokerage, as well as data, software, and post-trade services. Fenics results do not include those of Trayport, which are reported separately due to its sale to Intercontinental Exchange, Inc. ("ICE") for approximately 2.5 million ICE common shares in December of 2015. Fenics results do not include those of the eSpeed business, which was sold to Nasdaq, Inc. ("Nasdaq") in 2013.

On November 4, 2016, BGC acquired the 80 percent of LFI Holdings LLC ("Lucera") interests not already owned by the Company. BGC's financial statements are presented to include the results of Lucera for all periods in this document prior to their acquisitions because these transactions involved reorganizations of entities under common control.

Unless otherwise stated, all results provided in this document compare the first quarter 2019 with the year-earlier periods. Certain reclassifications may have been made to previously reported amounts to conform to the current presentation and to show results on a consistent basis across periods. With the exception of reporting Newmark as a discontinued operation, any such reclassifications would have had no impact on consolidated revenues or earnings for GAAP and would leave consolidated pre- and post-tax Adjusted Earnings for the prior periods essentially unchanged all else being equal. Certain numbers and percentage changes listed throughout this document may not sum due to rounding.

An investor presentation as well as Excel versions of certain tables in this document are available for download <http://ir.bgcpartners.com>. The Excel tables and presentation contain the results discussed in this document as well as other useful information that may not be contained herein. Those viewing BGC's financial results release online should see the link to the tables and presentation near the top of the page at <http://ir.bgcpartners.com>.

### Non-GAAP Financial Measures

This presentation should be read in conjunction with BGC's most recent financial results press releases. Throughout this presentation, BGC refers to certain non-GAAP financial measures, including Adjusted Earnings, Adjusted EBITDA and Liquidity. All non-GAAP results discussed herein are comparable to and reconciled with the most directly comparable GAAP figures from BGC's continuing operations. For a complete description of Adjusted Earnings, Adjusted EBITDA and Liquidity, and how, when, and why management uses these and other non-GAAP measures, as well as reconciliations of these measures to the comparable GAAP measures, and more information regarding GAAP and non-GAAP results, see the "Appendix" section of this presentation. Below under "Highlights of Results from Continuing Operations" is a summary of certain GAAP and non-GAAP results for BGC. Results on a GAAP and non-GAAP basis are included towards the end of this presentation, with appropriate reconciliations provided in the "Appendix" section noted above and also in our most recent financial results press release and/or are available at <http://ir.bgcpartners.com>.

Highlights of Results from Continuing Operations (USD millions)	1Q19	1Q18	Change
Revenues	\$544.8	\$524.8	3.8%
GAAP income (loss) from operations before income taxes	117.1	94.2	24.3%
GAAP net income (loss) for fully diluted shares	90.8	64.8	40.1%
Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	106.2	122.1	(13.1)%
Post-tax Adjusted Earnings	93.5	107.0	(12.6)%
Adjusted EBITDA	160.4	158.0	1.5%

Per Share Results from Continuing Operations	1Q19	1Q18	Change
GAAP net income (loss) per fully diluted share	\$0.18	\$0.14	28.6%
Post-tax Adjusted Earnings per share	\$0.18	\$0.22	(18.2)%

### Liquidity Defined

BGC may also use a non-GAAP measure called "liquidity". The Company considers liquidity to be comprised of the sum of cash and cash equivalents plus marketable securities that have not been financed, reverse repurchase agreements, and securities owned, less securities loaned and repurchase agreements. The Company considers this an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice.

BGC PARTNERS, INC.



# INTRODUCTION



## Financial Services (BGCP)

### Voice/Hybrid

- Key products include:
  - Rates
  - Foreign Exchange ("FX")
  - Credit
  - Energy & Commodities
  - Equities
  - Insurance
- 2,800+ brokers & salespeople (across BGC)
- In 30+ cities

TTM 1Q 2019

Revenues = \$1,625 MN

### Fenics

- Key products include:
  - Interest Rate Derivatives
  - Credit
  - FX
  - Global Gov't Bonds
  - Market Data
  - Software Solutions
  - Post-trade Services
- Proprietary network connected to the global financial community

TTM 1Q 2019

Revenues = \$333 MN

Note: TTM 1Q 2019 voice/hybrid revenues include \$52.4 million in revenues from fees from related parties, interest income and other revenues. Fenics revenues include data, software, and post-trade (inter-company) revenues of \$63.4 million for TTM 1Q 2019, which are eliminated in BGC's consolidated financial results.

Certain numbers may not add due to rounding.



# SOLID BUSINESS WITH SIGNIFICANT OPPORTUNITIES

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- Intermediary-oriented, low-risk business model
- Strong track record of accretive acquisitions and profitable hiring
- History of maximizing shareholder returns and successfully building new brokerage verticals
  - Newmark spin-off
  - Entry into insurance in 2017 with acquisition of Besso Insurance followed by recent acquisition of Ed Broking
- Diversified revenues by geography & product
- Dividend of \$0.14 per share for a 11.9% qualified dividend yield<sup>1</sup>
- Significant product diversity across voice/hybrid brokerage and electronic brokerage
- Continue to grow our highly profitable fully electronic Fenics business
- Regulatory reforms and the end and/or tapering of QE are expected to result in increased activity and higher volumes
- BGCP earnings and revenue growth expected to continue over time

1. Yield based on BGCP's closing price on May 31, 2019

## BGC's Dividend Yield and Valuation (for illustrative purposes only)

BGCP Stock Price <sup>1</sup>	\$4.70
BGCP Quarterly Dividend	\$0.14
BGCP Dividend Yield	11.9%
Market Capitalization (\$ MN) <sup>2</sup>	\$2,426
2018 Post-tax Adjusted Earnings (\$ MN)	\$341
2018 P/E Ratio	7.1 X
2018 Adjusted EBITDA (\$ MN)	\$494
2018 EV/AEBITDA	6.5 X

1. BGCP closing price on May 31, 2019

2. Based on BGCP's closing price above and BGC's fully diluted spot sharecount on March 31, 2019

Note: Figures are for BGC's continuing operations.

- BGC has a longstanding dividend policy of paying out at least 75 percent of post-tax Adjusted Earnings per share<sup>3</sup>

3. Please see Dividend Policy section in BGC's Form 10-Q for 1Q 2019 filed with the Securities and Exchange Commission for further information.



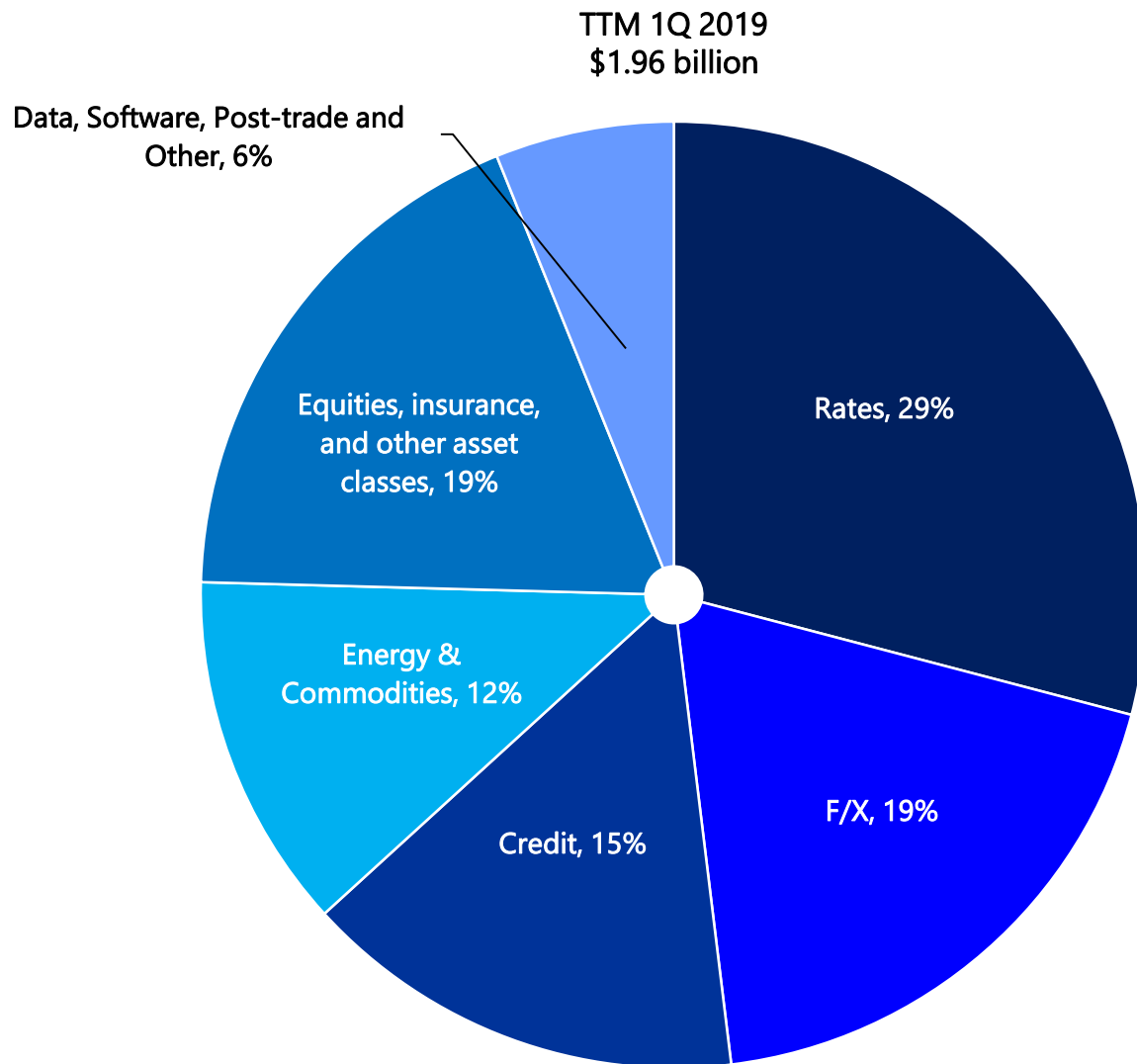
BGC PARTNERS, INC.



# BUSINESS OVERVIEW



# TTM 1Q 2019 REVENUE BREAKDOWN BY ASSET CLASS



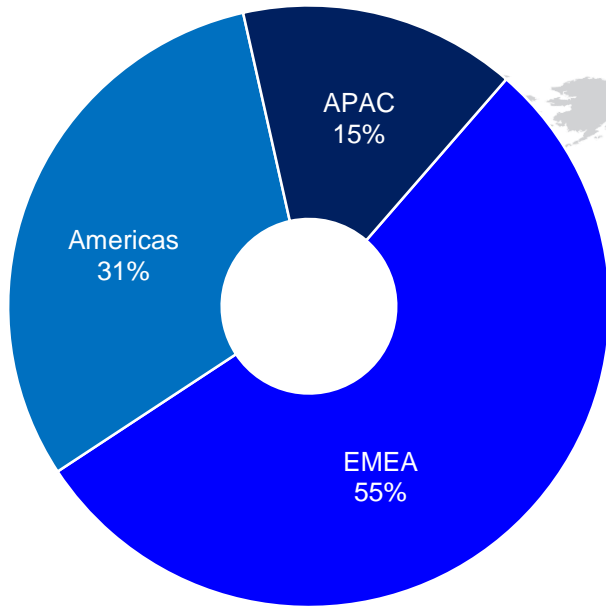
## BGC's Businesses at a Glance

- BGC maintains a diverse revenue base
- Overall industry volumes across Rates, F/X, Credit, Energy & Commodities, and Equities typically seasonally strongest in 1st quarter, weakest in 4th quarter

Note: Other includes fees from related parties, interest income and other revenues.  
Percentages may not sum to 100% due to rounding.

# REVENUE BREAKDOWN BY GEOGRAPHY

**TTM 1Q 2019**  
**Global Revenues**



● BGC offices



- Total Americas revenue up 2% in TTM 1Q 2019 compared to prior year period
- Europe, Middle East & Africa revenue up 8% in TTM 1Q 2019
- Asia Pacific revenue up 15% in TTM 1Q 2019

Note: Percentages may not sum to 100% due to rounding.

