



Q4 2019 Conference Call and Webcast

January, 29 2020

Forward Looking Statements

This presentation may contain forward-looking statements, including statements about the outlook and prospects for Company and industry growth, as well as statements about the Company's future financial and operating performance. These and other statements that relate to future results and events are based on MarketAxess' current expectations. The Company's actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including: global economic, political and market factors; the volatility of financial services markets generally; the level of trading volume transacted on the MarketAxess platform; the absolute level and direction of interest rates and the corresponding volatility in the corporate fixed-income market; the level and intensity of competition in the fixed-income electronic trading industry and the pricing pressures that may result; the variability of our growth rate; the rapidly evolving nature of the electronic financial services industry; our ability to introduce new fee plans and our clients' response; our exposure to risks resulting from non-performance by counterparties to transactions executed between our clients in which we act as an intermediary in matched principal trades; our dependence on our broker-dealer clients; the loss of any of our significant institutional investor clients; our ability to develop new products and offerings and the market's acceptance of those products; the effect of rapid market or technological changes on us and the users of our technology; our ability to successfully maintain the integrity of our trading platform and our response to system failures, capacity constraints and business interruptions; our vulnerability to cyber security risks; our ability to protect our intellectual property rights or technology and defend against intellectual property infringement or other claims; our ability to enter into strategic alliances and to acquire other businesses and successfully integrate them with our business; our ability to comply with new and existing laws, rules and regulations both domestically and internationally; our ability to maintain effective compliance and risk management methods; the strain of growth initiatives on management and other resources; our future capital needs and our ability to obtain capital when needed; limitations on our operating flexibility contained in our credit agreement; and other factors. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. More information about these and other factors affecting MarketAxess' business and prospects is contained in MarketAxess' periodic filings with the Securities and Exchange Commission and can be accessed at www.marketaxess.com.

4Q19 Summary¹

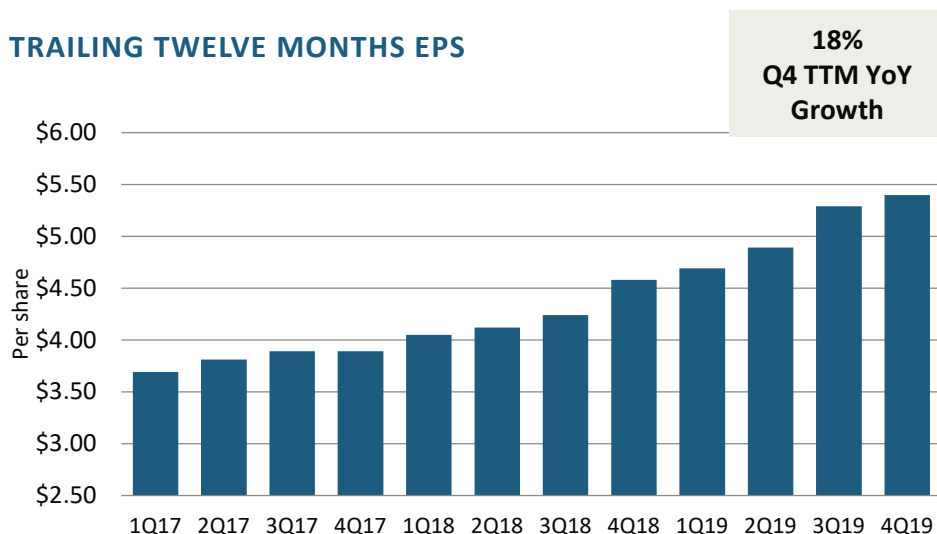
FINANCIAL HIGHLIGHTS

- Revenues of \$130 million, up 15%
- Operating income of \$61 million, up 13%
- EBITDA of \$70 million, up 13%
- Diluted EPS of \$1.32, up 9%
- Acquisition of LiquidityEdge closed November 1st, 2019

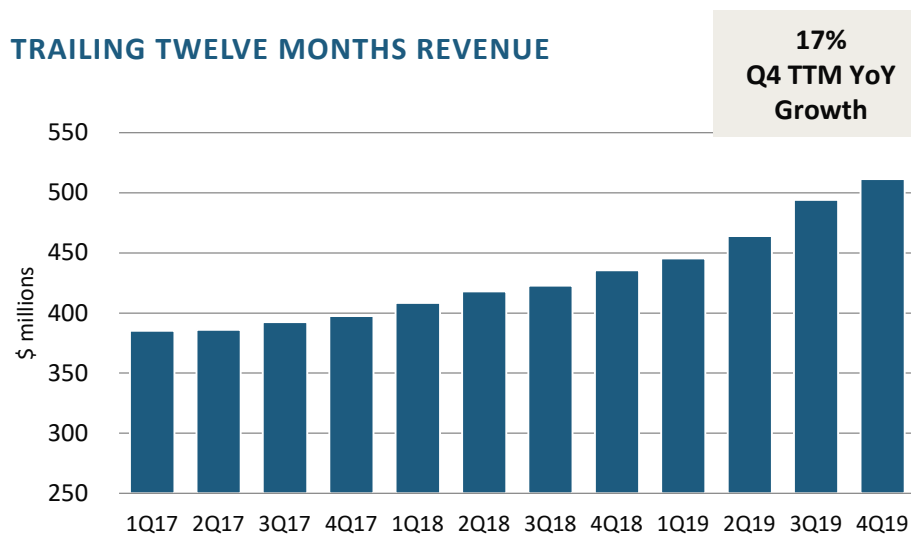
BUSINESS HIGHLIGHTS

- Total credit trading volume of \$490 billion, up 14%
- Estimated U.S. high-grade market share of 19.9%
- Open Trading™ volume of \$136 billion, up 16%
- International client volume of \$155 billion, up 44%²
- Total active clients over 1,700, up 12%
- Board of Directors approved an 18% increase to the regular quarterly dividend to \$0.60 per share

