



Q1 2019 Conference Call and Webcast

April 24, 2019

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. Actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including: 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 matching back-to-back 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 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's actual results and financial condition may differ, perhaps materially, from the anticipated results and financial condition in any such forward-looking statements. 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.

1Q19 Summary¹

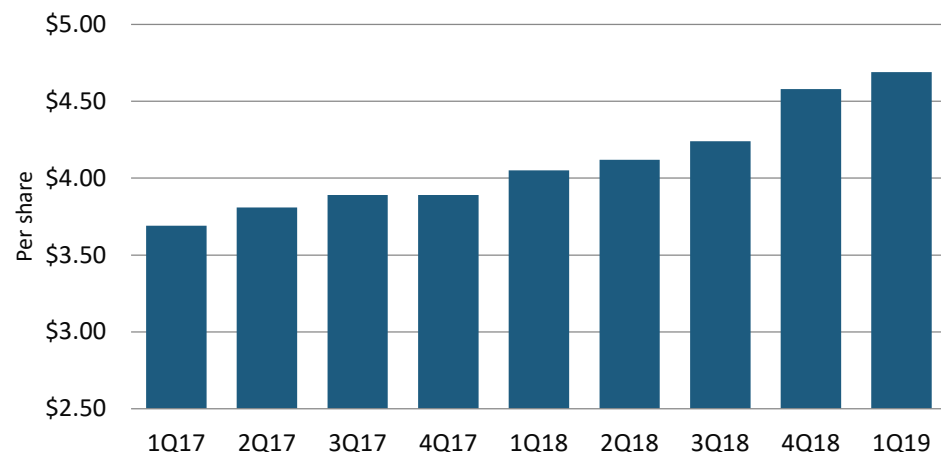
FINANCIAL HIGHLIGHTS

- Record revenues of \$124 million, up 9%
- Expenses of \$61 million, up 12%
- Record operating income of \$63 million, up 5%
- Record EBITDA of \$71 million, up 8%
- Record diluted EPS of \$1.39, up 9%

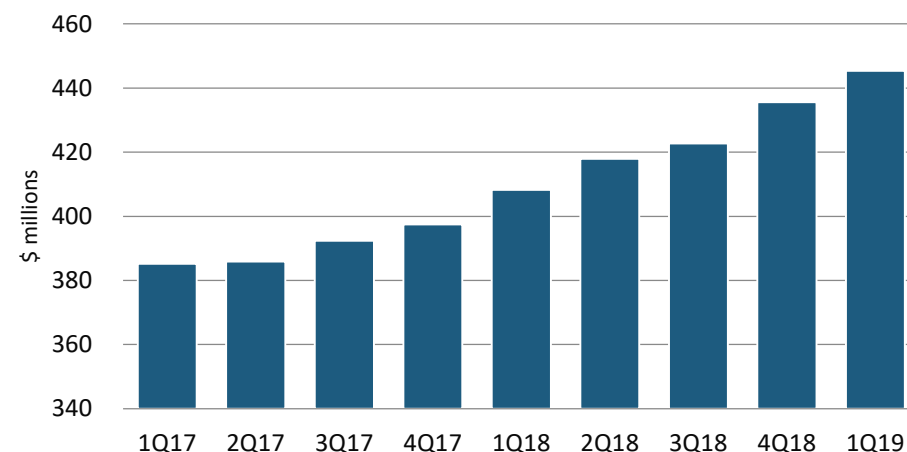
BUSINESS HIGHLIGHTS

- Record total trading volume of \$526 billion, up 13%
- Record U.S. high-grade, U.S. high-yield, emerging markets and Eurobonds volume
- Record Open Trading™ volume of \$134 billion, up 66%
- Record International client volume of \$154 billion, up 18%²
- Estimated U.S. high-grade market share of 17.6%