# BGC BREADTH: WHY BIGGER REALLY IS BETTER

- BGC's global presence is covered via many brands across all major geographies
- BGC operates a number of wholesale and interdealer brands covering investment banks
- BGC also operates a number of agency brands covering institutional clients and asset managers



# TWO BUSINESSES - MANY BRANDS: MIGRATION TO ELECTRONIC

Extent of Migration

Electronic



FENICS Professional™

LUCERA™  
FINANCIAL INFRASTRUCTURES



bgc market data



Hybrid



aurel bgc



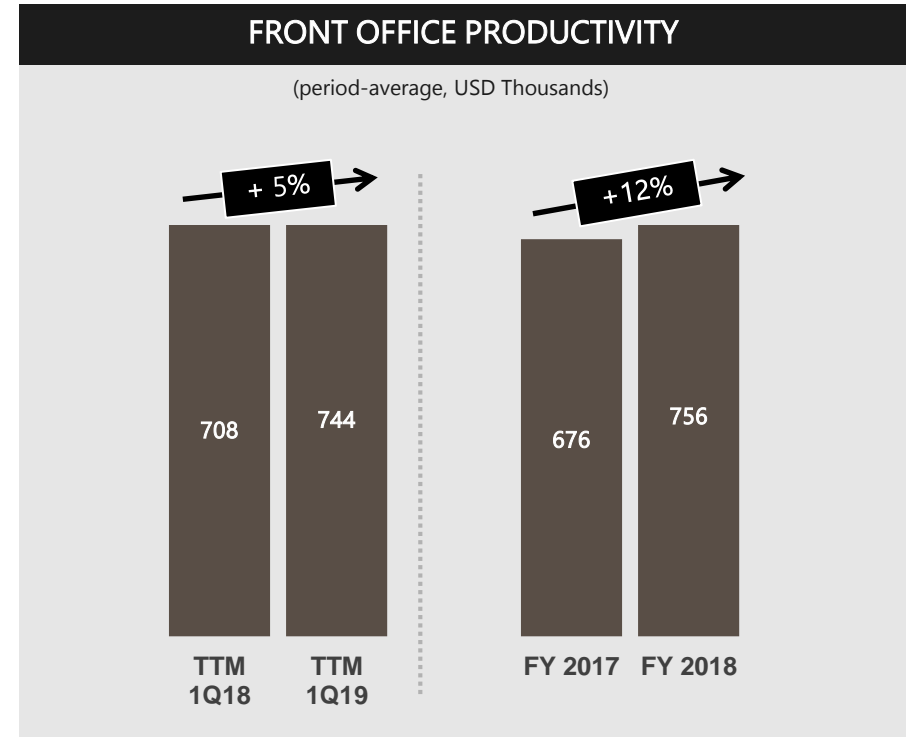
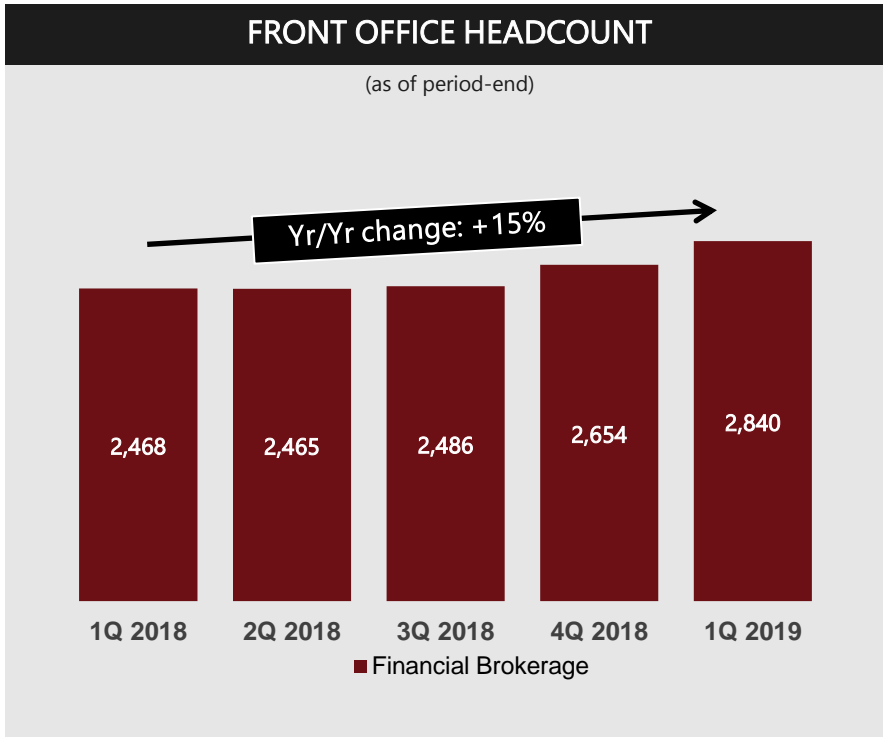
Voice



bgc liquidez



# BGC'S FRONT OFFICE HEADCOUNT & PRODUCTIVITY



- Average revenue per front office employee was \$195,000 in 1Q 2019, down 6% from a year earlier
- BGC's revenue per front office employee has generally fallen after meaningful increases in headcount due to acquisitions and/or hires
- As the integration of recent acquisitions continues, recently hired brokers ramp up production, and as more voice and hybrid revenue is converted to more profitable fully electronic trading, the Company expects broker productivity to grow.

Note: The figures in the above table include total brokerage revenues from continuing operations and revenues from data, software and post-trade. The average revenues for all producers are approximate and based on the relevant revenues divided by the weighted-average number of producers for the period.



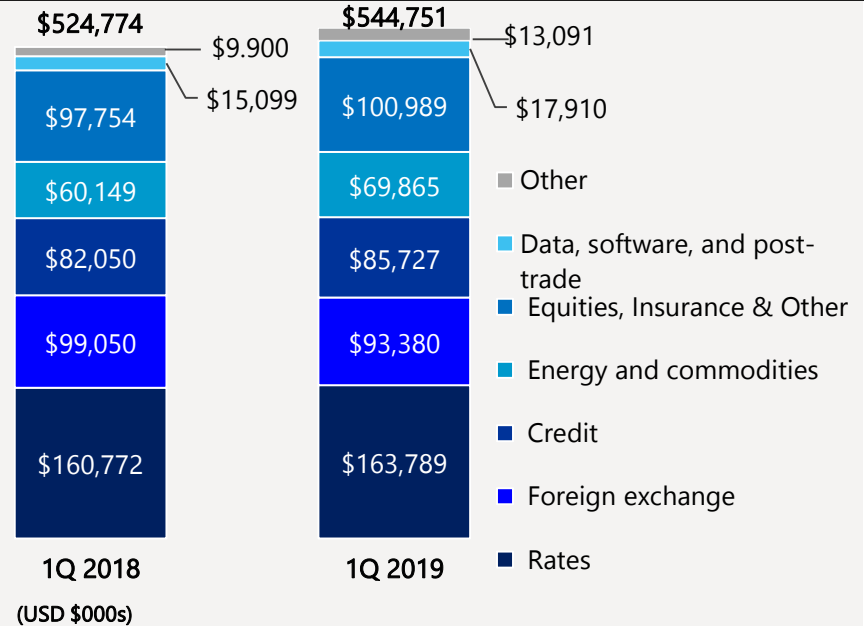
## Highlights

- Total revenues increased 4% YoY
- 16% revenue growth in energy and commodities
- 19% revenue growth in data, software, and post-trade revenues
- Revenues would have been at least \$14 million higher, but for the strengthening of the U.S. dollar relative to other major currencies

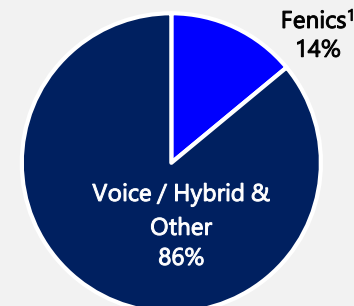
## Drivers

- Increased revenue growth in energy and commodities business in 1Q, led by the recently completed acquisitions of Poten and Ginga Petroleum, partially offset by the sale of CSC Commodities

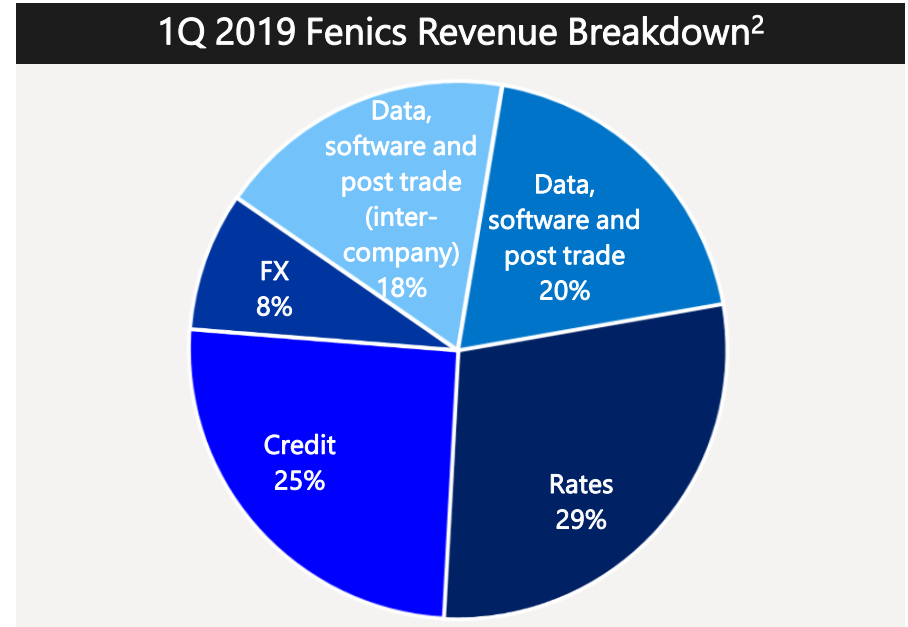
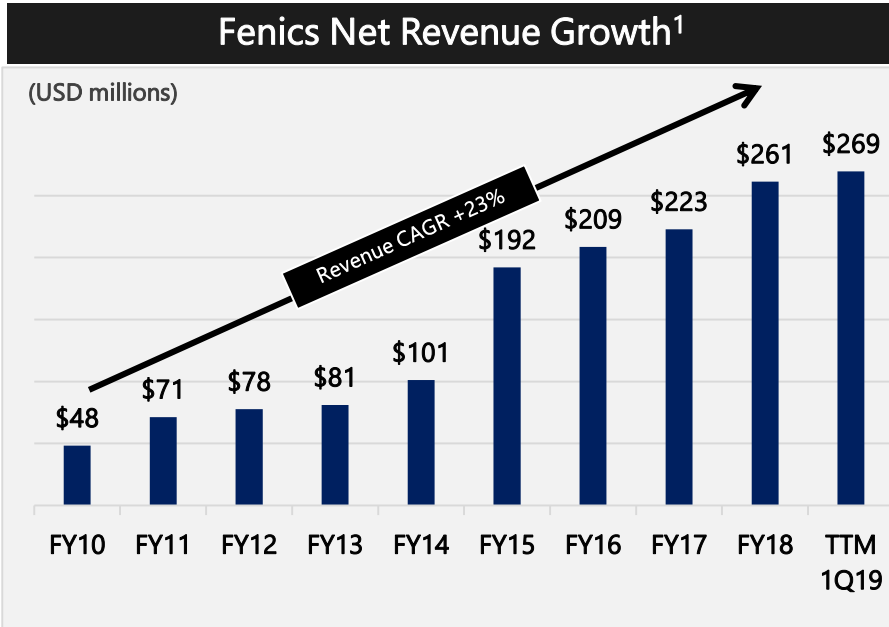
## 1Q 2019 Revenue Breakdown



## 1Q 2019 Revenue Breakdown



1. Data, software, and post-trade excludes inter-company revenues.  
 Note: See the section titled "Non-GAAP Financial Measures" on page 4.



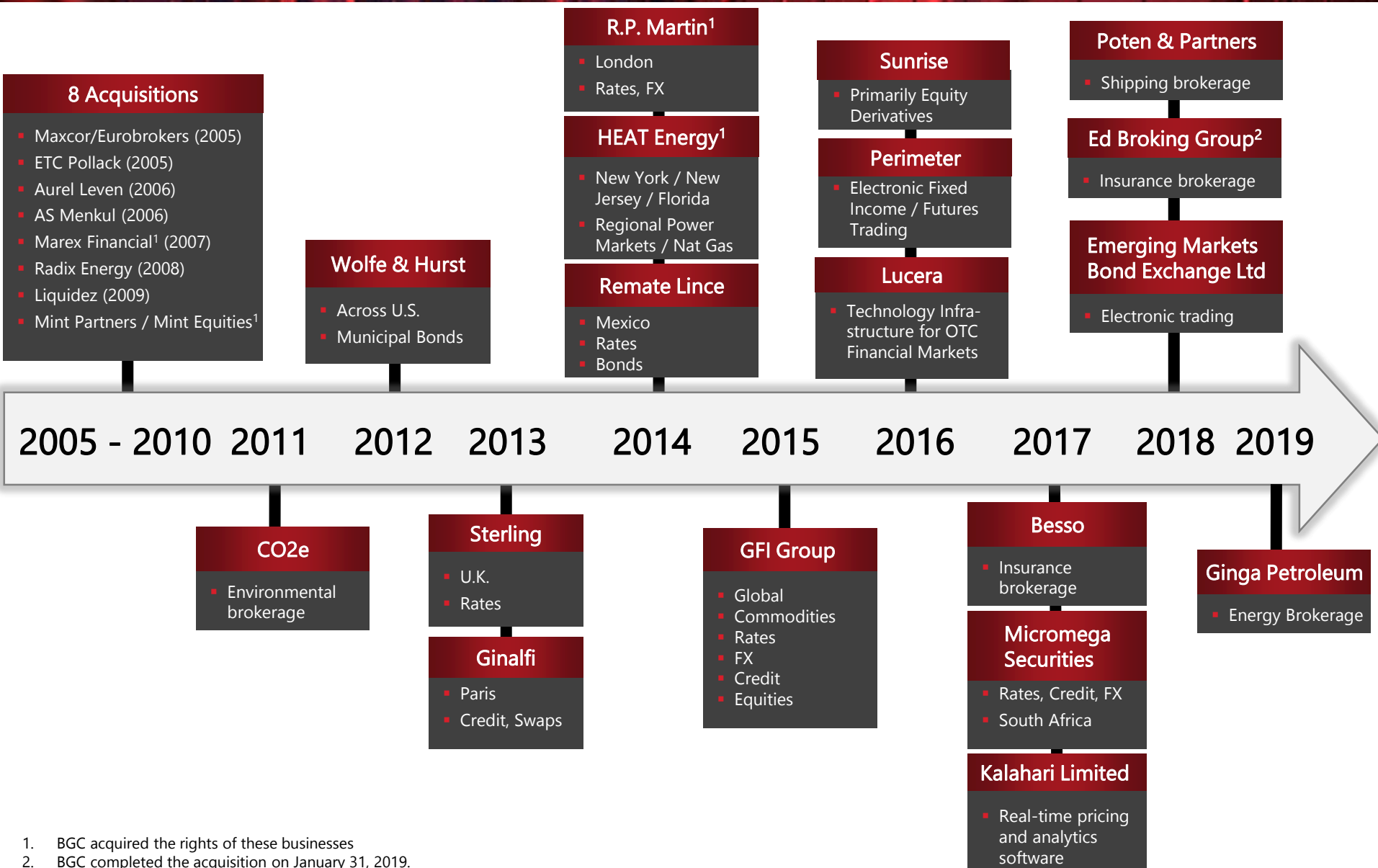
- Net 1Q19 Fenics revenues up 12% YoY; Fenics brokerage revenues also increased 10% YoY in 1Q 2019
- Data, software and post-trade revenues up 19% to \$18 million in 1Q 2019
- Fenics revenues comprised 14% of total quarterly revenues versus approximately 4% in 2010 (net of inter-company eliminations)

1. Excludes inter-company revenues, revenues related to eSpeed (sold in June 2013), and revenues related to Trayport (sold in December 2015).

