



Q3 2021 Conference Call and Webcast

October 20, 2021

3Q21 Summary¹

FINANCIAL HIGHLIGHTS

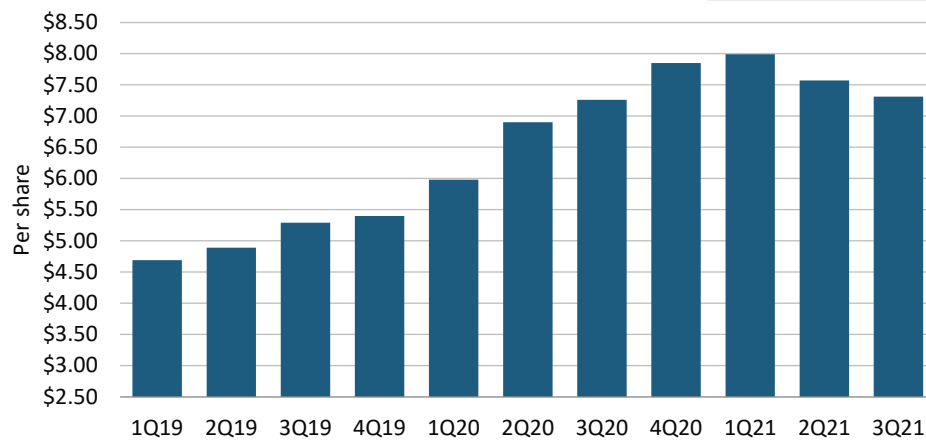
- Revenues of \$162.1 million, down 1%
- Operating income of \$74.0 million, down 16%
- Operating margin of 45.7%
- EBITDA of \$88.8 million, down 9%
- Diluted EPS of \$1.52, down 15%

BUSINESS UPDATE

- Estimated U.S. high-grade market share of 21.4%, down from 22.2% and estimated U.S. high-yield market share of 15.3%, down from 16.0%
- U.S. corporate credit spreads and volatility near record lows for last three quarters
- Strong growth in both Eurobond and emerging market volumes
- Record active total client firms of 1,848 and international client firms of 934³
- Announced partnership with China Foreign Exchange Trade System (CFETS) under two schemes, Bond Connect and CIBM Direct, allowing global investors to trade in China