TRAILING TWELVE MONTHS EPS



TRAILING TWELVE MONTHS REVENUE

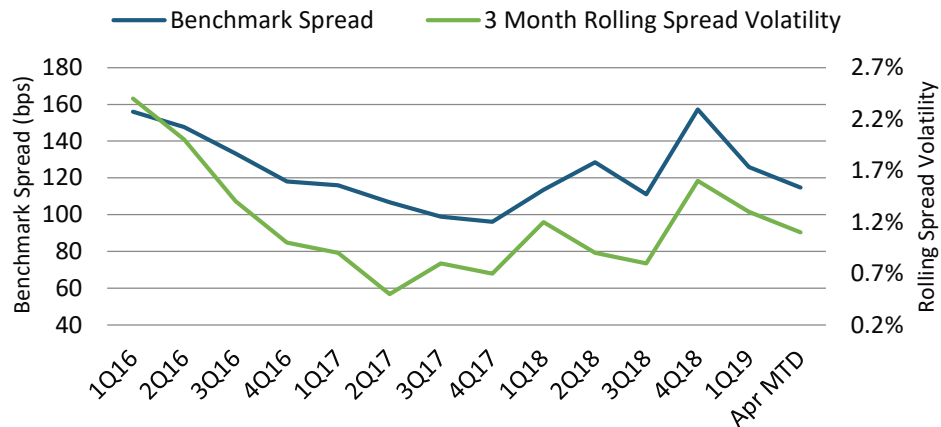


1. All period comparisons versus 1Q18 unless otherwise stated.

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

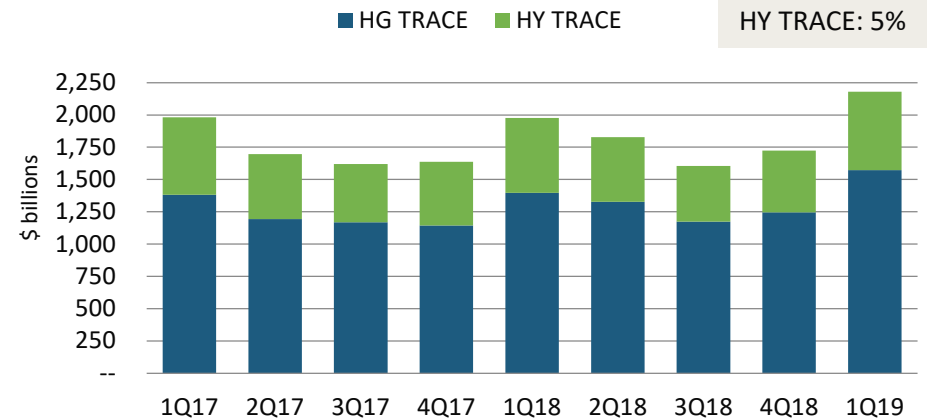
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



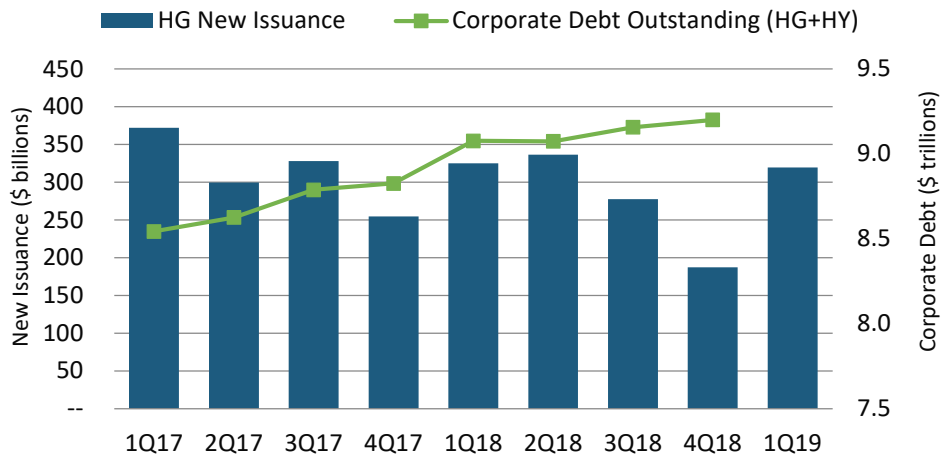
Source: Credit Suisse Global Credit Strategy; April MTD through April 18th, 2019.