2. Excludes a relatively small amount of revenues related to equities and other products and energy and commodities. Inter-company revenues are eliminated in consolidation.

Note: Percentages may not sum to 100% due to rounding. BGC's revenues prior to 2014 are Financial Services segment revenues. BGC's revenues from 2014 are from Continuing Operations.

# STRONG RECORD OF SUCCESSFUL, ACCRETIVE ACQUISITIONS



1. BGC acquired the rights of these businesses  
 2. BGC completed the acquisition on January 31, 2019.

# CONCLUSION



# SOLID BUSINESS WITH SIGNIFICANT OPPORTUNITIES

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- Intermediary-oriented, low-risk business model
- Strong track record of accretive acquisitions and profitable hiring
- History of maximizing shareholder returns and successfully building new brokerage verticals
  - Newmark spin-off
  - Entry into insurance in 2017 with acquisition of Besso Insurance followed by recent acquisition of Ed Broking
- Diversified revenues by geography & product
- Dividend of \$0.14 per share for a 11.9% qualified dividend yield<sup>1</sup>
- Significant product diversity across voice/hybrid brokerage and electronic brokerage
- Continue to grow our highly profitable fully electronic Fenics business
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1. Yield based on BGCP's closing price on May 31, 2019

BGC PARTNERS, INC.

# GAAP FINANCIAL RESULTS





# BGC PARTNERS, INC. CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)



21

	March 31, 2019	December 31, 2018
<b>Assets</b>		
Cash and cash equivalents	\$ 331,668	\$ 336,535
Cash segregated under regulatory requirements	196,448	80,243
Securities owned	60,146	58,408
Marketable securities	29,989	32,064
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	2,007,606	941,866
Accrued commissions and other receivables, net	596,126	516,091
Loans, forgivable loans and other receivables from employees and partners, net	240,283	216,868
Fixed assets, net	169,599	157,169
Investments	36,708	35,403
Goodwill	560,181	504,646
Other intangible assets, net	319,101	298,779
Receivables from related parties	11,229	7,748
Other assets	485,792	246,937
Total assets	<u>\$ 5,044,876</u>	<u>\$ 3,432,757</u>
<b>Liabilities, Redeemable Partnership Interest, and Equity</b>		
Short-term borrowings	\$ 5,133	\$ 5,162
Repurchase agreements	4,327	986
Securities loaned	25,068	15,140
Accrued compensation	196,318	195,234
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,805,004	769,833
Payables to related parties	38,132	40,155
Accounts payable, accrued and other liabilities	1,058,877	754,819
Notes payable and other borrowings	1,008,231	763,548
Total liabilities	<u>4,141,090</u>	<u>2,544,877</u>
Redeemable partnership interest	25,140	24,706
<b>Equity</b>		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 750,000 shares authorized; 343,885 and 341,745 shares issued at March 31, 2019 and December 31, 2018, respectively; and 293,382 and 291,475 shares outstanding at March 31, 2019 and December 31, 2018, respectively	3,439	3,417
Class B common stock, par value \$0.01 per share; 150,000 shares authorized; 45,884 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively, convertible into Class A common stock	459	459
Additional paid-in capital	2,210,033	2,208,221
Treasury stock, at cost: 50,503 and 50,270 shares of Class A common stock at March 31, 2019 and December 31, 2018, respectively	(315,210)	(314,240)
Retained deficit	(1,090,585)	(1,105,019)
Accumulated other comprehensive income (loss)	(23,553)	(24,465)
Total stockholders' equity	784,583	768,373
Noncontrolling interest in subsidiaries	94,063	94,801
Total equity	<u>878,646</u>	<u>863,174</u>
Total liabilities, redeemable partnership interest and equity	<u>\$ 5,044,876</u>	<u>\$ 3,432,757</u>

# BGC PARTNERS, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)



	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
Commissions	\$ 429,520	\$ 407,857
Principal transactions	84,230	91,918
Total brokerage revenues	<u>513,750</u>	<u>499,775</u>
Fees from related parties	5,795	6,299
Data, software and post-trade	17,910	15,099
Interest income	3,665	2,675
Other revenues	3,631	926
Total revenues	<u>544,751</u>	<u>524,774</u>
<b>Expenses:</b>		
Compensation and employee benefits	288,000	277,847
Equity-based compensation and allocations of net income to limited partnership units and FPU's	12,141	39,389
Total compensation and employee benefits	<u>300,141</u>	<u>317,236</u>
Occupancy and equipment	46,002	37,147
Fees to related parties	2,927	4,051
Professional and consulting fees	20,005	17,908
Communications	30,411	31,399
Selling and promotion	18,402	16,225
Commissions and floor brokerage	14,618	13,915
Interest expense	13,198	9,368
Other expenses	24,015	17,338
Total non-compensation expenses	<u>169,578</u>	<u>147,351</u>
Total expenses	<u>469,719</u>	<u>464,587</u>
<b>Other income (losses), net:</b>		
Gain (loss) on divestiture and sale of investments	20,054	—
Gains (losses) on equity method investments	783	2,624
Other income (loss)	21,202	31,411
Total other income (losses), net	<u>42,039</u>	<u>34,035</u>
Income (loss) from operations before income taxes	117,071	94,222
Provision (benefit) for income taxes	29,897	21,550
Consolidated net income (loss) from continuing operations	<u>87,174</u>	<u>72,672</u>
Consolidated net income (loss) from discontinued operations, net of tax	—	24,759
Consolidated net income (loss)	<u>\$ 87,174</u>	<u>\$ 97,431</u>
Less: Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries	<u>25,306</u>	<u>28,674</u>
Less: Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries	—	9,983
Net income (loss) available to common stockholders	<u>\$ 61,868</u>	<u>\$ 58,774</u>

# BGC PARTNERS, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - CONTINUED

(IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)



	Three Months Ended March 31,	
	2019	2018
<b>Per share data:</b>		
<i>Basic earnings (loss) per share from continuing operations</i>		
Net income (loss) from continuing operations available to common stockholders	\$ 61,868	\$ 43,998
Basic earnings (loss) per share from continuing operations	\$ 0.18	\$ 0.14
Basic weighted-average shares of common stock outstanding	338,403	307,728
<i>Fully diluted earnings (loss) per share from continuing operations</i>		
Net income (loss) from continuing operations for fully diluted shares	\$ 90,765	\$ 64,771
Fully diluted earnings (loss) per share from continuing operations	\$ 0.18	\$ 0.14
Fully diluted weighted-average shares of common stock outstanding	516,066	478,935

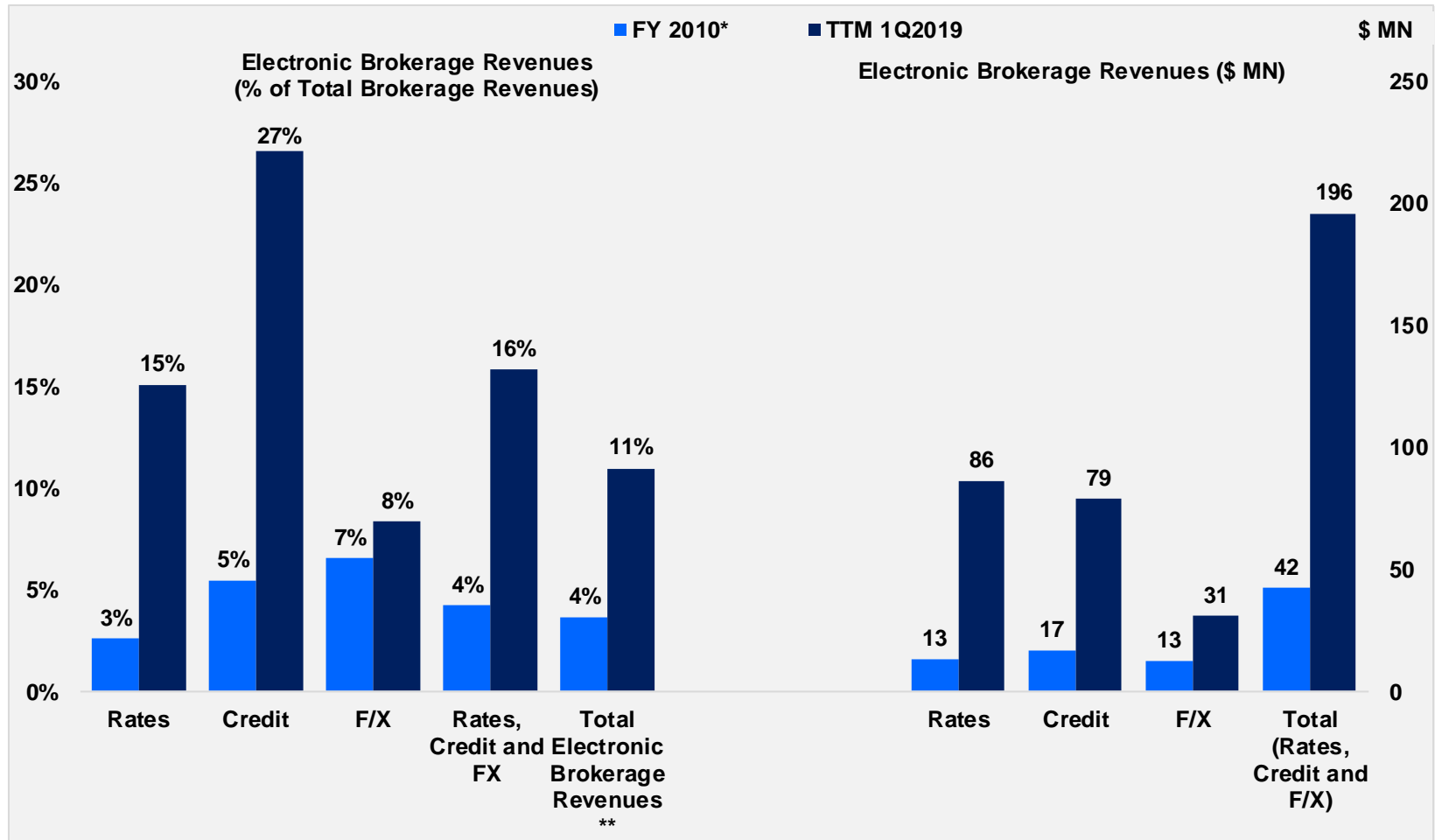
BGC PARTNERS, INC.



# MIGRATION TO FULLY ELECTRONIC BUSINESSES

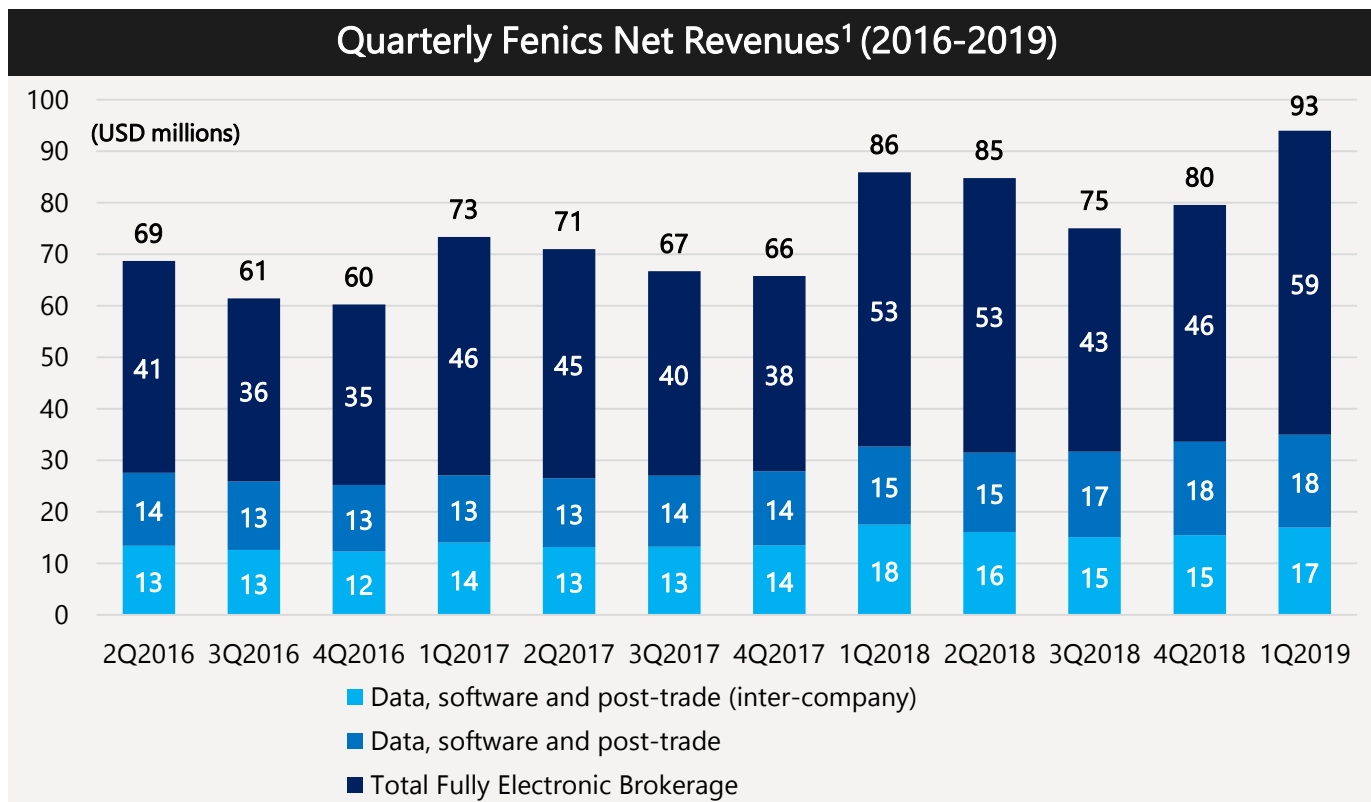


# CONVERSION TO ELECTRONIC BROKERAGE BY ASSET CLASS



\* 2010 excludes eSpeed

\*\* Total electronic brokerage revenues includes de minimis amounts of revenue from energy and commodities and equities, insurance, and other asset classes