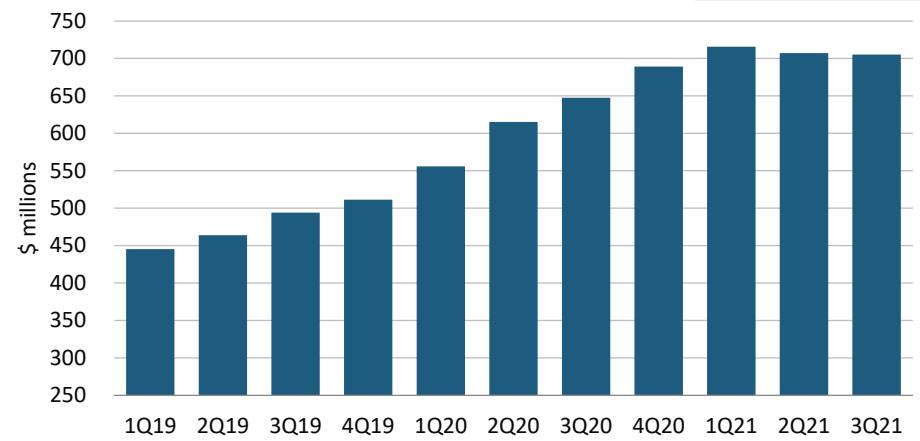
TRAILING TWELVE MONTHS EPS

Q3 TTM Growth²
2YR CAGR 18%



TRAILING TWELVE MONTHS REVENUE

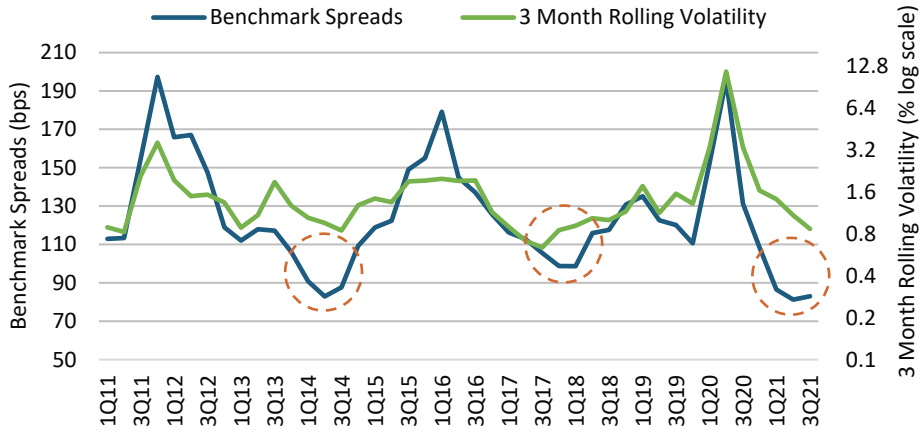
Q3 TTM Growth²
2YR CAGR 19%



1. All period comparisons versus 3Q20 unless otherwise stated.
2. 2-year compound annual growth rate "CAGR" calculated on a trailing twelve months basis.
3. International firms include all firms outside of the United States and Canada.

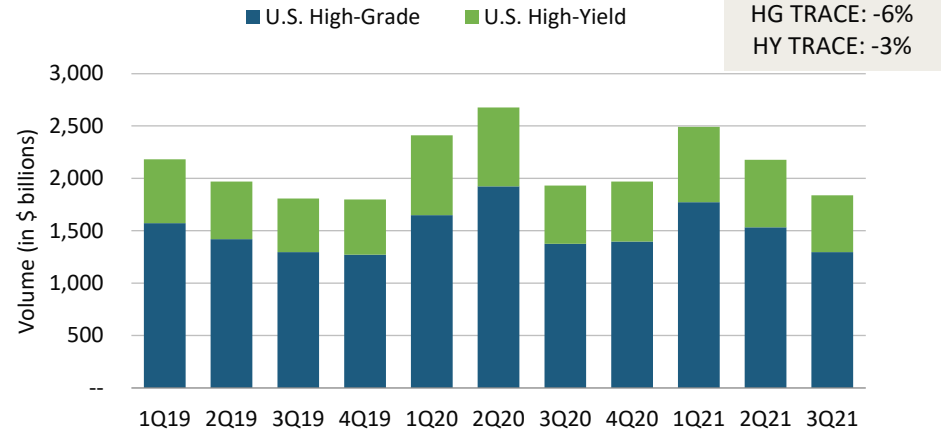
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



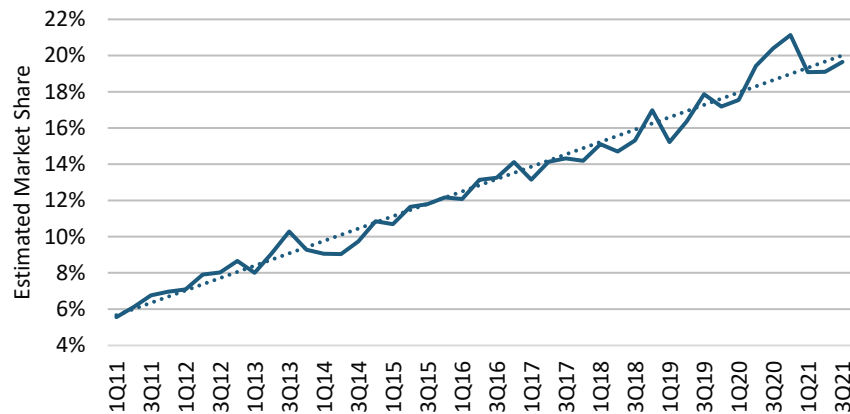
Source: Credit Suisse Global Credit Strategy