TRAILING TWELVE MONTHS EPS



TRAILING TWELVE MONTHS REVENUE

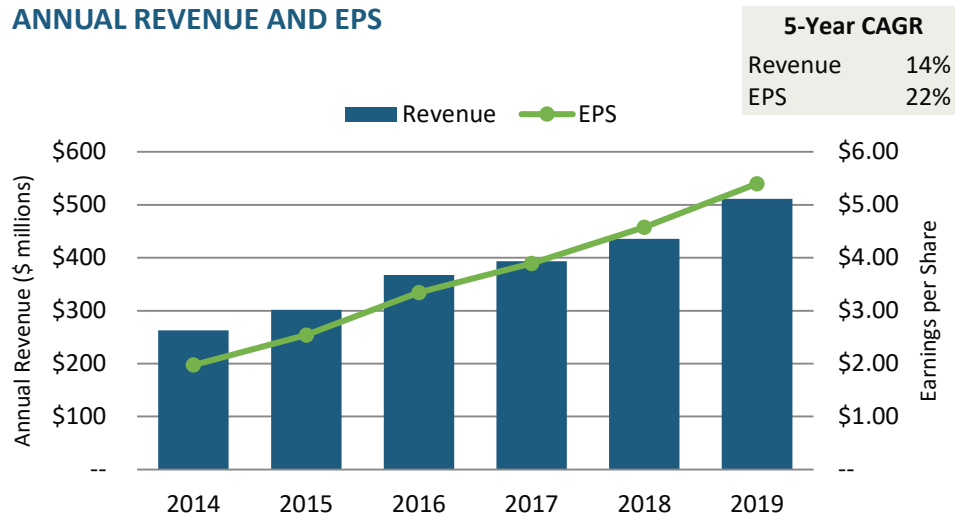


1. All period comparisons versus 4Q18 unless otherwise stated.

2. International firms include all firms outside of the United States and Canada

Full Year 2019 Results Reflect Continued Strong Growth

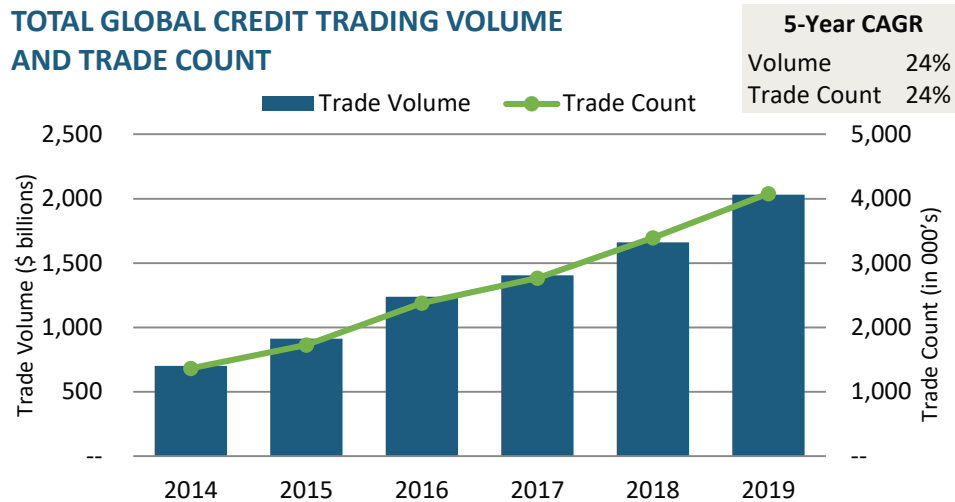
ANNUAL REVENUE AND EPS



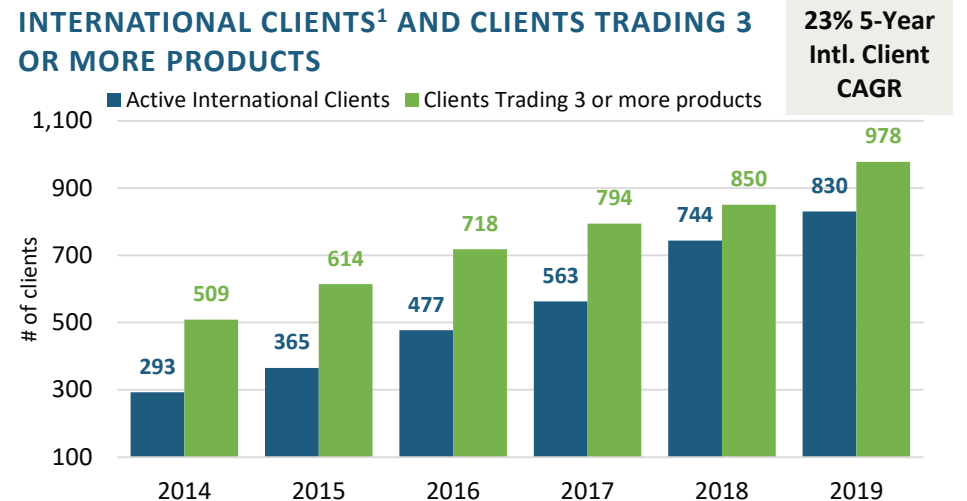
COMMENTARY

- 11th consecutive year of record full year trading volume, revenue and operating income
- Record estimated U.S. high-grade and U.S. high-yield market share and record volumes across core products
- Almost 1,000 client firms trading 3 or more products
- Record total credit trade volume and trade count, up 22.4% and 20.2%, respectively