U.S. HIGH-GRADE & HIGH-YIELD TRACE



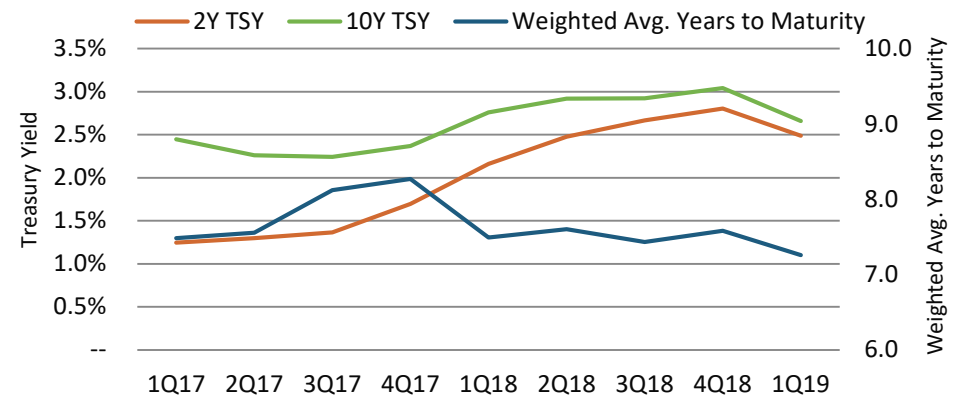
Source: BondTicker

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

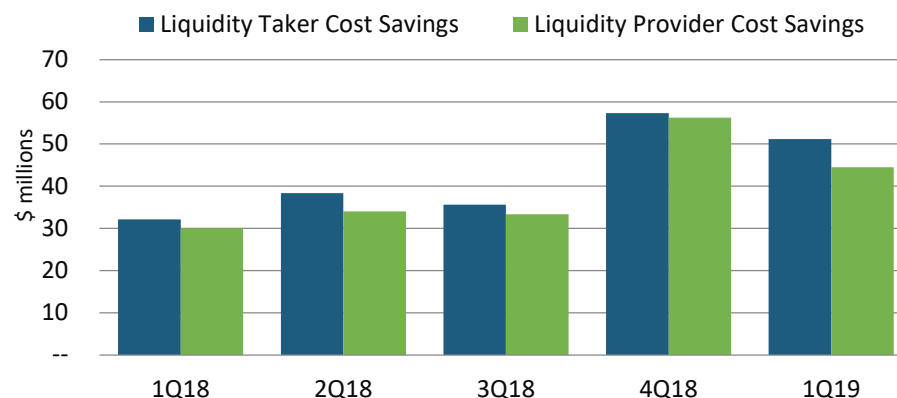
Open Trading™

HIGHLIGHTS

- \$2.2 billion average daily volume, up 65% from 1Q18
- Over 344,000 total Open Trading transactions completed in 1Q19, up from 204,000 in 1Q18
- Approximately 2 million price responses in 1Q19, up 95% from 1Q18
- Estimated system-wide liquidity taker cost savings of \$51 million, up 59%¹
- Estimated system-wide liquidity provider cost savings of \$44 million, up 48%¹