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



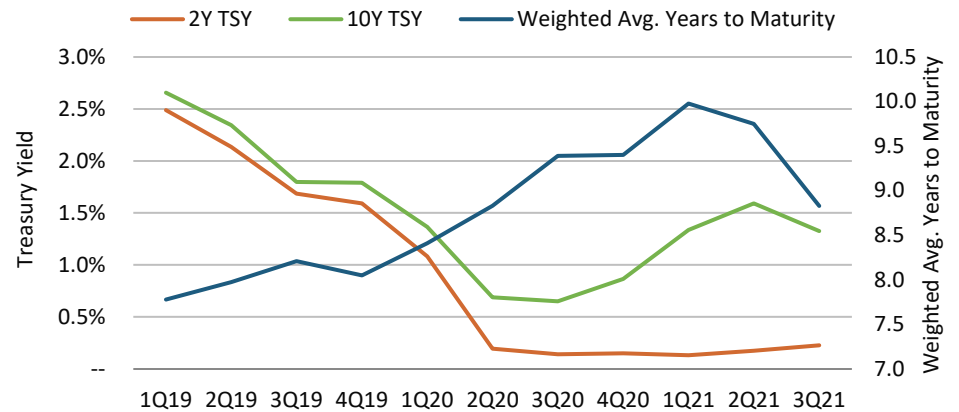
Source: BondTicker

COMBINED ESTIMATED U.S. HIGH-GRADE AND U.S. HIGH-YIELD MARKET SHARE¹



1. On July 26, 2021, FINRA implemented corrections to their monthly volume reports to begin to address the growing set of fixed-income ATS trades that have been double reported on TRACE over the last several years. MarketAxess has not restated estimated market volumes for periods prior to July 2021.

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



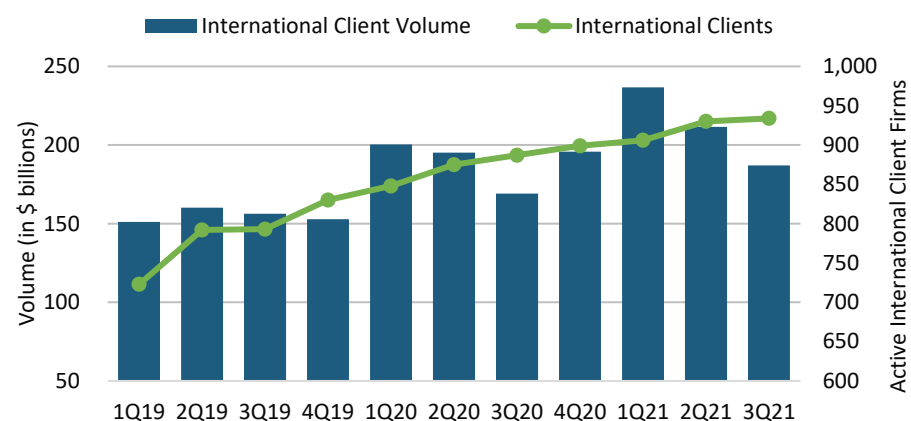
Source: Federal Reserve

International Growth

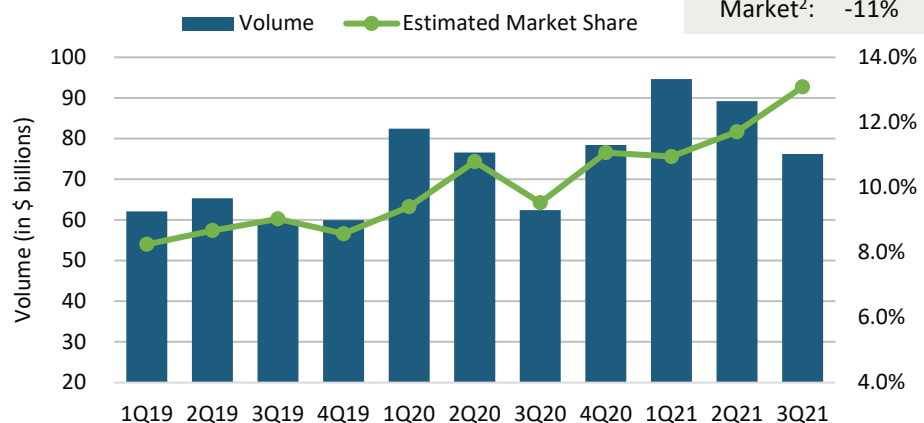
HIGHLIGHTS

- Emerging markets hard currency markets volume of \$108.9 billion up 17%; local markets volume of \$45.5 billion, up 25%
- Launched trading for Chinese government bonds with connection to the China Foreign Exchange Trade System (CFETS)
- Eurobond volume of \$76.2 billion, up 22%; record estimated market share of 13.1%, up from 9.5%
- Record number of active international client firms of 934¹