TOTAL GLOBAL CREDIT TRADING VOLUME AND TRADE COUNT



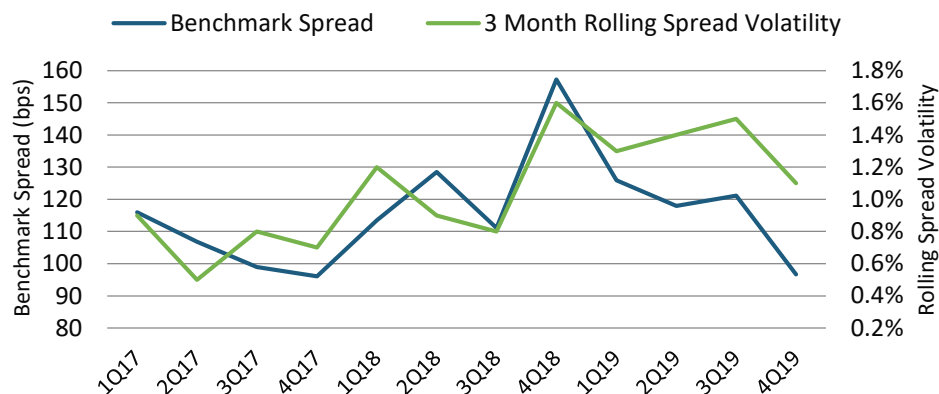
INTERNATIONAL CLIENTS¹ AND CLIENTS TRADING 3 OR MORE PRODUCTS



1. International firms include all firms outside of the United States and Canada

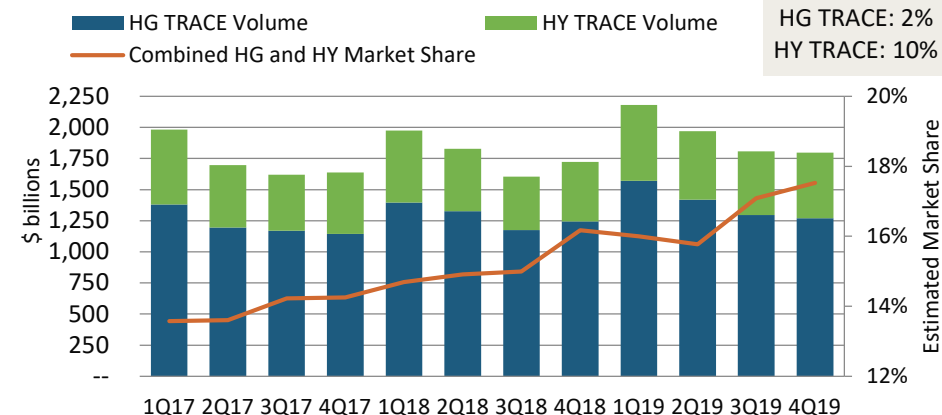
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



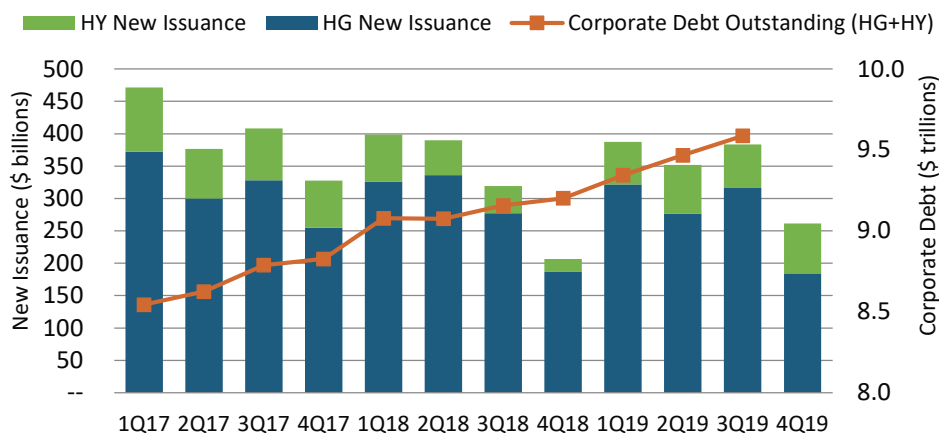
Source: Credit Suisse Global Credit Strategy