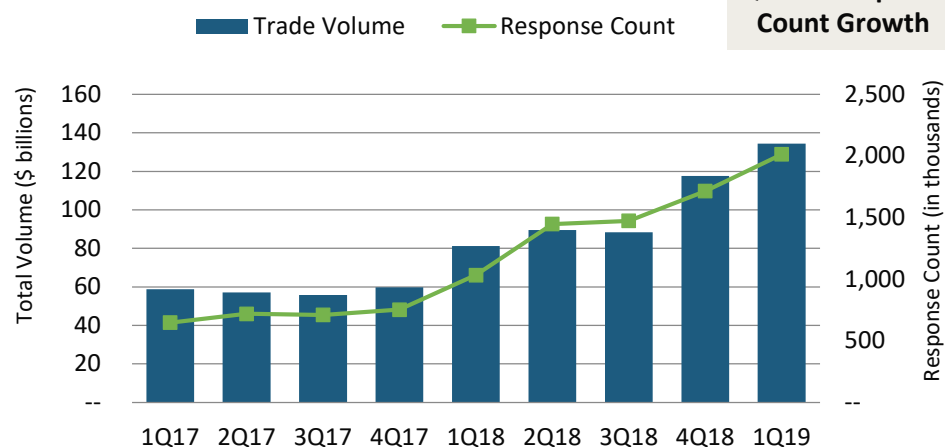
OPEN TRADING ESTIMATED TRANSACTION COST SAVINGS¹

Q1 YoY Growth
Liquidity Taker: 59%
Liquidity Provider: 48%

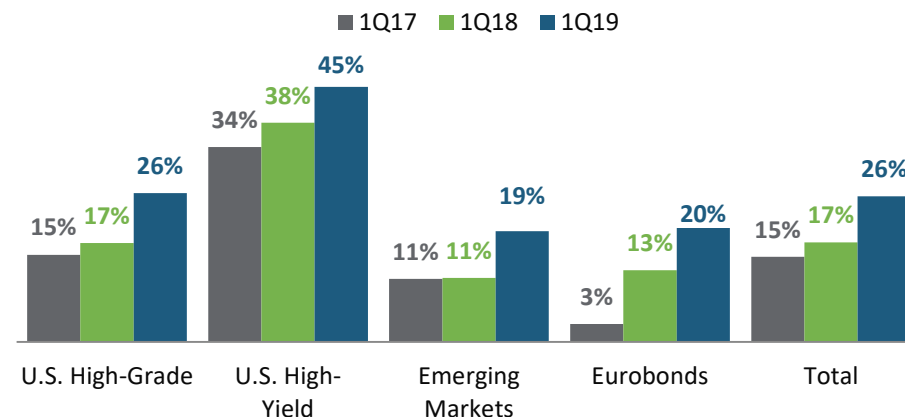


OPEN TRADING VOLUME & RESPONSE COUNT

95% Q1 YoY Response Count Growth



OPEN TRADING VOLUME AS PERCENT OF TOTAL PRODUCT VOLUME



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 is buying, bid if provider is selling) at the time of the inquiry.

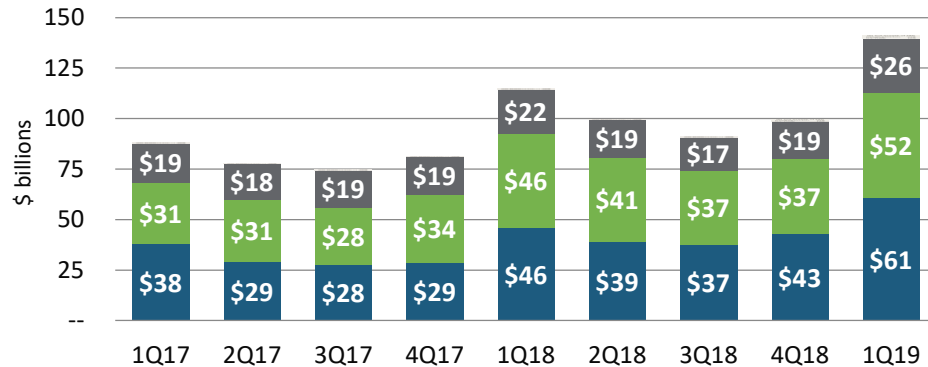
International Progress

EUROPEAN CLIENT VOLUMES

Q1 YoY Growth of 23%

U.S. Credit	20%
Emerging Markets	13%
Eurobond	32%

■ Eurobonds ■ Emerging Markets ■ U.S. Credit

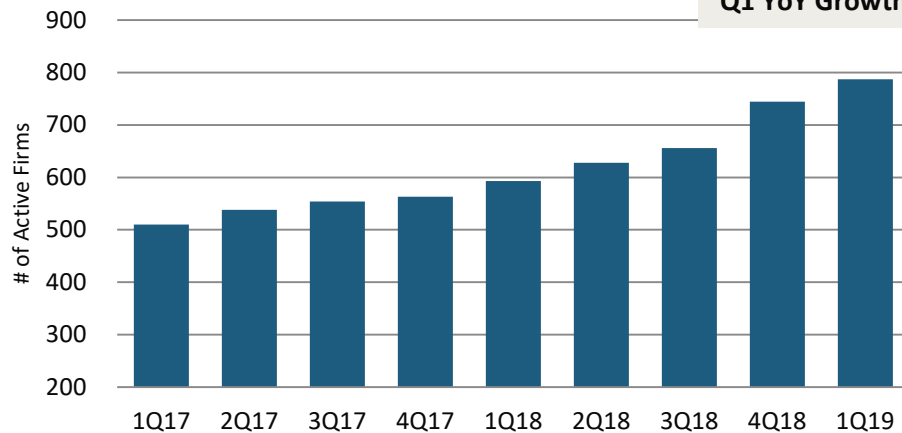


INTERNATIONAL PROGRESS

- European client volume of \$141 billion, up 23%
- Emerging market volume of \$116 billion, up 10%
- EM local markets trading volume up 22%; Bonds in 26 different EM local currency bond markets traded in 1Q19
- Over 780 active international client firms, up 33%¹
- New EU-based MTF, ARM and APA entities successfully launched ahead of Brexit