TOTAL ACTIVE INTERNATIONAL CLIENT FIRMS & INTERNATIONAL CLIENT VOLUMES¹

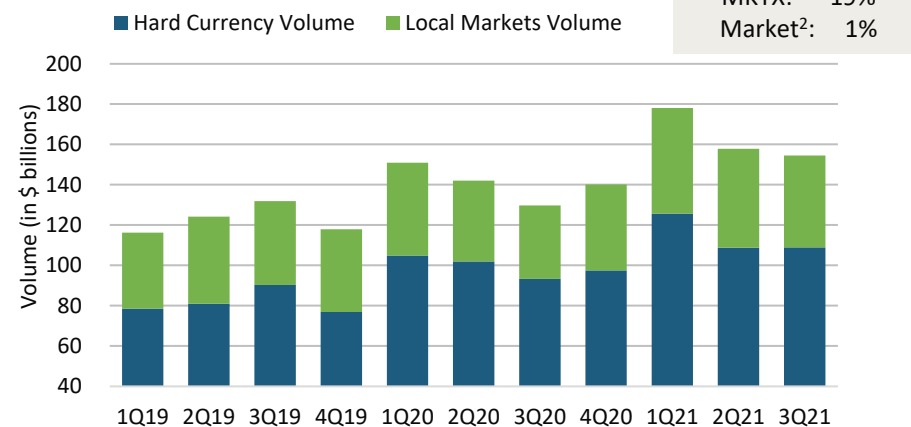


EUROBOND VOLUMES AND ESTIMATED MARKET SHARE



YoY Volume Growth
 MKTX: 22%
 Market²: -11%

EMERGING MARKETS VOLUME



YoY Volume Growth
 MKTX: 19%
 Market²: 1%

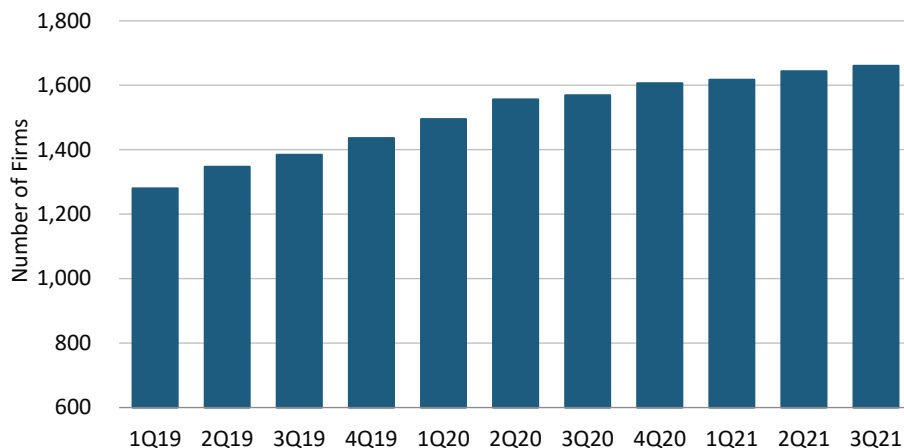
1. International firms include all firms outside of the United States and Canada.
 2. Estimated Eurobond and emerging markets market volumes based on FINRA TRACE and TRAX reported volumes.

Open Trading[®] and Product Expansion

OPEN TRADING HIGHLIGHTS

- Over 25,000 orders and \$13 billion notional value available through Open Trading central marketplace on average per day in 3Q21
- 96% of total platform orders available in the Open Trading all-to-all liquidity pool
- \$2.9 billion average daily volume, down 5% from 3Q20
- Estimated system-wide cost savings of \$67.9 million for liquidity takers and \$52.7 million for liquidity providers¹
- Dealer initiated Open Trading volume of \$59.3 billion, up 20% from 3Q20
- Record 1,660 unique client firms executed a trade with MKTX