U.S. HIGH-GRADE & HIGH-YIELD TRACE VOLUME AND 6 MONTH ROLLING EST. MARKET SHARE



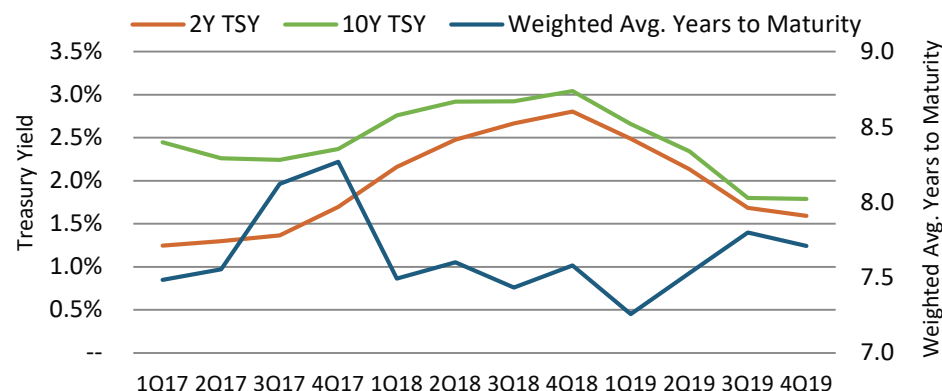
Source: BondTicker

NEW ISSUANCE & CORPORATE DEBT OUTSTANDING



Source: JPMorgan; Federal Reserve

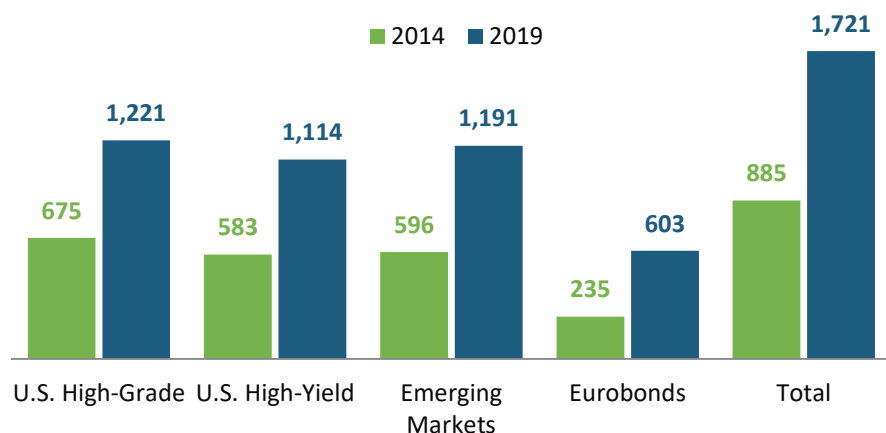
10 YEAR & 2 YEAR TREASURY YIELD & MKTX U.S. HIGH GRADE WEIGHTED AVG. YEARS TO MATURITY



Source: Federal Reserve

Breadth of Global Network

TOTAL ACTIVE CLIENT FIRMS BY PRODUCT

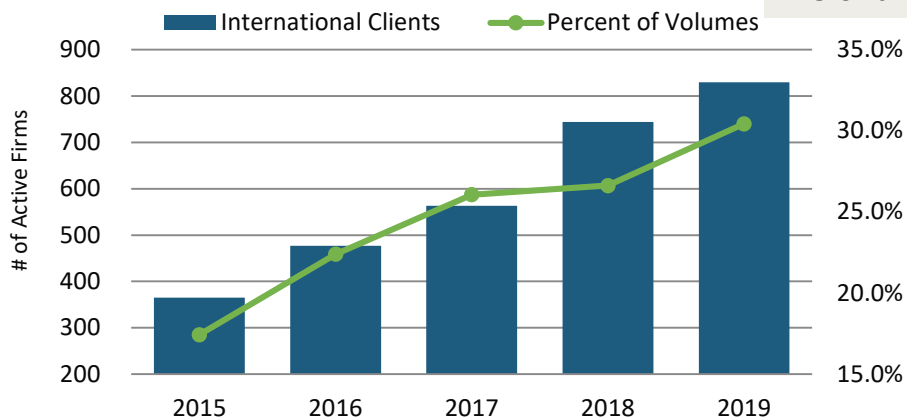


HIGHLIGHTS

- European client volume of \$563 billion, up 38%
- Emerging market volume of \$489 billion, up 29%; EM local markets trading volume up 44%
- Over 1,700 active firms globally and over 825 active international client firms
- Significant increase in client count across products

TOTAL ACTIVE INTERNATIONAL CLIENT FIRMS AND % OF VOLUMES¹

**39%
YoY Volume
Growth**

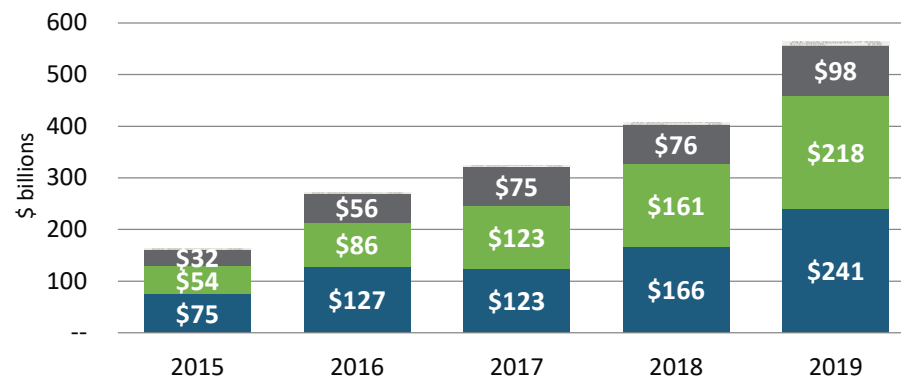


EUROPEAN CLIENT VOLUMES

YoY Growth of 38%

■ Eurobonds ■ Emerging Markets ■ U.S. Credit

U.S. Credit	28%
Emerging Markets	35%
Eurobond	45%



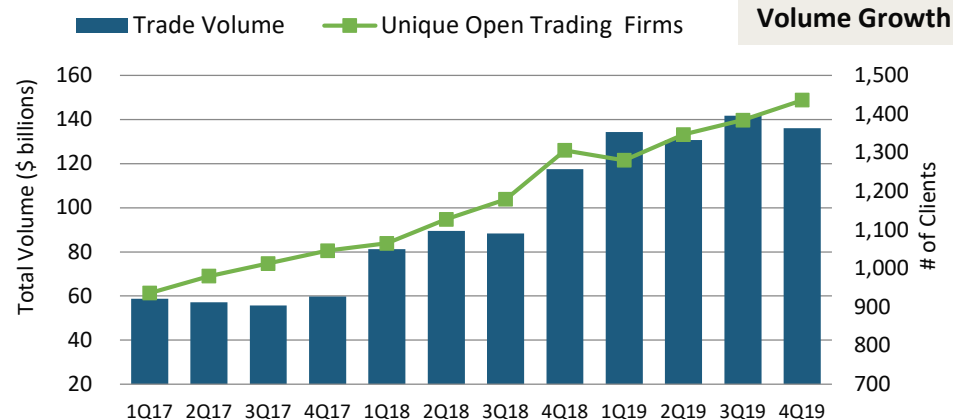
1. International firms include all firms outside of the United States and Canada