TOTAL ACTIVE INTERNATIONAL CLIENT FIRMS¹

**33%
Q1 YoY Growth**

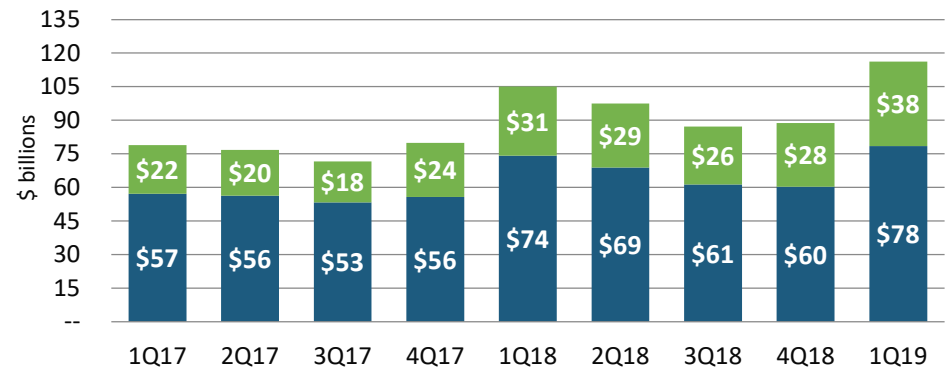


EMERGING MARKET VOLUME BY PRODUCT

Q1 YoY Growth of 10%

External Markets	6%
Local Markets	22%

■ External Markets ■ Local Markets



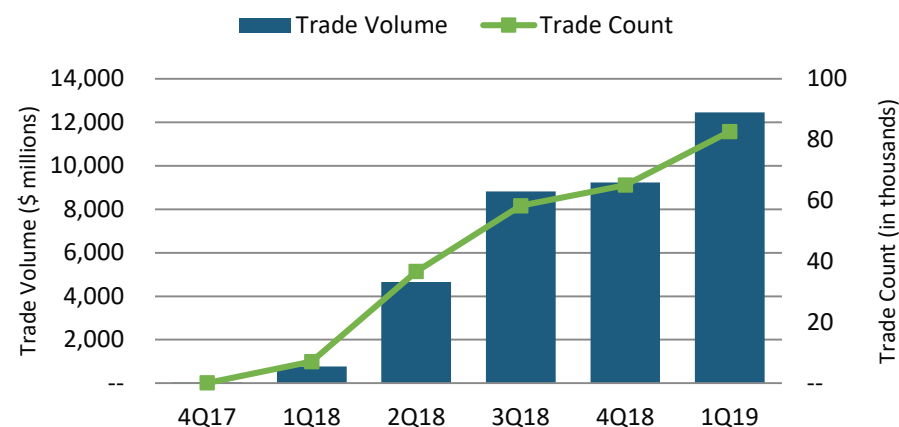
1. International firms include all firms outside of the United States and Canada

Automation Driving Increase in Trading Activity

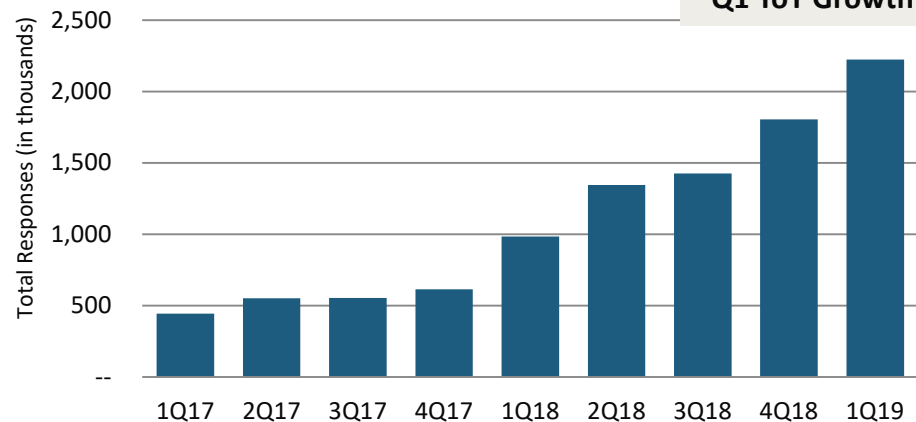
HIGHLIGHTS

- Approximately 2.2 million algo responses in 1Q19, up 126% from 1Q18¹
- 17 firms providing algo responses in 1Q19, up from 13 in 1Q18¹
- 82,700 trades used auto execution functionality, up from 7,100 trades in 1Q18
- 46 large global asset managers used auto execution functionality in 1Q19, up from 14 in 1Q18