- Overall Fenics net revenues up 12%<sup>2</sup>; Fenics brokerage revenues increased 10% year-over-year in 1Q 2019

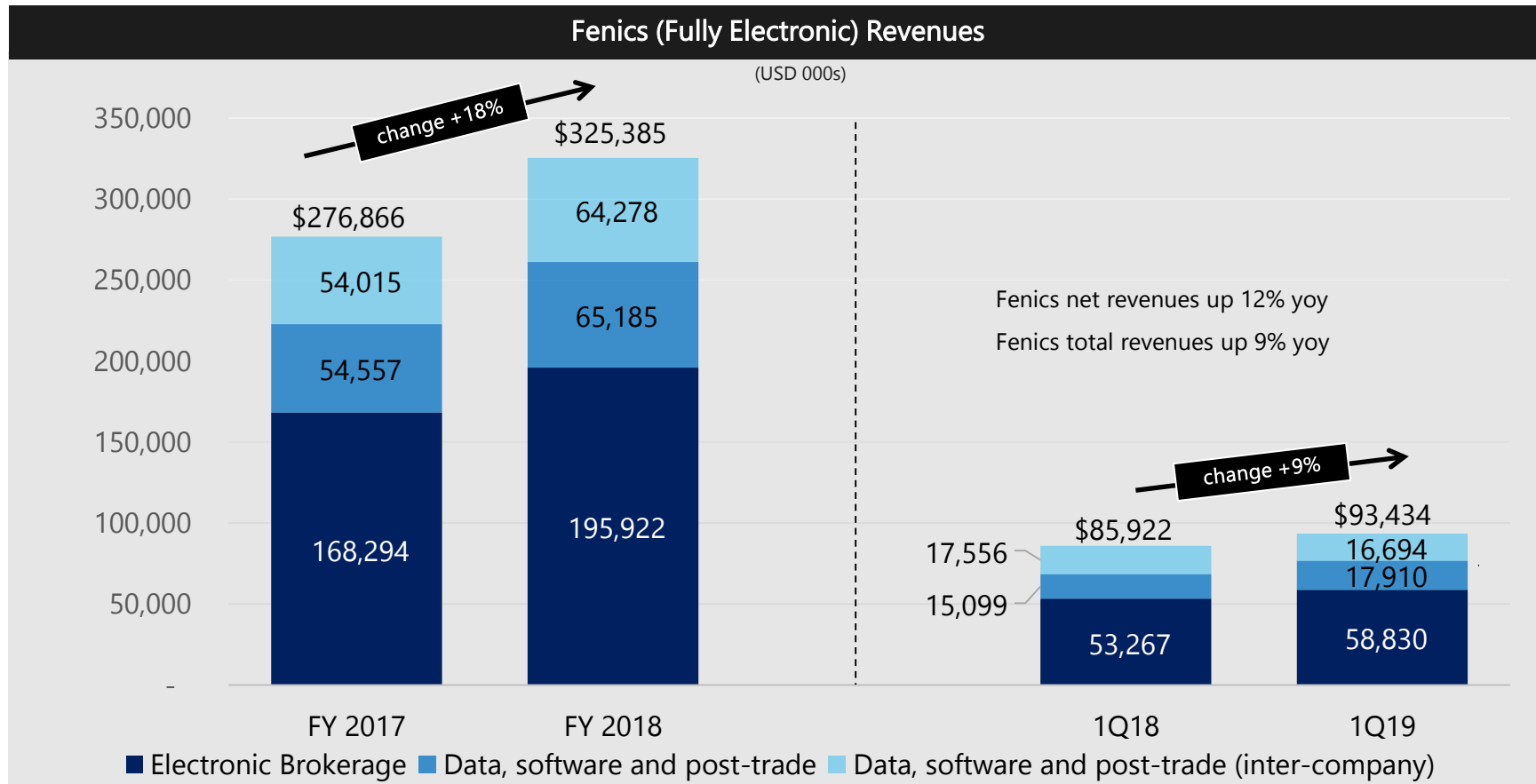
1. "Fenics" results include data, software, and post-trade (inter-company) revenues, which are eliminated in BGC's consolidated financial results.

2. Excludes inter-company revenues.

Note: Certain numbers may not add due to rounding.



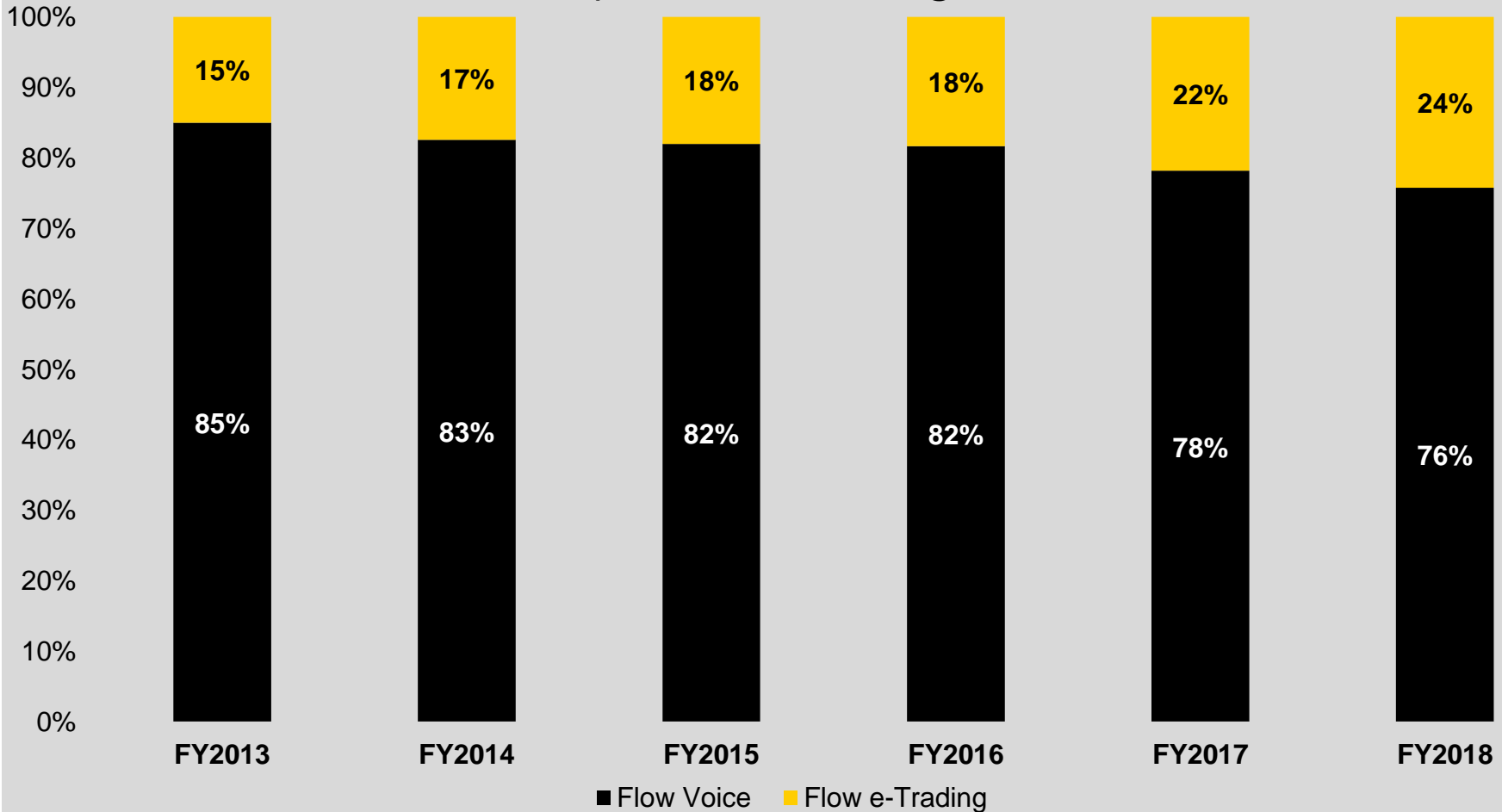
# BGC'S FENICS (FULLY ELECTRONIC) REVENUE GROWTH



- Fenics generated strong growth for the first quarter of 2019 across rates, FX, and data, software, and post-trade

# LARGE BANKS ARE INCREASINGLY TRADING ELECTRONICALLY

## FICC & Equities Flow Trading Revenues<sup>1</sup>



1. Total revenues include FICC and Equities flow trade revenue but excludes IBD, Structured, & Financing revenue.

Source: Crisil's Coalition IB Index – FY18 Report (banks included are BoAML, BARC, BNP, CITI, CS, DB, GS, HSBC, JPM, MS, SG, and UBS).

## Electronic Bond Trading Gains Ground

Source: Bloomberg, February 15, 2018

## Morgan Stanley's President Can't Wait for Electronic Bond Trading

Source: Bloomberg, March 20, 2018

## Increase in share of Cash Equities volumes driven by Low Touch

Source: JPMorgan Chase 2019 Investor Day Corporate & Investment Bank presentation, February 26, 2019

### Bond trading: technology finally disrupts a \$50tn market

Fixed income is being dragged into the 21st century with a shift towards electronic trading on exchanges

Source: Financial Times – May 9, 2018

## Bond Traders Aren't Immune to Automation, Goldman's CFO Says

Source: Bloomberg – January 17, 2018

EQUITIES, SELL SIDE April 17, 2018 11:14 AM GMT

## JP Morgan sees surge in European electronic trading as MiFID II takes effect

CFO Marianne Lake says JP Morgan has witnessed 'material increase' in electronic trading in the first quarter this year. Source: The Trade – April 17, 2018

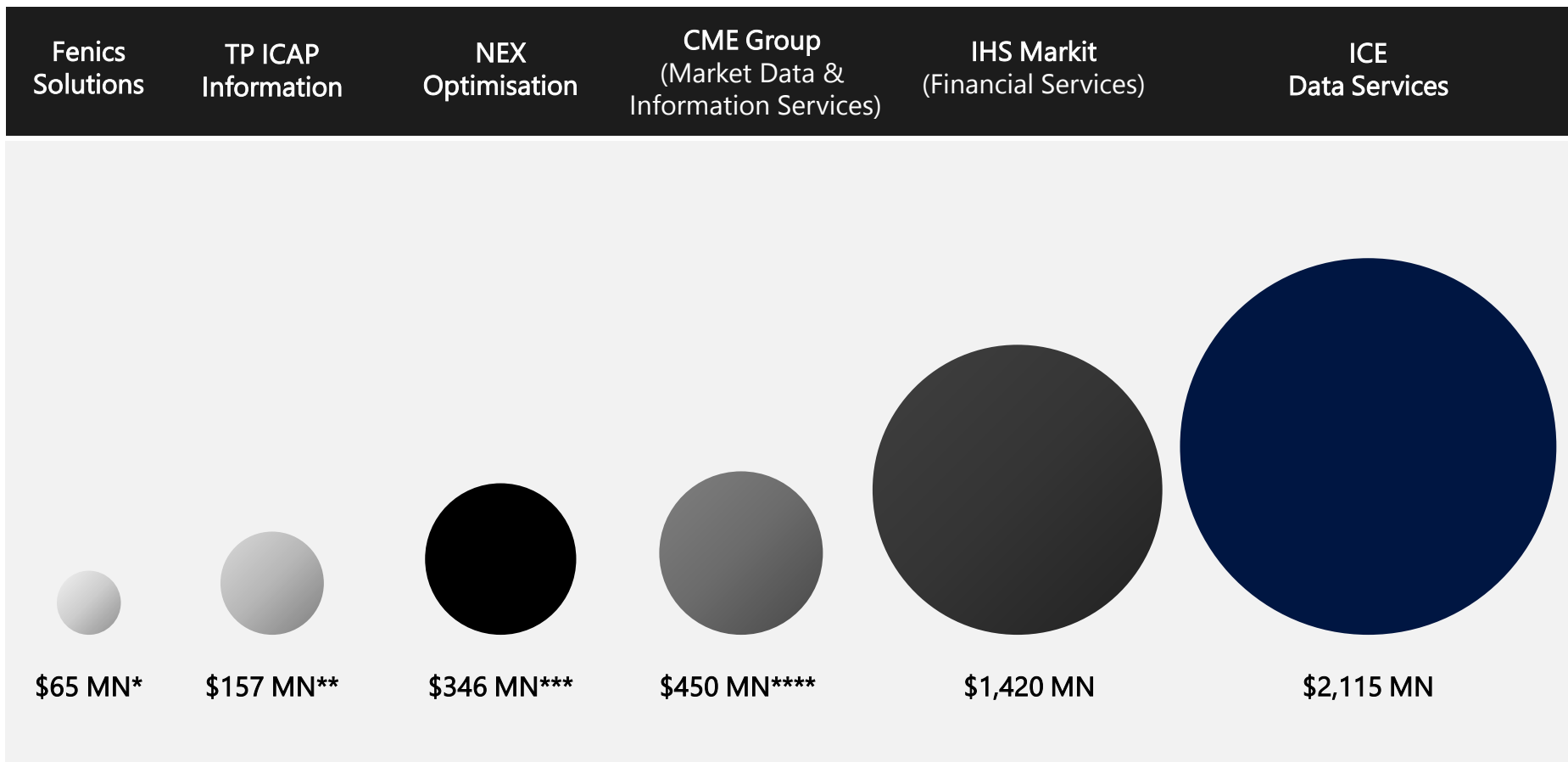
## The Robots Are Coming for the Bond Market