Open Trading™

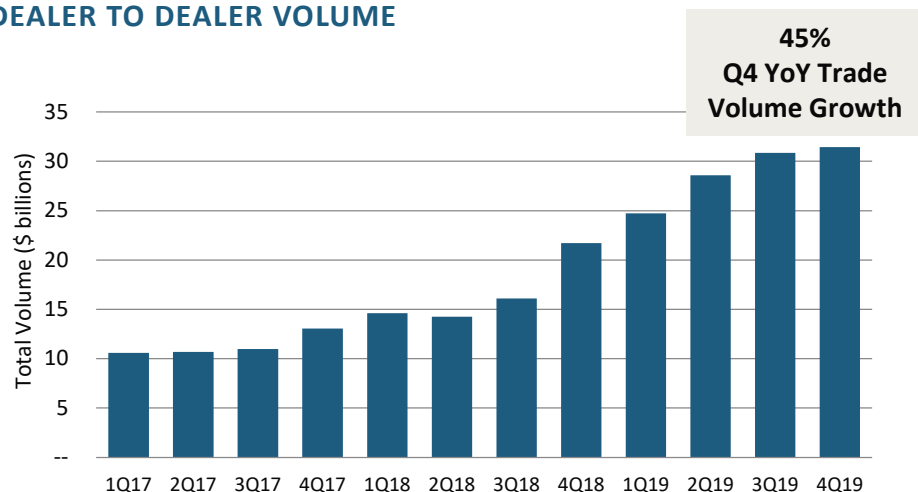
HIGHLIGHTS

- Open Trading volume grew to 27.2% of total volume, up from 26.6% in 4Q18
- \$2.1 billion average daily volume, up 14% from 4Q18
- Over 324,000 total Open Trading transactions completed in 4Q19
- Approximately 2.0 million price responses in 4Q19, up 15% from 4Q18
- Estimated system-wide liquidity taker cost savings of \$48 million and liquidity provider cost savings of \$31 million¹
- Dealer-to-dealer volume up 45% from 4Q18; now represents 6% of our credit trading volume

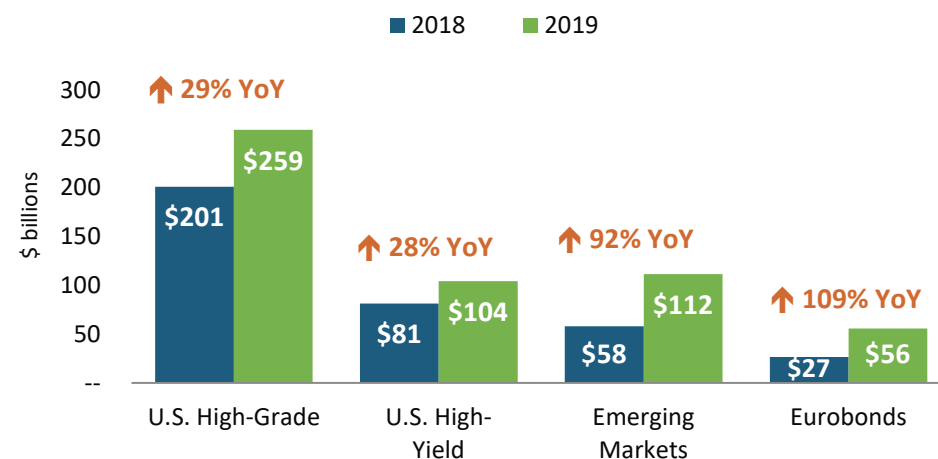
OPEN TRADING VOLUME & UNIQUE TRADING FIRMS



DEALER TO DEALER VOLUME



OPEN TRADING VOLUME BY PRODUCT



1. Estimated liquidity taker cost savings is defined as the difference between the winning price and the best disclosed dealer cover price. Estimated liquidity provider cost savings is defined as the difference between the winning price and then current Composite+ bid or offer level (offer if the provider if buying, bid if provider is selling) at the time of the inquiry.

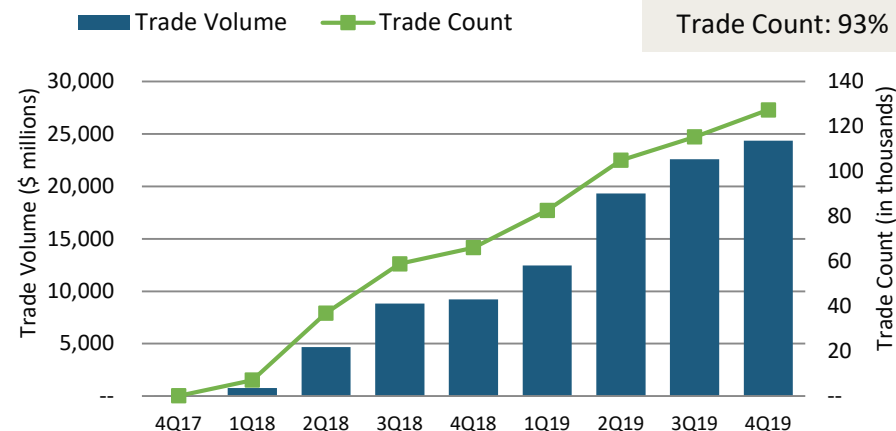
Trading Automation Continues to Grow

HIGHLIGHTS

- Over 127,000 trades used automated execution functionality, up from 66,000 trades in 4Q18
- 78 firms used automated execution functionality in 4Q19, up from 31 in 4Q18
- Approximately 2.4 million algo responses in 4Q19, up 33% from 4Q18¹