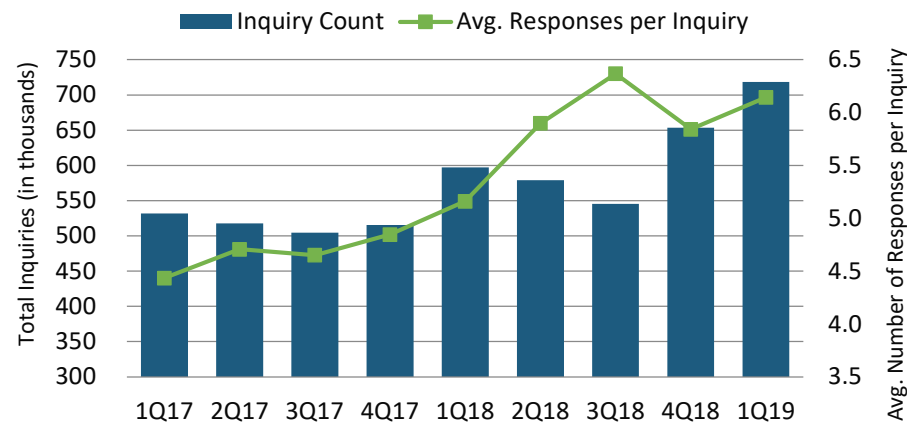
AUTO EXECUTED TRADE VOLUME AND COUNT



TOTAL NUMBER OF ALGO RESPONSES¹



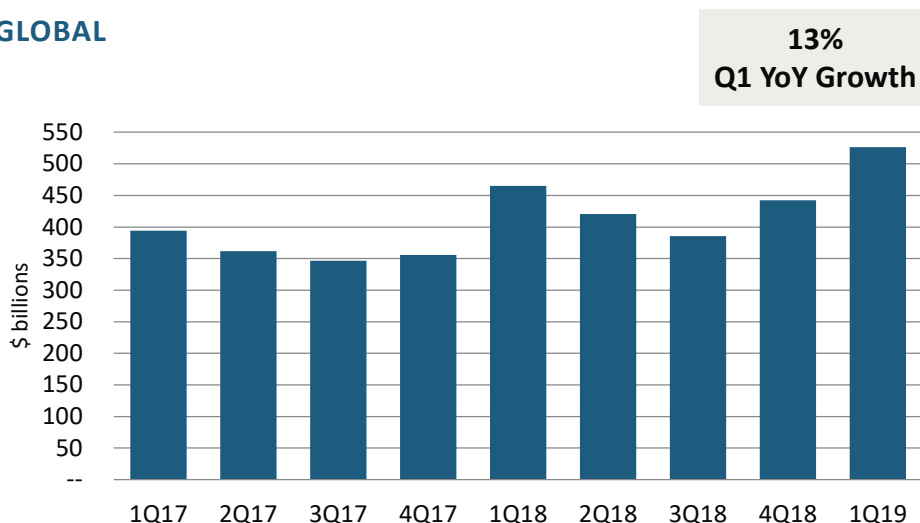
U.S. HIGH-GRADE TOTAL INQUIRY AND AVERAGE NUMBER OF RESPONSES PER INQUIRY



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

Quarterly Volume Growth

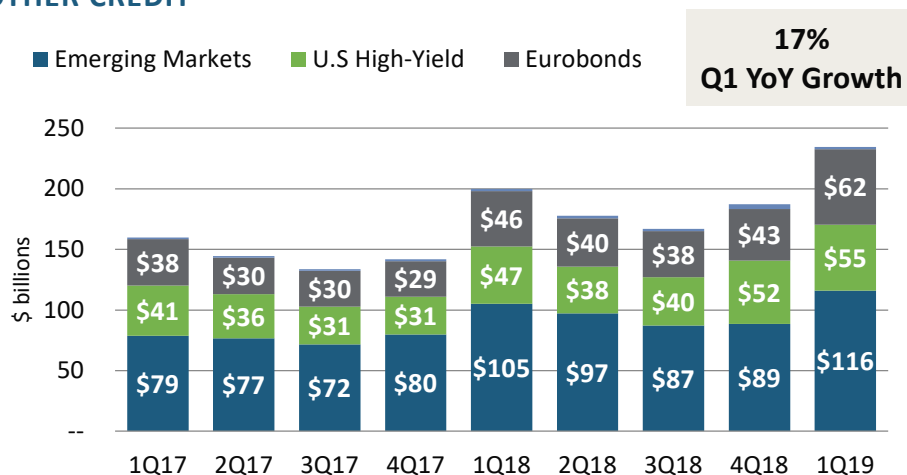
GLOBAL



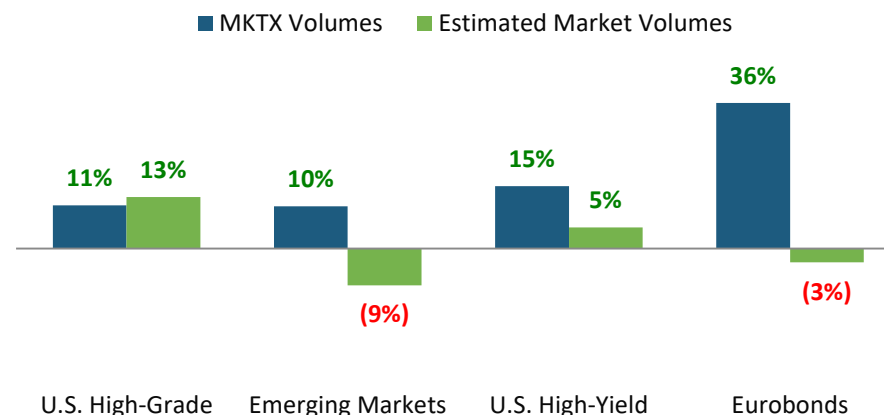
U.S. HIGH-GRADE



OTHER CREDIT



1Q19 YOY CHANGE IN MKTX VOLUMES AND ESTIMATED MARKET VOLUMES¹



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

Earnings Performance

(In thousands, except per share data)

	<u>1Q19</u>	<u>4Q18</u>	<u>1Q18</u>	<u>% Δ 1Q19 vs. 1Q18</u>
Revenues				
Commissions	\$ 112,760	\$ 101,436	\$ 102,772	10%
Information Services	7,366	7,057	7,066	4%
Post-trade Services	4,100	3,675	4,576	(10%)
Other Income	265	276	300	(12%)
Total Revenues	124,491	112,444	114,714	9%
Expenses	61,302	58,479	54,541	12%
Operating Income	63,189	53,965	60,173	5%
Investment Income and Other, net	2,031	2,101	840	142%
Income Before Taxes	65,220	56,066	61,013	7%
Provision for Income Taxes	12,698	10,235	13,073	(3%)
Net Income	\$ 52,522	\$ 45,831	\$ 47,940	10%
Operating Margin	50.8%	48.0%	52.5%	-1.7 pts
EBITDA ¹	\$ 71,302	\$ 61,914	\$ 66,282	8%
Diluted EPS	\$ 1.39	\$ 1.21	\$ 1.27	9%
Diluted Shares ²	37,832	37,845	37,886	(0%)