Source: Greenwich Associates – February 6, 2018

## Robots Conquered Stock Markets. Now They're Coming for Bonds and Currencies

Source: Bloomberg – March 7, 2019

# OPPORTUNITY (REPORTED 2018 REVENUE)



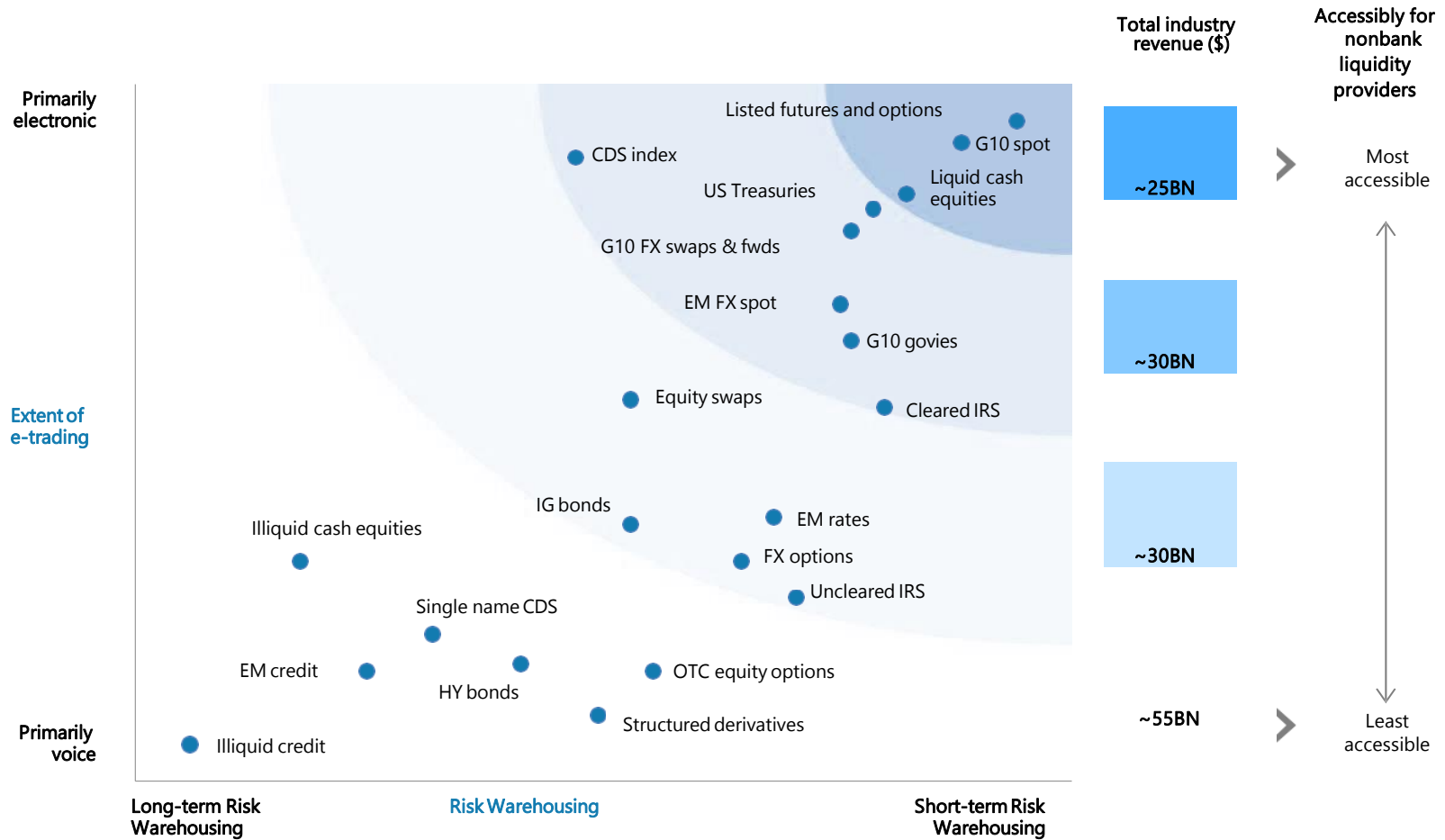
\* BGC's data, software and post-trade revenues

\*\* Converted at a £/\$ exchange rate of 1.34

\*\*\* Converted at a £/\$ exchange rate of 1.33

\*\*\*\* Includes market data revenues generated by NEX subsequent to the acquisition of NEX by CME on November 2, 2018

## BUSINESS MODEL OF NON-BANK LIQUIDITY PROVIDERS



Note: Total revenues exclude Core Prime Brokerage, Commodities and Munis  
 Source: Oliver Wyman and Morgan Stanley report on Wholesale Banks and Asset Managers, March 17, 2017

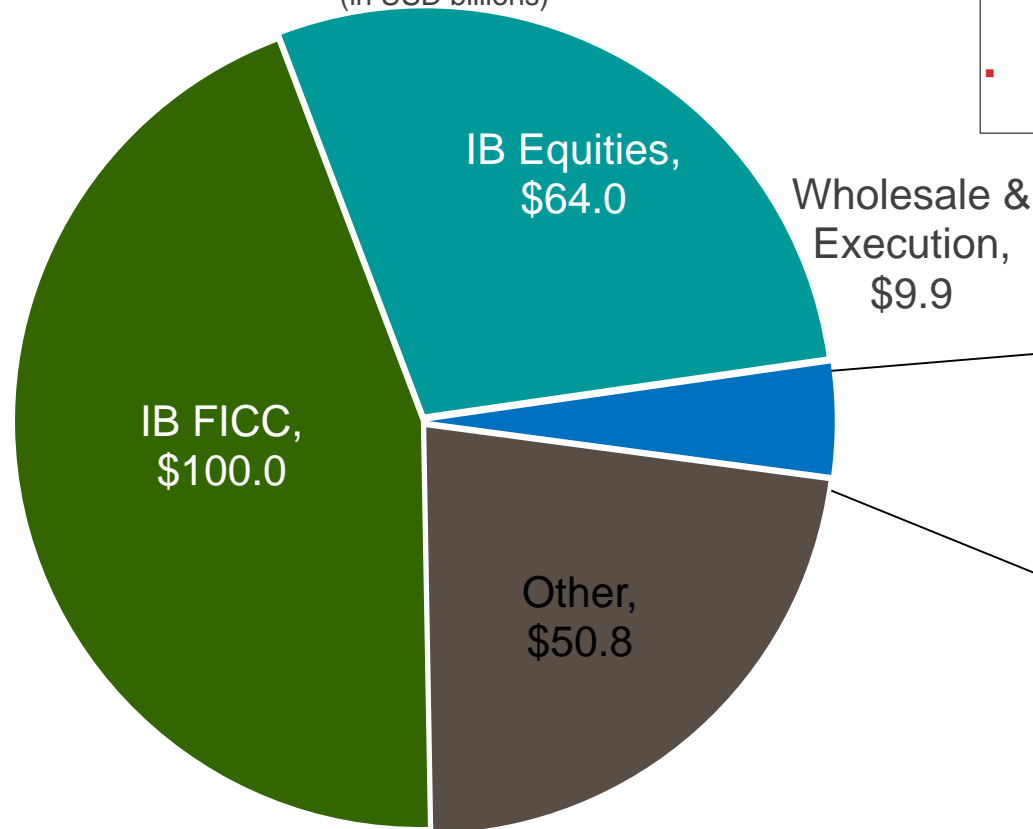
# APPENDIX



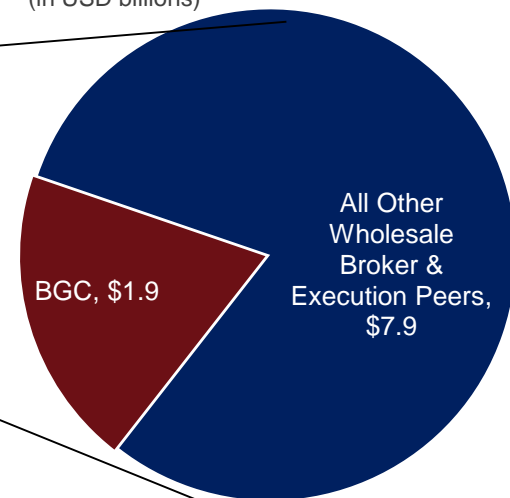
# SMALL SLICE OF GLOBAL EXECUTION REVENUES = HUGE POTENTIAL FOR TRADITIONAL IDBs AND WHOLESALE BROKERS

## 2018 Global Sales & Trading Revenues ≈ \$225 (in USD billions)

- BGC, other wholesale financial brokerages, and their execution peers currently comprise only a small percentage of the total global sales & trading market
- Reductions in bank balance sheets may provide opportunities for BGC's business



## FY 2018 Wholesale Broker & Execution Revenues (in USD billions)



Source: Morgan Stanley, Oliver Wyman, Coalition IB Index – FY18 for FICC and Equities, company filings, industry reports, and BGC estimates. "Other" = exchanges, CCPs, all other execution venues, market data, technology providers, CSDs, or custodians and other 3rd parties. The total FICC and Equities revenues for 2018 are based on estimates from Morgan Stanley and Oliver Wyman. The breakup for the individual categories within FICC (G-10 rates, G-10 FX, EM, Credit and Securitized, and Commodities) and Equities (Cash equities, Derivatives, and Prime and synthetics) are based on estimates from Coalition. Major Wholesale & Execution companies include BGC and BGC's estimates in areas such as rates, credit, FX, equity, energy, and commodity brokerages of GFI, NEX Group (analyst estimate for FY ended 3/31/2019 on 11/2/2018) TP/ICAP, Tradition, ICE's CDS execution business from 2017, Marex Spectron, ITG, Tradeweb, MarketAxess, Thomson Reuters' Financial Risk Transactions/Refinitiv revenue, FC Stone, and other non-public IDB and wholesale broker estimated revenues. Note: figures may not sum due to rounding.



# TRADITIONAL AND NON-TRADITIONAL OPPORTUNITY FOR IDBs AND WHOLESALE BROKERS (2018)

Bank to Client Market Opportunity		\$ BN
	G-10 rates	29
	G-10 FX	12
	EM	20
	Credit and Securitized	33
	Commodities	6
a	FICC	100
	Cash equities	13
	Derivatives	26
	Prime and synthetics	25
b	Equities	64
c=a + b	FICC + Equities	164
d	Wholesale Broker & Execution Peers	10
e	Banks and Broker Dealers	29
f	Exchange Execution	13
g	Other Market Infrastructure (non-bank liquidity providers )	9
h=f + g	Market Infrastructure	22
i=e + h	Market Connectivity: Banks and Broker Dealers, and Market Infrastructure	51
j=c + d + i	<b>Traditional IDBs and Wholesale Brokers (from previous page)</b>	<b>225</b>
Non-Traditional Market Opportunity		\$ BN
k	Shipping*	2
l	Insurance Brokerage*	55
m=k + l	<b>Non-Traditional Market Opportunity</b>	<b>57</b>
j + m	<b>Traditional and Non-Traditional Market Opportunity (\$ BN)</b>	<b>281</b>

\$3 BN could move to non-bank liquidity providers such as HFTs and algo trading firms that utilize electronic trading, per Morgan Stanley and Oliver Wyman

9

Source: Morgan Stanley, Oliver Wyman, Coalition IB Index – FY18 for FICC and Equities, company filings, industry reports, and BGC estimates. “Other” = exchanges, CCPs, all other execution venues, market data, technology providers, CSDs, or custodians and other 3rd parties. The total FICC and Equities revenues for 2018 are based on estimates from Morgan Stanley and Oliver Wyman. The breakup for the individual categories within FICC (G-10 rates, G-10 FX, EM, Credit and Securitized, and Commodities) and Equities (Cash equities, Derivatives, and Prime and synthetics) are based on estimates from Coalition. Major Wholesale & Execution companies include BGC and BGC’s estimates in areas such as rates, credit, FX, equity, energy, and commodity brokerages of GFI, NEX Group (analyst estimate for FY ended 3/31/2019 on 11/2/2018) TP/ICAP, Tradition, ICE’s CDS execution business from 2017, Marex Spectron, ITG, Tradeweb, MarketAxess, Thomson Reuters’ Financial Risk Transactions/Refinitiv revenue, FC Stone, and other non-public IDB and wholesale broker estimated revenues. Note: figures may not sum due to rounding.