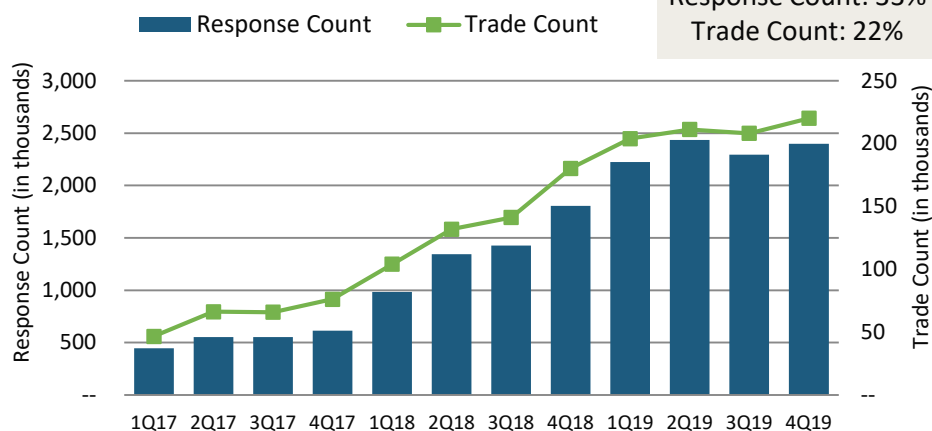
AUTOMATED TRADE VOLUME AND COUNT

Q4 YoY Growth
Trade Volume: 164%
Trade Count: 93%

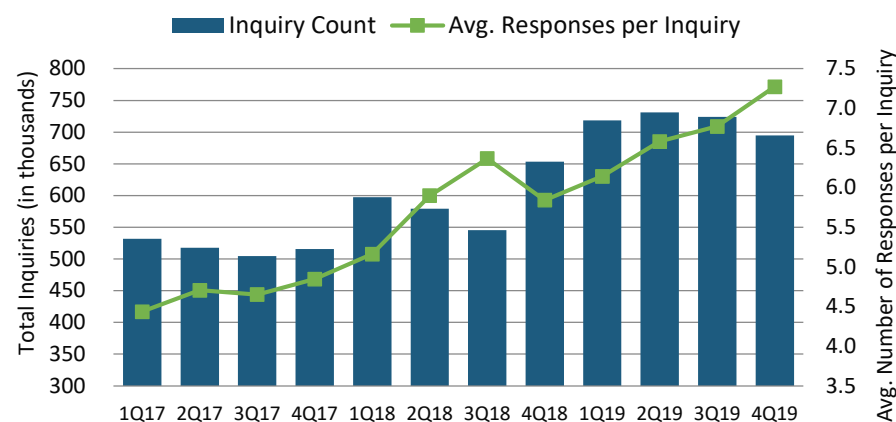


TOTAL ALGO TRADES & RESPONSES¹

Q4 YoY Growth
Response Count: 33%
Trade Count: 22%



U.S. HIGH-GRADE TOTAL INQUIRY AND AVERAGE NUMBER OF RESPONSES PER INQUIRY

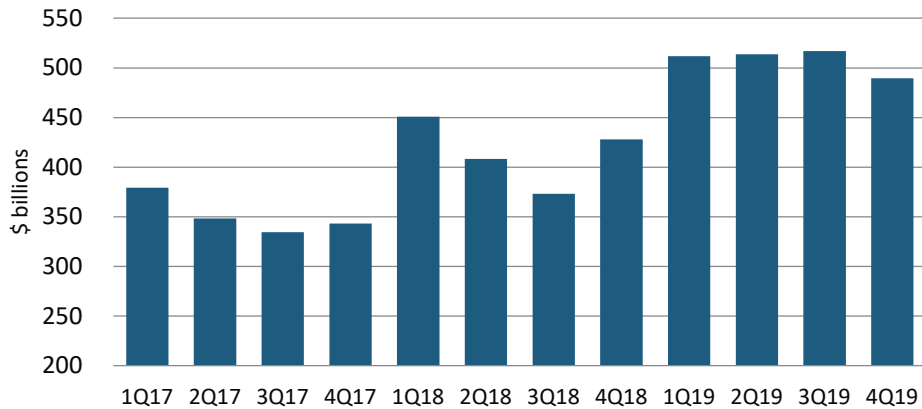


1. Algorithmic responses for U.S. high-grade and U.S. high-yield spread based trades only

Quarterly Volume Growth

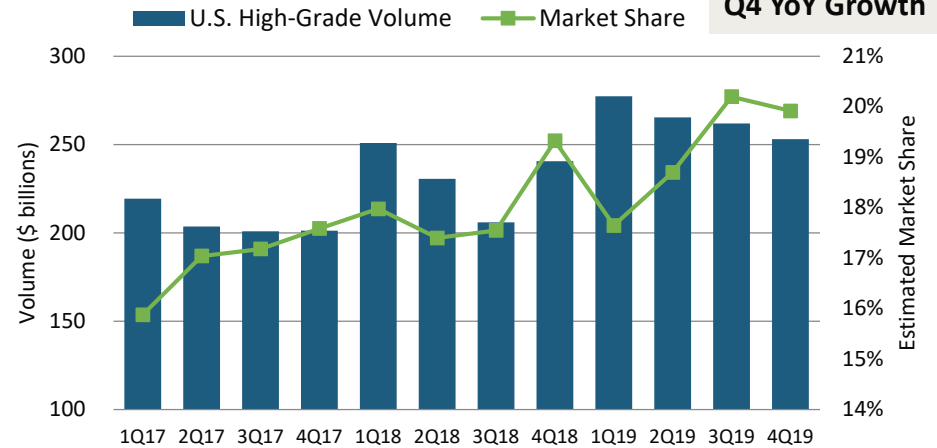
TOTAL CREDIT

14%
Q4 YoY Growth



U.S. HIGH-GRADE

5%
Q4 YoY Growth

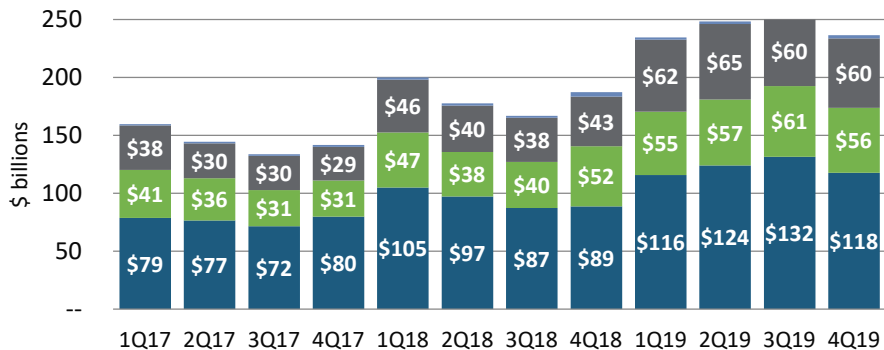


OTHER CREDIT

26% Q4 YoY Growth

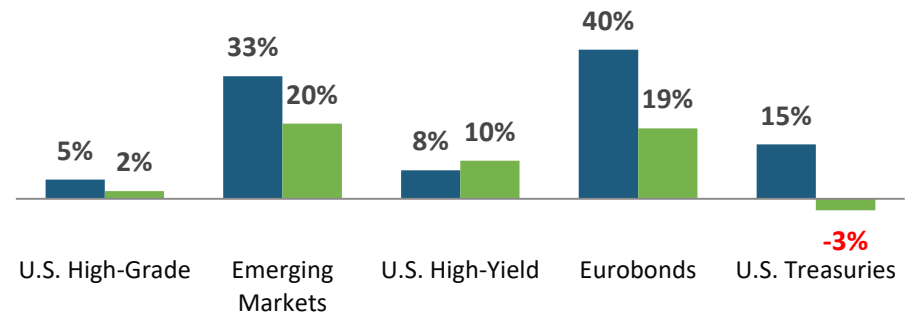
Emerging Markets U.S. High-Yield
Eurobonds

Emerging Markets 33%
U.S. High-Yield 8%
Eurobond 40%



4Q19 YOY CHANGE IN MKTX VOLUMES AND ESTIMATED MARKET VOLUMES¹

MKTX Volumes Estimated Market Volumes



1. Estimated market volumes based on FINRA TRACE, SIFMA and TRAX reported volumes reported in US dollars.

Earnings Performance

	<u>4Q19</u>	<u>3Q19</u>	<u>4Q18</u>	% Δ 4Q19 vs. 4Q18
	<i>(\$ in thousands, except per share data)</i>			
Revenues				
Commissions	\$ 117,103	\$ 119,869	\$ 101,436	15.4%
Information Services	8,515	7,693	7,057	20.7%
Post-trade Services	3,923	3,784	3,675	6.7%
Other Income	233	251	276	(15.6%)
Total Revenues	<u>129,774</u>	<u>131,597</u>	<u>112,444</u>	15.4%
Expenses	<u>68,923</u>	<u>65,632</u>	<u>58,479</u>	17.9%
Operating Income	<u>60,851</u>	<u>65,965</u>	<u>53,965</u>	12.8%
Investment Income and Other, net	<u>1,106</u>	<u>1,373</u>	<u>2,101</u>	(47.4%)
Income Before Taxes	<u>61,957</u>	<u>67,338</u>	<u>56,066</u>	10.5%