1. See first 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

(\$ in thousands)

	<u>1Q19</u>	<u>4Q18</u>	<u>1Q18</u>	<u>% Δ</u> <u>1Q19 vs.</u> <u>1Q18</u>
<u>Commissions</u>				
Transaction Fees				
U.S. High-Grade	\$ 42,501	\$ 37,089	\$ 38,767	10%
Other Credit ¹	46,034	38,868	40,427	14%
Liquid Products ²	557	593	583	(4%)
Total Transaction Fees	<u>89,092</u>	<u>76,550</u>	<u>79,777</u>	<u>12%</u>
Distribution Fees				
U.S. High-Grade	17,978	18,615	17,227	4%
Other Credit ¹	5,558	6,110	5,540	0%
Liquid Products ²	132	161	228	(42%)
Total Distribution Fees	<u>23,668</u>	<u>24,886</u>	<u>22,995</u>	<u>3%</u>
Total Commissions	<u>\$ 112,760</u>	<u>\$ 101,436</u>	<u>\$ 102,772</u>	<u>10%</u>

(\$ in millions)

<u>Trading Volume</u>				
U.S. High-Grade	\$ 277,410	\$ 240,652	\$ 250,985	11%
Other Credit ¹	234,491	187,274	199,943	17%
Liquid Products ²	14,276	14,345	14,079	1%
Total Trading Volume	<u>\$ 526,177</u>	<u>\$ 442,271</u>	<u>\$ 465,007</u>	<u>13%</u>
<u>Transaction Fees per Million</u>				
U.S. High-Grade	\$ 153	\$ 154	\$ 154	(1%)
Other Credit ¹	196	208	202	(3%)
Liquid Products ²	39	41	41	(5%)
Total	<u>\$ 169</u>	<u>\$ 173</u>	<u>\$ 172</u>	<u>(2%)</u>

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

2. Liquid Products includes U.S. agencies and European government bonds.

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Expense Detail

(\$ in thousands)