## **Virtually all BGC producers are partners**

- Partners sign long-term contracts; partnership units represent more than 20% of fully diluted share count of BGC

## **Up front consideration for hiring and acquisitions includes partnership units and other deferred compensation**

- Loans incentivize partners to stay for the full term
- Partners have nonexchangeable equity forfeited if they leave; helps reduce compensation ratio over time
- Lowers corporate non-GAAP tax rate

## **Very High Retention Rate**

# STRONGLY CAPITALIZED; INVESTMENT GRADE CREDIT PROFILE

(USD \$000s)

<b>BGC Partners, Inc.</b>	<b>As of 3/31/2019</b>
Cash and Cash Equivalents	\$331,668
Repurchase Agreements	(4,327)
Securities Owned	60,146
Marketable Securities (net)	4,921
<b>Total Liquidity<sup>1</sup></b>	<b>\$392,408</b>

	<b>Issuer</b>	<b>Maturity</b>	
Unsecured senior revolving credit agreement	BGC	09/08/2019	248,446
5.125% Senior Notes	BGC	05/27/2021	298,034
Collateralized Borrowings	BGC	05/31/2021	17,318
5.375% Senior Notes	BGC	07/24/2023	444,433
<b>Total Notes payable and other borrowings</b>			<b>\$1,008,231</b>

## **Credit Ratios (Adj. EBITDA and Ratios as of TTM Q1 2019)**

Adjusted EBITDA	\$496,257
Leverage Ratio: Total Notes payable and other borrowings / Adjusted EBITDA	2.0x
Net Leverage Ratio: Net Notes payable and other borrowings / Adjusted EBITDA	1.2x
Adjusted EBITDA / Interest Expense	10.9x

1. As of March 31, 2019, \$25.1 million of Marketable securities on our balance were lent out in Securities loaned transactions and therefore are not included as part of our Liquidity Analysis.

# BGC'S FULLY DILUTED SHARE COUNT SUMMARY AS OF MARCH 31, 2019

<b>BGC Partners, Inc. Fully Diluted Share Count Summary (as of March 31, 2019)</b>	<b>Fully-diluted Shares (MN)</b>	<b>Ownership (%)</b>
Class A owned by Public	274.7	53%
Class A owned by executives, board members and employees <sup>(1)</sup>	18.6	4%
Partnership units owned by employees <sup>(2)</sup>	122.3	24%
Other owned by employees <sup>(3)</sup>	2.2	0%
Class A owned by Cantor	0.0	0%
Class B owned by Cantor	45.9	9%
Partnership units owned by Cantor <sup>(4)</sup>	52.4	10%
<b>Total</b>	<b>516.1</b>	<b>100%</b>

<b>BGC Partners, Inc. Fully Diluted Share Count Summary (as of March 31, 2019)</b>	<b>Fully-diluted Shares (MN)</b>	<b>Ownership (%)</b>
Public	274.7	53%
Employees	143.1	28%
Cantor	98.3	19%

- Class A shares owned by board members or executives and restricted shares owned by other employees. Any Class A share owned by an employee without restriction is included in the "Class A owned by Public".
- Partnership units owned by employees include founding/working partner units and limited partnership units. In conjunction with the proposed spin-off of Newmark, the Partnership units are owned by employees of both Newmark and BGC. Over time, virtually all of the partners of Newmark are expected to only own units and/or shares of Newmark and virtually all of the partners of BGC are expected to only own units and/or shares of BGC. Going forward, partners of BGC will be compensated with BGC partnership units and partners of Newmark will be compensated with Newmark partnership units.
- These primarily represent contingent shares and/or units for which all necessary conditions have been satisfied except for the passage of time.
- Includes 15.8 million Cantor distribution rights.
- Note: Certain numbers may not add due to rounding.

# THERE IS STRONG CORRELATION BETWEEN BGC'S BROKERAGE REVENUES AND CERTAIN INDUSTRY METRICS

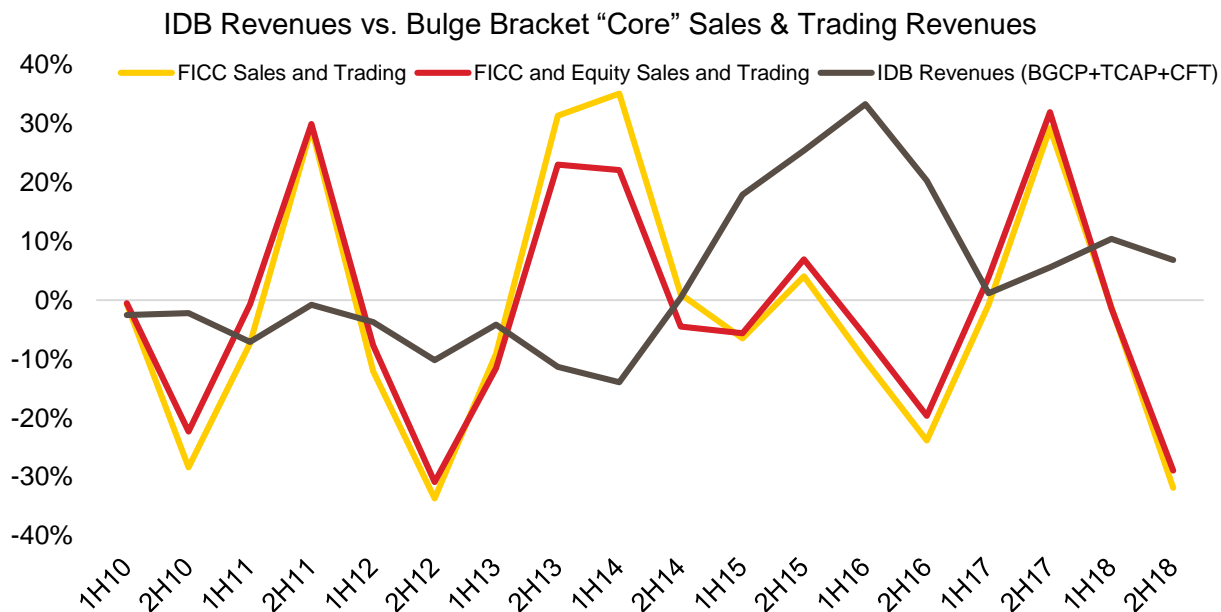
Asset Class	Industry Metric	Correlation	R <sup>2</sup>
Rates	BGC Rates Revenues vs. Fed UST Primary Dealer Volume	55.0%	30.2%
	BGC Rates Revenues vs. EUREX Interest Rate Derivatives	67.2%	45.2%
FX	BGC FX Revenues vs. CME FX Futures Volume	62.3%	38.8%
Equities and Other Asset Classes	BGC Equities and Other Asset Classes Revenues vs. OCC Total Industry Equity Option Volume	63.8%	40.7%
Credit	BGC Credit Revenues vs. Fed Primary Dealer Corporate Bond Inventory	49.2%	24.2%
Rates	BGC Rates Revenues vs. BrokerTec (NEX/CME) Volume	43.4%	18.8%
FX	BGC FX Revenues vs. EBS (NEX/CME) Volume	30.9%	9.5%

Small correlation or R squared 0.1 - 0.3, medium 0.31 - 0.5, large if above 0.5.

Note: Correlation and R-Squared periods measured are quarterly from 1Q2007 through 4Q2018 except for CME FX Futures (1Q2008 through 4Q2018) and Fed Primary Dealer Positions for Corporate Securities (1Q2009 through 4Q2018). Correlation and R-Squared between rates and FX revenues of BGC and NEX/CME are measured based on quarterly revenues from 2013-2018 and 2015-2018, respectively.

Sources: Bloomberg, Eurex, CME, OCC and Federal Reserve

# TRADITIONAL IDB REVENUES HAVE BEEN LESS VOLATILE AND MORE PREDICTABLE THAN THOSE OF THE LARGE BANKS



- IDB revenues were less volatile and more predictable than bank FICC and FICC + equity sales & trading revenues\*
  - The standard deviation for IDB revenues was 13%
  - The standard deviation for FICC sales & trading revenues was 21%
  - The standard deviation for FICC + equity sales & trading revenues was 18%

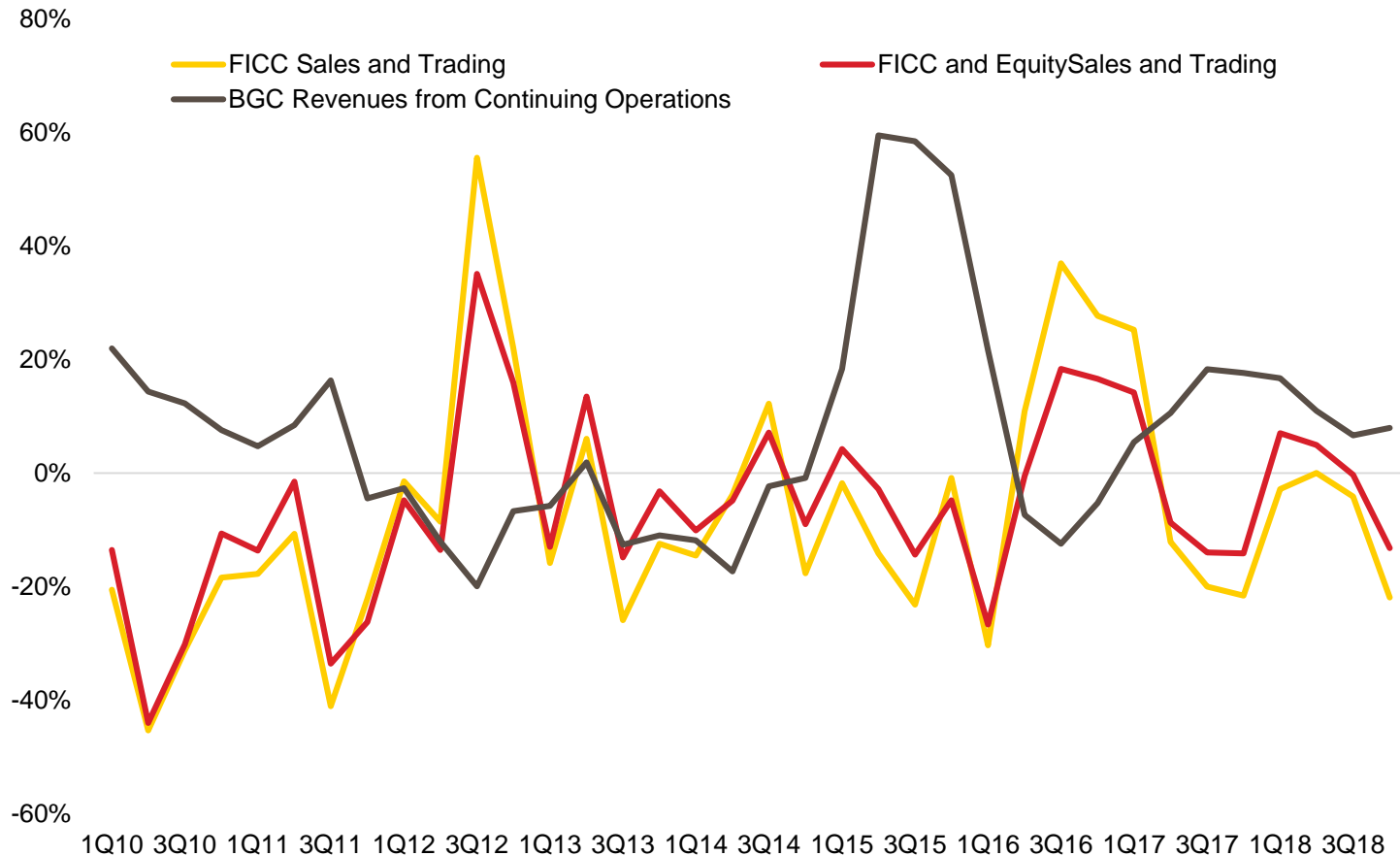
\* Based on the standard deviation (using deviations from the mean) of the y-o-y change in semi-annual revenues from 2010

Source: Citi (for FICC and Equity Sales and Trading data), companies

Note: BGC's revenues prior to 2014 are Financial Services segment revenues. BGC's revenues from 2014 are from Continuing Operations

# BGC'S REVENUES HAVE BEEN NEGATIVELY CORRELATED WITH THOSE OF THE LARGE BANKS

## BGCP Revenues vs. Bulge Bracket "Core" Sales & Trading Revenues



- BGCP's revenues had a correlation of negative 0.38 and negative 0.28 with bank FICC and FICC + equity sales & trading revenues, respectively, from 2010