Provision for Income Taxes	<u>11,684</u>	<u>13,336</u>	<u>10,235</u>	14.2%
Net Income	<u>\$ 50,273</u>	<u>\$ 54,002</u>	<u>\$ 45,831</u>	9.7%
Operating Margin	46.9%	50.1%	48.0%	-1.1 pts
EBITDA ¹	\$ 69,687	\$ 74,038	\$ 61,914	12.6%
Diluted EPS	\$ 1.32	\$ 1.42	\$ 1.21	9.1%
Diluted Shares ²	38,091	37,995	37,845	0.7%

1. See fourth quarter 2019 earnings release and the Investor Relations section of the Company's website for a reconciliation of net income to EBITDA.

2. Represents the weighted average number of shares of common stock, including the dilutive effect of outstanding securities.

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Commission Revenue Detail

	4Q19	3Q19	4Q18	% Δ 4Q19 vs. 4Q18
Commissions (\$ in thousands)				
Transaction Fees				
U.S. High-Grade	\$ 43,120	\$ 45,409	\$ 37,089	16.3%
Other Credit ¹	45,238	50,009	38,868	16.4%
Total Credit	88,358	95,418	75,957	16.3%
Rates ²	2,983	567	593	403.0%
Total Transaction Fees	91,341	95,985	76,550	19.3%
Distribution Fees				
U.S. High-Grade	18,647	17,777	18,615	0.2%
Other Credit ¹	7,029	5,986	6,110	15.0%
Total Credit	25,676	23,763	24,725	3.8%
Rates ²	86	121	161	(46.6%)
Total Distribution Fees	25,762	23,884	24,886	3.5%
Total Commissions	\$ 117,103	\$ 119,869	\$ 101,436	15.4%
Trading Volume (\$ in millions)				
U.S. High-Grade	\$ 253,109	\$ 261,945	\$ 240,652	5.2%
Other Credit ¹	236,403	255,097	187,274	26.2%
Total Credit	489,512	517,042	427,926	14.4%
Rates ²	620,437	11,661	14,345	NM
Transaction Fees per Million				
U.S. High-Grade	\$ 170.36	\$ 173.35	\$ 154.12	10.5%
Other Credit ¹	191.36	196.04	207.55	(7.8%)
Total Credit	180.50	184.55	177.50	1.7%
Rates ²	4.81	48.62	41.34	NM