<u>Expenses</u>	<u>1Q19</u>	<u>4Q18</u>	<u>1Q18</u>	<u>% Δ 1Q19 vs. 1Q18</u>
Employee Compensation and Benefits	\$ 32,658	\$ 27,802	\$ 28,834	13%
Depreciation and Amortization	6,082	5,848	5,269	15%
Technology and Communications	5,782	6,415	5,779	0%
Professional and Consulting	5,831	5,353	5,057	15%
Occupancy ¹	2,949	3,844	3,337	(12%)
Marketing and Advertising	2,299	3,534	2,065	11%
Clearing Costs	2,577	2,257	1,725	49%
General and Administrative	3,124	3,426	2,475	26%
Total Expenses	\$ 61,302	\$ 58,479	\$ 54,541	12%

1. Occupancy costs in the first quarter of 2019 and the fourth quarter and first quarter of 2018 includes \$0.3 million, \$2.1 million, \$1.7 million, respectively, in duplicate expense recognized during the build-out phase of the Company's new corporate offices in New York.

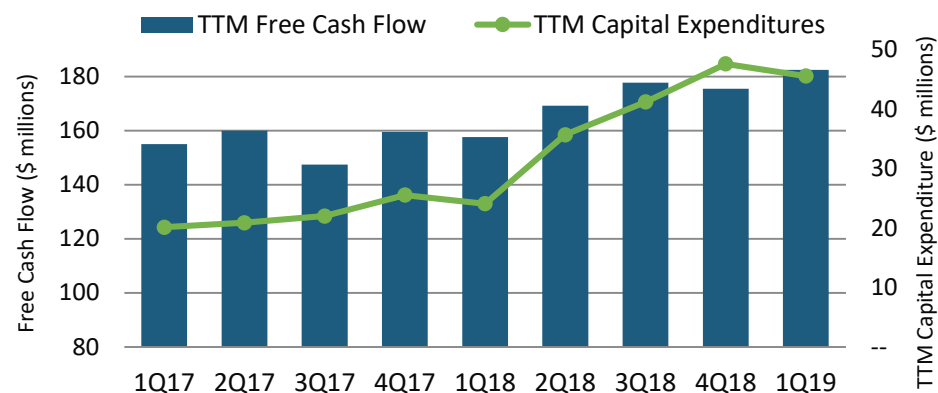
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Balance Sheet Data

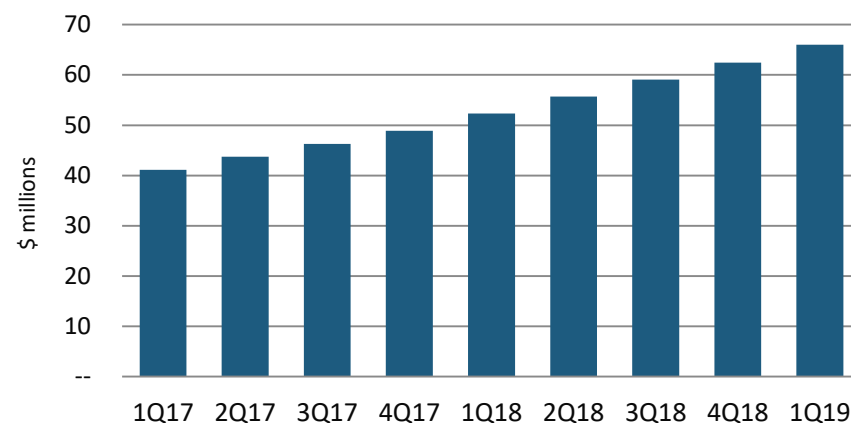
(\$ in thousands)

	<u>3/31/2019</u>	<u>12/31/2018</u>
Assets		
Cash and Cash Equivalents	\$ 260,953	\$ 246,322
Investments	222,458	240,105
Accounts Receivable, net	70,946	57,535
Operating lease right-of-use assets ¹	78,190	-
All Other Assets	<u>142,262</u>	<u>151,577</u>
Total Assets	<u>\$ 774,809</u>	<u>\$ 695,539</u>
Liabilities and Stockholders' Equity		
Operating lease liabilities ¹	\$ 90,845	\$ -
All other liabilities	<u>52,818</u>	<u>87,661</u>
Total Liabilities	143,663	87,661
Total Stockholders' Equity	<u>631,146</u>	<u>607,878</u>
Total Liabilities and Stockholders' Equity	<u>\$ 774,809</u>	<u>\$ 695,539</u>

TTM FREE CASH FLOW AND CAPITAL EXPENDITURES



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

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Summary

- Strong volume growth evident across all core products in spite of spread narrowing environment
- International client contribution reaches new highs led by Europe
- Open Trading driving growth in transaction cost savings
- Trading automation accelerating in global credit markets
- New initiatives in data, trading and ETFs add long term growth potential



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