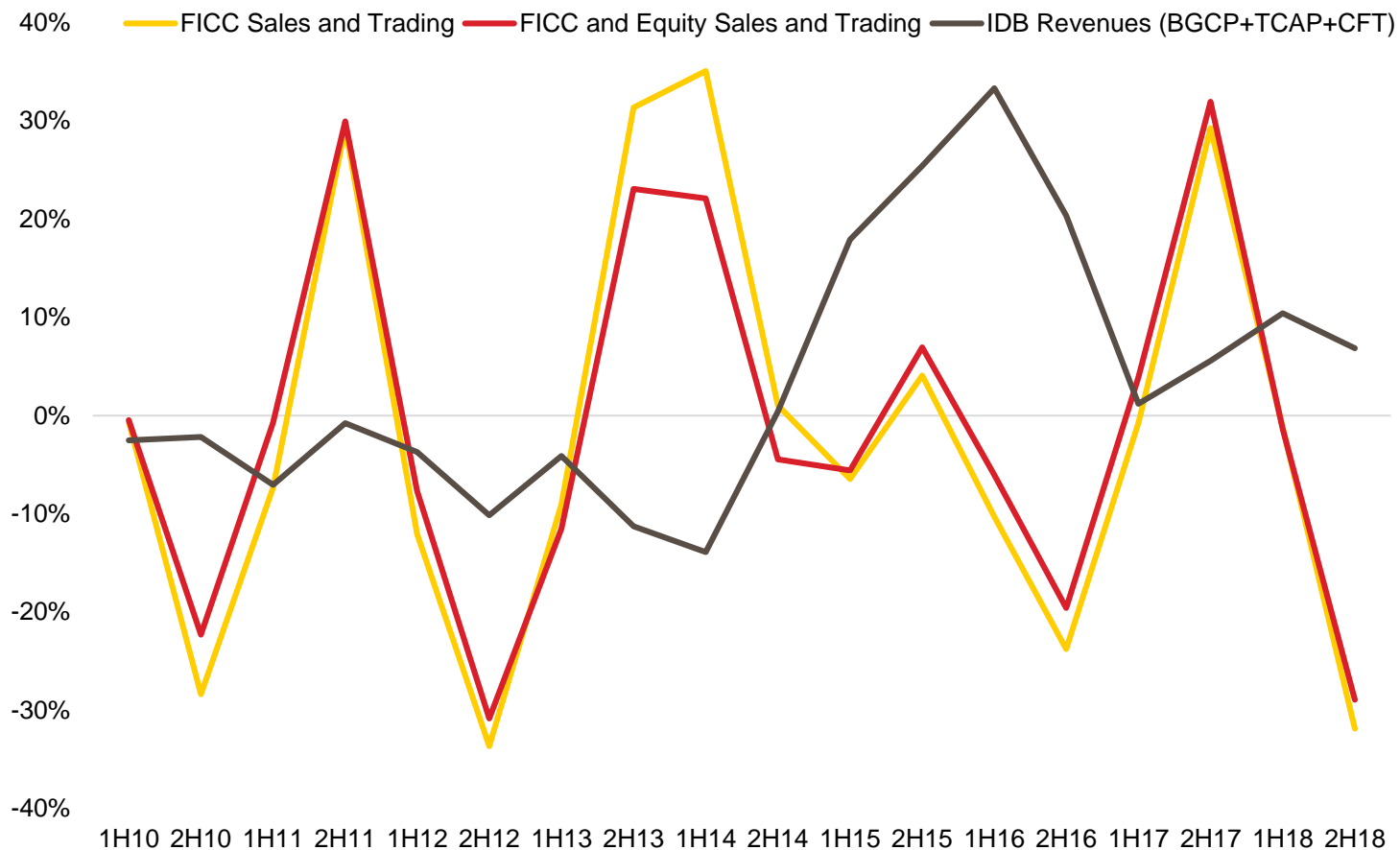
Source: Citi (for FICC and Equity Sales and Trading data)

Note: BGC's revenues prior to 2014 are Financial Services segment revenues. BGC's revenues from 2014 are from Continuing Operations



# TRADITIONAL IDB REVENUES HAVE BEEN NEGATIVELY CORRELATED WITH THOSE OF THE LARGE BANKS

## IDB Revenues vs. Bulge Bracket “Core” Sales & Trading Revenues



- IDB revenues had a correlation of negative 0.23 and negative 0.15 with bank FICC and FICC + equity sales & trading revenues, respectively, from 2010

Source: Citi (for FICC and Equity Sales and Trading data), companies

Note: BGC's revenues prior to 2014 are Financial Services segment revenues. BGC's revenues from 2014 are from Continuing Operations

# DIFFERENCES BETWEEN NON-GAAP AND GAAP CONSOLIDATED RESULTS

## Differences between Non-GAAP and GAAP Consolidated Results

As was previously disclosed, the Company has simplified and clarified its presentation of Adjusted Earnings and Adjusted EBITDA. BGC now excludes GAAP charges related to equity-based compensation for Adjusted Earnings rather than expenses with respect to grants of exchangeability and issuance of common stock. In addition, the Company no longer excludes GAAP charges with respect to employee loan amortization and reserves on employee loans when calculating Adjusted EBITDA. BGC has recast its historical non-GAAP financial results for 2018 and 2017 consistent with this new presentation on its investor relations website at <http://ir.bgcpartners.com>. Furthermore, in order to be more consistent with how other companies present non-GAAP results, the Company has moved the narrative describing the differences between results under Adjusted Earnings and GAAP to the footnotes following the table found later in this document and titled "Reconciliation of GAAP Income (Loss) from Continuing Operations to Adjusted Earnings from Continuing Operations and GAAP Fully Diluted EPS from Continuing Operations to Post-Tax Adjusted EPS from Continuing Operations".

## Non-GAAP Financial Measures

This document contains non-GAAP financial measures that differ from the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"). Non-GAAP financial measures used by the Company include "Adjusted Earnings before noncontrolling interests and taxes", which is used interchangeably with "pre-tax Adjusted Earnings"; "Post-tax Adjusted Earnings to fully diluted shareholders", which is used interchangeably with "post-tax Adjusted Earnings"; "Adjusted EBITDA"; and "Liquidity." These terms are defined later in this document. All non-GAAP results discussed herein are comparable to and reconciled with the most directly comparable GAAP figures from BGC's continuing operations.

## Equity-based Compensation and Allocations of Net Income to Limited Partnership Units and FPU's

BGC has changed the GAAP line item formerly known as "Allocations of net income and grant of exchangeability to limited partnership units and FPU's and issuance of common stock" to "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in the Company's condensed consolidated statements of operations. The change resulted in the reclassification of amortization charges related to equity-based awards such as REUs and RSUs from GAAP "Compensation and employee benefits" to "Equity-based compensation and allocations of net income to limited partnership units and FPU's". This change in presentation had no impact on the Company's GAAP "Total compensation and employee benefits" nor GAAP "Total expenses". Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

These GAAP equity-based compensation charges reflect the following items:

- Charges with respect to grants of exchangeability, which reflect the right of holders of limited partnership units with no capital accounts, such as LPU's and PSU's, to exchange these units into shares of common stock, or into partnership units with capital accounts, such as HDU's, as well as cash paid with respect to taxes withheld or expected to be owed by the unit holder upon such exchange. The withholding taxes related to the exchange of certain non-exchangeable units without a capital account into either common shares or units with a capital account may be funded by the redemption of preferred units such as PPSU's.
- Charges with respect to preferred units. Any preferred units would not be included in the Company's fully diluted share count because they cannot be made exchangeable into shares of common stock and are entitled only to a fixed distribution. Preferred units are granted in connection with the grant of certain limited partnership units that may be granted exchangeability at ratios designed to cover any withholding taxes expected to be paid by the unit holder upon exchange. This is an alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares, to pay applicable withholding taxes.

# DIFFERENCES BETWEEN NON-GAAP AND GAAP CONSOLIDATED RESULTS [CONTINUED]

- GAAP equity-based compensation charges with respect to the grant of an offsetting amount of common stock or partnership units with capital accounts in connection with the redemption of non-exchangeable units, including PSUs and LPUs.
- Charges related to amortization of RSUs and limited partnership units.
- Charges related to grants of equity awards, including common stock or partnership units with capital accounts.
- Allocations of net income to limited partnership units and FPU. Such allocations represent the pro-rata portion of post-tax GAAP earnings available to such unit holders.

The Company's Adjusted Earnings and Adjusted EBITDA measures exclude all GAAP charges included in the line item "Equity-based compensation and allocations of net income to limited partnership units and FPU" (or "equity-based compensation" for purposes of defining the Company's non-GAAP results) as recorded on the Company's GAAP Consolidated Statements of Operations and GAAP Consolidated Statements of Cash Flows. BGC had formerly excluded all charges related to the previous line item "Allocations of net income and grant of exchangeability to limited partnership units and FPU and issuance of common stock".

Virtually all of BGC's key executives and producers have equity or partnership stakes in the Company and its subsidiaries and generally receive deferred equity or limited partnership units as part of their compensation. A significant percentage of BGC's fully diluted shares are owned by its executives, partners and employees. The Company issues limited partnership units as well as other forms of equity-based compensation, including grants of exchangeability into shares of common stock, to provide liquidity to its employees, to align the interests of its employees and management with those of common stockholders, to help motivate and retain key employees, and to encourage a collaborative culture that drives cross-selling and revenue growth.

All share equivalents that are part of the Company's equity-based compensation program, including REUs, PSUs, LPUs, HDUs, and other units that may be made exchangeable into common stock, as well as RSUs (which are recorded using the treasury stock method), are included in the fully diluted share count when issued or at the beginning of the subsequent quarter after the date of grant. Generally, limited partnership units other than preferred units are expected to be paid a pro-rata distribution based on BGC's calculation of Adjusted Earnings per fully diluted share.

## **Other Items with Respect to Non-GAAP Results**

In addition, Adjusted Earnings calculations exclude certain unusual, one-time, non-ordinary or non-recurring items, if any, as well as certain gains and charges with respect to acquisitions, dispositions, or resolutions of litigation. The Company views excluding such items as a better reflection of the ongoing operations of the Company.

## **Adjusted Earnings Defined**

BGC uses non-GAAP financial measures including, but not limited to, "pre-tax Adjusted Earnings" and "post-tax Adjusted Earnings", which are supplemental measures of operating results that are used by management to evaluate the financial performance of the Company and its consolidated subsidiaries. BGC believes that Adjusted Earnings best reflect the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers when managing its business.

# DIFFERENCES BETWEEN NON-GAAP AND GAAP CONSOLIDATED RESULTS [CONTINUED]

As compared with “income (loss) from operations before income taxes” and “net income (loss) from operations per fully diluted share”, all prepared in accordance with GAAP, Adjusted Earnings calculations primarily exclude certain non-cash items and other expenses that generally do not involve the receipt or outlay of cash by the Company and/or which do not dilute existing stockholders, as described below. In addition, Adjusted Earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary results of BGC.

## **Adjustments Made to Calculate Pre-Tax Adjusted Earnings**

BGC defines pre-tax Adjusted Earnings as GAAP income (loss) from operations before income taxes, excluding items such as:

- Non-cash earnings or losses related to the Company’s investments under the equity method
- Non-cash GAAP asset impairment charges, if any;
- Non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions;
- Unusual, one-time, non-ordinary, or non-recurring items; and
- Equity-based compensation.

The amount of charges relating to equity-based compensation the Company uses to calculate pre-tax Adjusted Earnings on a quarterly basis is based upon the Company’s estimate of such expected charges during the annual period, as described further below under “Adjustments Made to Calculate Post-Tax Adjusted Earnings”.

## **Adjustments Made to Calculate Post-Tax Adjusted Earnings**

Although Adjusted Earnings are calculated on a pre-tax basis, BGC also reports post-tax Adjusted Earnings to fully diluted shareholders. The Company defines post-tax Adjusted Earnings to fully diluted shareholders as pre-tax Adjusted Earnings reduced by the non-GAAP tax provision described below and net income (loss) attributable to noncontrolling interest for Adjusted Earnings.

The Company calculates its tax provision for post-tax Adjusted Earnings using an annual estimate similar to how it accounts for its income tax provision under GAAP. To calculate the quarterly tax provision under GAAP, BGC estimates its full fiscal year GAAP income (loss) from operations before income taxes and noncontrolling interests in subsidiaries and the expected inclusions and deductions for income tax purposes, including expected equity-based compensation during the annual period. The resulting annualized tax rate is applied to BGC’s quarterly GAAP income (loss) from operations before income taxes and noncontrolling interests in subsidiaries. At the end of the annual period, the Company updates its estimate to reflect the actual tax amounts owed for the period.

To determine the non-GAAP tax provision, BGC first adjusts pre-tax Adjusted Earnings by recognizing any, and only, amounts for which a tax deduction applies under applicable law. The amounts include charges with respect to equity-based compensation; certain charges related to employee loan forgiveness; certain net operating loss carryforwards when taken for statutory purposes; and certain charges related to tax goodwill amortization. These adjustments may also reflect timing and measurement differences, including treatment of employee loans; changes in the value of units between the dates of grants of exchangeability and the date of actual unit exchange; variations in the value of certain deferred tax assets; and liabilities and the different timing of permitted deductions for tax under GAAP and statutory tax requirements.

# DIFFERENCES BETWEEN NON-GAAP AND GAAP CONSOLIDATED RESULTS [CONTINUED]

After application of these adjustments, the result is the Company's taxable income for its pre-tax Adjusted Earnings, to which BGC then applies the statutory tax rates to determine its non-GAAP tax provision. BGC views the effective tax rate on pre-tax Adjusted Earnings as equal to the amount of its non-GAAP tax provision divided by the amount of pre-tax Adjusted Earnings.

Generally, the most significant factor affecting this non-GAAP tax provision is the amount of charges relating to equity-based compensation. Because the charges relating to equity-based compensation are deductible in accordance with applicable tax laws, increases in such charges have the effect of lowering the Company's non-GAAP effective tax rate and thereby increasing its post-tax Adjusted Earnings.

Management uses Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the Company's business, to make decisions with respect to the Company's operations, and to determine the amount of dividends payable to common stockholders and distributions payable to holders of limited partnership units.

BGC incurs income tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of its subsidiaries. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in New York City. Any U.S. federal and state income tax liability or benefit related to the partnership income or loss, with the exception of UBT, rests with the unit holders rather than with the partnership entity. The Company's consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations. Outside of the U.S., BGC is expected to operate principally through subsidiary corporations subject to local income taxes. For these reasons, taxes for Adjusted Earnings are expected to be presented to show the tax provision the consolidated Company would expect to pay if 100 percent of earnings were taxed at global corporate rates.