1. Other Credit includes U.S. high-yield, emerging markets, Eurobonds and municipal bonds.

2. Rates includes U.S. Treasury bonds, U.S. agencies and European government bonds.

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Expense Detail

	4Q19	3Q19	4Q18	% Δ 4Q19 vs. 4Q18
	(\$ in thousands)			
<u>Expenses</u>				
Employee Compensation and Benefits	\$ 33,117	\$ 32,681	\$ 27,802	19.1%
Depreciation and Amortization	7,730	6,700	5,848	32.2%
Technology and Communications	7,155	7,381	6,415	11.5%
Professional and Consulting	6,389	7,018	5,353	19.4%
Occupancy ¹	3,090	2,802	3,844	(19.6%)
Marketing and Advertising	3,087	2,506	3,534	(12.6%)
Clearing Costs	3,345	2,782	2,257	48.2%
General and Administrative	5,010	3,762	3,426	46.2%
Total Expenses	\$ 68,923	\$ 65,632	\$ 58,479	17.9%

LIQUIDITYEDGE

- Acquisition of LiquidityEdge closed November 1st, 2019
- LiquidityEdge expenses in the fourth quarter of 2019 were \$3.2 million, including amortization of acquired intangibles of \$0.4 million and acquisition related costs of \$0.5 million
- Excluding LiquidityEdge related costs, total expenses for the quarter were up 12.3%

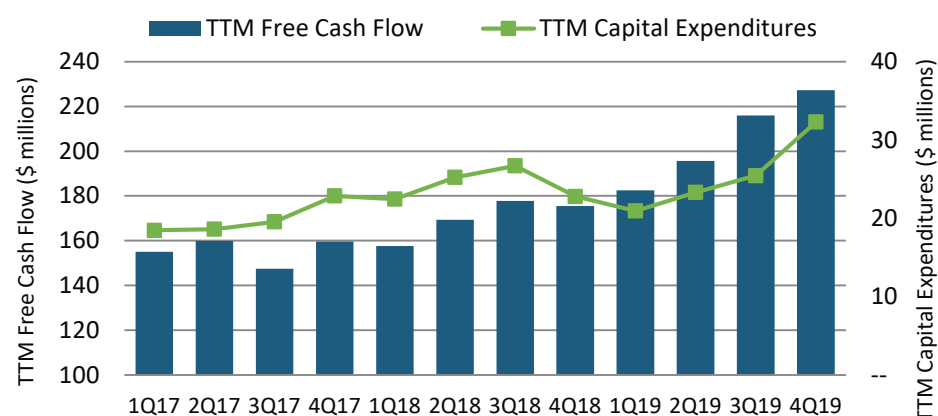
1. Occupancy costs in the fourth quarter of 2018 includes \$2.1 million in duplicate expense recognized during the build-out phase of the Company's new corporate offices in New York.

Balance Sheet Data

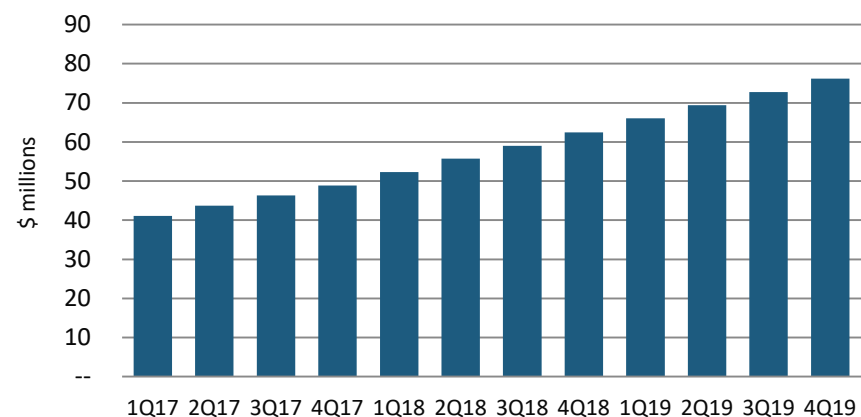
(\$ in thousands)

	<u>12/31/2019</u>	<u>12/31/2018</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 270,124	\$ 246,322
Investments	230,477	240,105
Accounts Receivable, net	62,017	57,535
Goodwill and intangible assets, net	207,846	62,675
Operating Lease Right-of-use Assets ¹	81,399	-
All Other Assets	<u>103,067</u>	<u>88,902</u>
Total Assets	<u>\$ 954,930</u>	<u>\$ 695,539</u>
<u>Liabilities and Stockholders' Equity</u>		
Operating Lease Liabilities ¹	\$ 97,991	\$ -
All Other Liabilities	<u>86,848</u>	<u>87,661</u>
Total Liabilities	184,839	87,661
Total Stockholders' Equity	<u>770,091</u>	<u>607,878</u>
Total Liabilities and Stockholders' Equity	<u>\$ 954,930</u>	<u>\$ 695,539</u>

TTM FREE CASH FLOW AND CAPITAL EXPENDITURES²



TTM QUARTERLY DIVIDENDS



1. During the first quarter 2019, the Company adopted a new lease accounting standard and recorded new operating lease right-of-use assets and operating lease liabilities.
2. TTM capital expenditures exclude office buildout costs

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2020 Guidance

EXPENSES

- Expected range of \$297.0 million to \$314.0 million
 - Reflects a full year of LiquidityEdge expenses, inclusive of amortization expense on acquired intangible assets, of approximately \$18.0 to \$22.0 million.
 - Excluding LiquidityEdge expenses, the midpoint in the guidance range would represent an approximate 11% year-over-year increase in expenses.

CAPITAL EXPENDITURES

- Expected range of \$44.0 million to \$49.0 million
 - Includes an expected increase in capitalized software development and approximately \$7.0 million of buildout costs for additional office space in London.

EFFECTIVE TAX RATE

- Expected to be between 20.0% to 22.0%
 - Includes the estimated impact of excess tax benefits on share awards

Summary

- Eleventh consecutive year of record trading volume, revenue and earnings
- All product areas showing strong momentum
- Client breadth continues to grow across products and regions
- Trading automation is fueling growth in electronic credit trading
- New opportunities emerging in new products and trading protocols



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