## Calculations of Post-Tax Adjusted Earnings per Share

BGC's Post-tax Adjusted Earnings per share calculations assume either that:

- The fully diluted share count includes the shares related to any dilutive instruments, but excludes the associated expense, net of tax, when the impact would be dilutive; or
- The fully diluted share count excludes the shares related to these instruments, but includes the associated expense, net of tax.

The share count for Adjusted Earnings excludes certain shares and share equivalents expected to be issued in future periods but not yet eligible to receive dividends and/or distributions. Each quarter, the dividend payable to BGC's stockholders, if any, is expected to be determined by the Company's Board of Directors with reference to a number of factors, including post-tax Adjusted Earnings per share. BGC may also pay a pro-rata distribution of net income to limited partnership units, as well as to Cantor for its noncontrolling interest. The amount of this net income, and therefore of these payments per unit, would be determined using the above definition of Adjusted Earnings per share on a pre-tax basis.

The declaration, payment, timing and amount of any future dividends payable by the Company will be at the discretion of its Board of Directors using the fully diluted share count.

# DIFFERENCES BETWEEN NON-GAAP AND GAAP CONSOLIDATED RESULTS [CONTINUED]

## Other Matters with Respect to Adjusted Earnings

The term "Adjusted Earnings" should not be considered in isolation or as an alternative to GAAP net income (loss). The Company views Adjusted Earnings as a metric that is not indicative of liquidity, or the cash available to fund its operations, but rather as a performance measure. Pre- and post-tax Adjusted Earnings, as well as related measures, are not intended to replace the Company's presentation of its GAAP financial results. However, management believes that these measures help provide investors with a clearer understanding of BGC's financial performance and offer useful information to both management and investors regarding certain financial and business trends related to the Company's financial condition and results of operations. Management believes that the GAAP and Adjusted Earnings measures of financial performance should be considered together.

For more information regarding Adjusted Earnings, see the certain sections and tables of this document and/or the Company's most recent financial results press release in which BGC's non-GAAP results are reconciled to those under GAAP.

## Adjusted EBITDA Defined

BGC also provides an additional non-GAAP financial performance measure, "Adjusted EBITDA", which it defines as GAAP "Net income (loss) available to common stockholders", adjusted to add back the following items:

- Interest expense;
- Provision (benefit) for income taxes;
- Fixed asset depreciation and intangible asset amortization;
- Impairment charges;
- Net income (loss) attributable to noncontrolling interest;
- Equity-based compensation;
- Non-cash earnings or losses related to the Company's investments under the equity method.

The Company's management believes that its Adjusted EBITDA measure is useful in evaluating BGC's operating performance, because the calculation of this measure generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, the Company's management uses this measure to evaluate operating performance and for other discretionary purposes. BGC believes that Adjusted EBITDA is useful to investors to assist them in getting a more complete picture of the Company's financial results and operations.

Since BGC's Adjusted EBITDA is not a recognized measurement under GAAP, investors should use this measure in addition to GAAP measures of net income when analyzing BGC's operating performance. Because not all companies use identical EBITDA calculations, the Company's presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow or GAAP cash flow from operations because the Company's Adjusted EBITDA does not consider certain cash requirements, such as tax and debt service payments.

For more information regarding Adjusted EBITDA, see the certain sections and tables of this document and/or the Company's most recent financial results press release in which BGC's non-GAAP results are reconciled to those under GAAP.

# DIFFERENCES BETWEEN NON-GAAP AND GAAP CONSOLIDATED RESULTS [CONTINUED]

## Outlook for Non-GAAP Items

BGC anticipates providing forward-looking guidance for GAAP revenues and for certain non-GAAP measures from time to time. However, the Company does not anticipate providing an outlook for other GAAP results. This is because certain GAAP items, which are excluded from Adjusted Earnings and/or Adjusted EBITDA, are difficult to forecast with precision before the end of each period. The Company therefore believes that it is not possible for it to have the required information necessary to forecast GAAP results or to quantitatively reconcile GAAP forecasts to non-GAAP forecasts with sufficient precision without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The relevant items that are difficult to predict on a quarterly and/or annual basis with precision and may materially impact the Company's GAAP results include, but are not limited, to the following:

- Certain equity-based compensation charges that may be determined at the discretion of management throughout and up to the period-end;
- Unusual, one-time, non-ordinary, or non-recurring items;
- The impact of gains or losses on certain marketable securities, as well as any gains or losses related to associated mark-to-market movements and/or hedging. These items are calculated using period-end closing prices;
- Non-cash asset impairment charges, which are calculated and analyzed based on the period-end values of the underlying assets. These amounts may not be known until after period-end;
- Acquisitions, dispositions and/or resolutions of litigation, which are fluid and unpredictable in nature.

## Liquidity Defined

BGC may also use a non-GAAP measure called "liquidity". The Company considers liquidity to be comprised of the sum of cash and cash equivalents plus marketable securities that have not been financed, reverse repurchase agreements, and securities owned, less securities loaned and repurchase agreements. The Company considers this an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice.



RECONCILIATION OF GAAP INCOME (LOSS) FROM CONTINUING OPERATIONS TO ADJUSTED EARNINGS FROM CONTINUING OPERATIONS AND GAAP FULLY DILUTED EPS FROM CONTINUING OPERATIONS TO POST-TAX ADJUSTED EPS FROM CONTINUING OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)



	<u>Q1 2019</u>	<u>Q1 2018</u>
<b>GAAP income (loss) before income taxes from continuing operations</b>	\$ 117,071	\$ 94,222
Pre-tax adjustments:		
Compensation adjustments:		
Equity-based compensation and allocations of net income to limited partnership units and FPU's (1)	12,141	39,389
Other compensation charges (2)	699	1,347
Total compensation adjustments	12,840	40,736
Non-compensation adjustments:		
Amortization of intangibles (3)	7,237	7,216
Acquisition related costs	734	841
Rent expense (4)	2,567	—
Impairment charges	32	—
Other (5)	5,160	1,488
Total non-compensation adjustments	15,730	9,545
Other income (losses), net adjustments:		
Gain on divestiture	(20,054)	—
Fair value adjustment of investments (6)	(20,376)	(20,578)
Other net (gains) losses (7)	983	(1,776)
Total other income (losses), net adjustments	(39,447)	(22,354)
Total pre-tax adjustments	(10,877)	27,927
<b>Pre-tax adjusted earnings from continuing operations</b>	<b><u>\$ 106,194</u></b>	<b><u>\$ 122,149</u></b>
GAAP net income (loss) from continuing operations available to common stockholders	\$ 61,868	\$ 43,998
Allocation of net income (loss) from continuing operations to non-controlling interest in subsidiaries (8)	24,626	26,583
Total pre-tax adjustments (from above)	(10,877)	27,927
Income tax adjustment to reflect adjusted earnings taxes (9)	17,855	8,463
<b>Post-tax adjusted earnings from continuing operations</b>	<b><u>\$ 93,472</u></b>	<b><u>\$ 106,971</u></b>
<i>Per Share Data</i>		
<b>GAAP fully diluted earnings (loss) per share from continuing operations</b>	\$ 0.18	\$ 0.14
Less: Allocations of net income (loss) from continuing operations to limited partnership units, FPU's, and noncontrolling interest in subsidiaries, net of tax	(0.01)	0.01
Total pre-tax adjustments (from above)	(0.02)	0.06
Income tax adjustment to reflect adjusted earnings taxes	0.03	0.02
<b>Post-tax adjusted earnings per share from continuing operations</b>	<b><u>\$ 0.18</u></b>	<b><u>\$ 0.22</u></b>
Fully diluted weighted-average shares of common stock outstanding	516,066	478,935
Dividends declared per share of common stock	<u>\$ 0.14</u>	<u>\$ 0.18</u>

Please see footnotes to this table on the next page.

RECONCILIATION OF GAAP INCOME (LOSS) FROM CONTINUING OPERATIONS TO ADJUSTED EARNINGS FROM CONTINUING OPERATIONS AND GAAP FULLY DILUTED EPS FROM CONTINUING OPERATIONS TO POST-TAX ADJUSTED EPS FROM CONTINUING OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)



- (1) GAAP equity-based compensation charges in the first quarter of 2019 include \$4.5 million of allocations of net income to limited partnership units and FPU's. Such charges represent certain BGC employees' pro-rata portion of net income. In the first quarter of 2018, the comparable GAAP expense was \$3.8 million. In the first quarters of 2019 and 2018, GAAP compensation charges included an additional \$7.6 million and \$35.6 million, respectively, in other charges relating to equity-based compensation.
- (2) In the first quarters of 2019 and 2018, GAAP expenses included non-cash charges of \$0.4 million and \$1.3 million, respectively, related to the amortization of GFI employee forgivable loans granted prior to the closing of the January 11, 2016 back-end merger with GFI. GAAP expenses in the first quarter of 2019 also included acquisition-related compensation expenses of \$0.3 million.
- (3) Includes non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions.
- (4) Includes non-cash charges of amortized rents incurred by the Company during the build-out phase of the Company's new UK based headquarters.
- (5) Includes various other GAAP items.
- (6) Includes non-cash gains of \$20.4 million and \$20.6 million, respectively, related to fair value adjustments of investments held by BGC in the first quarters of 2019 and 2018.
- (7) For the first quarters of 2019 and 2018, includes non-cash gains of \$0.8 million and \$2.6 million, respectively, related to BGC's investments accounted for under the equity method. Also includes net losses of \$1.8 million and \$0.8 million for various other GAAP items for the first quarters of 2019 and 2018, respectively.
- (8) Primarily represents Cantor's pro-rata portion of net income.
- (9) BGC's GAAP provision for income taxes from 2016 forward is calculated based on annualized methodology. The Company's GAAP provision for income taxes was \$29.9 million and \$21.6 million for the first quarters of 2019 and 2018, respectively. The Company includes additional tax-deductible items when calculating the provision for taxes with respect to Adjusted Earnings using an annualized methodology. These include tax-deductions related to equity-based compensation with respect to limited partnership unit exchange, employee loan amortization, and certain net-operating loss carryforwards. The non-GAAP provision for income taxes was adjusted \$(17.9) million and \$(8.5) million for the first quarters of 2019 and 2018, respectively. As a result, the provision for income taxes with respect to Adjusted Earnings was \$12.0 million and \$13.1 million for the first quarters of 2019 and 2018, respectively. The calculation of taxes for Adjusted Earnings excluded the effect of the 2017 U.S. Tax Cuts and Jobs Act.

Note: Certain numbers may not add due to rounding.

# RECONCILIATION OF GAAP INCOME (LOSS) FROM CONTINUING OPERATIONS TO ADJUSTED EBITDA FROM CONTINUING OPERATIONS

(IN THOUSANDS) (UNAUDITED)



	<u>Q1 2019</u>	<u>Q1 2018</u>
<b>GAAP Net income (loss) available to common stockholders from continuing operations</b>	<b>\$ 61,868</b>	<b>\$ 43,998</b>
<b>Add back:</b>		
Provision (benefit) for income taxes	29,897	21,550
Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries (1)	25,306	28,674
Interest expense	13,198	9,368
Fixed asset depreciation and intangible asset amortization	18,464	17,686
Impairment of long-lived assets	357	—
Equity-based compensation and allocations of net income to limited partnership units and FPU's (2)	12,141	39,390
(Gains) losses on equity method investments (3)	(783)	(2,625)
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 160,448</b>	<b>\$ 158,041</b>

(1) Primarily represents Cantor's pro-rata portion of net income.

(2) Represents BGC employees' pro-rata portion of net income and non-cash and non-dilutive charges relating to equity-based compensation.

(3) Non-cash gains related to BGC's investments accounted for under the equity method.

# LIQUIDITY ANALYSIS FROM CONTINUING OPERATIONS

(IN THOUSANDS) (UNAUDITED)

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Cash and cash equivalents	\$ 331,668	\$ 336,535
Repurchase agreements	(4,327)	(986)
Securities owned	60,146	58,408
Marketable securities (1)	4,921	16,924
<b>Total liquidity</b>	<b><u>\$ 392,408</u></b>	<b><u>\$ 410,881</u></b>

(1) As of March 31, 2019 and December 31, 2018, \$25.1 million and \$15.1 million, respectively, of Marketable securities on our balance sheet were lent out in Securities loaned transactions and therefore are not included as part of our Liquidity Analysis.

**FULLY DILUTED WEIGHTED-AVERAGE SHARE COUNT FOR GAAP AND ADJUSTED EARNINGS FROM CONTINUING OPERATIONS** (IN THOUSANDS) (UNAUDITED)

	<u>Q1 2019</u>	<u>Q1 2018</u>
Common stock outstanding	338,403	307,728
Limited partnership units	111,184	104,892
Cantor units	52,363	51,815
Founding partner units	12,525	12,511
RSUs	179	604
Other	<u>1,412</u>	<u>1,385</u>
<b>Fully diluted weighted-average share count for GAAP and Adjusted Earnings continuing operations</b>	<b><u><u>516,066</u></u></b>	<b><u><u>478,935</u></u></b>



**Media Contact:**

Karen Laureano-Rikardsen

+1 212-829-4975

**Investor Contact:**

Jason McGruder

+1 212-610-2426

Ujjal Basu Roy

+1 212-610-2426

[ir.bgcpartners.com](http://ir.bgcpartners.com)  
[twitter.com/bgcpartners](https://twitter.com/bgcpartners)  
[linkedin.com/company/bgc-partners](https://linkedin.com/company/bgc-partners)