UNIQUE OPEN TRADING FIRMS



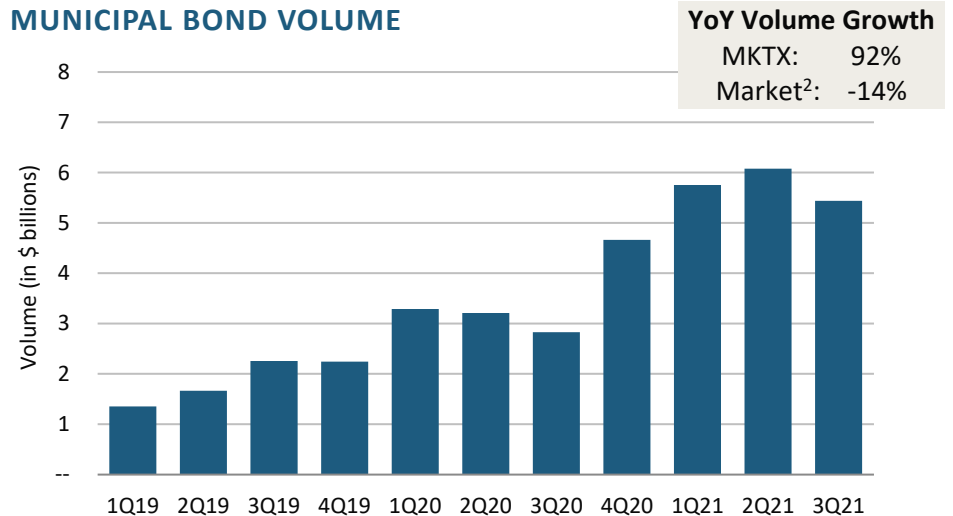
U.S. TREASURIES

- U.S. Treasury volume of \$910.4 billion, up 22% from 3Q20
- Enhanced the click-to-trade protocol with all-to-all liquidity
- Launching RFQ trading capabilities for client-to-dealer orders

MUNICIPAL BONDS

- MarketAxess municipal bond volume of \$5.4 billion, up 92% from 3Q20
- Over 300 active municipal bond clients
- MuniBrokers platform volume of \$17.4 billion in 3Q21

MUNICIPAL BOND VOLUME



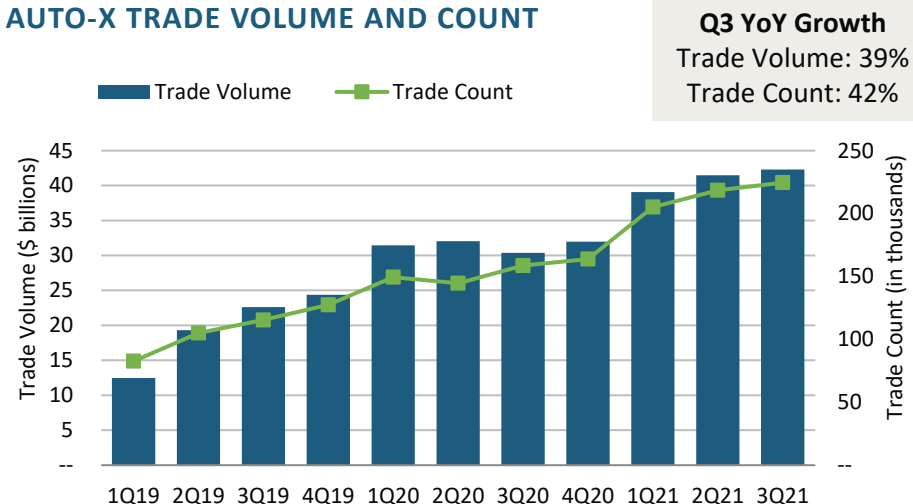
1. Estimated liquidity taker cost savings is defined as the difference between the winning price and the best disclosed dealer cover price. Estimated liquidity provider cost savings is defined as the difference between the winning price and then current Composite+ bid or offer level (offer if the provider is buying, bid if provider is selling) at the time of the inquiry.
 2. Estimated municipal bond market volumes based on reported MSRB volumes excluding variable rate demand obligations and new issues.

Trading Automation Continues to Grow

HIGHLIGHTS

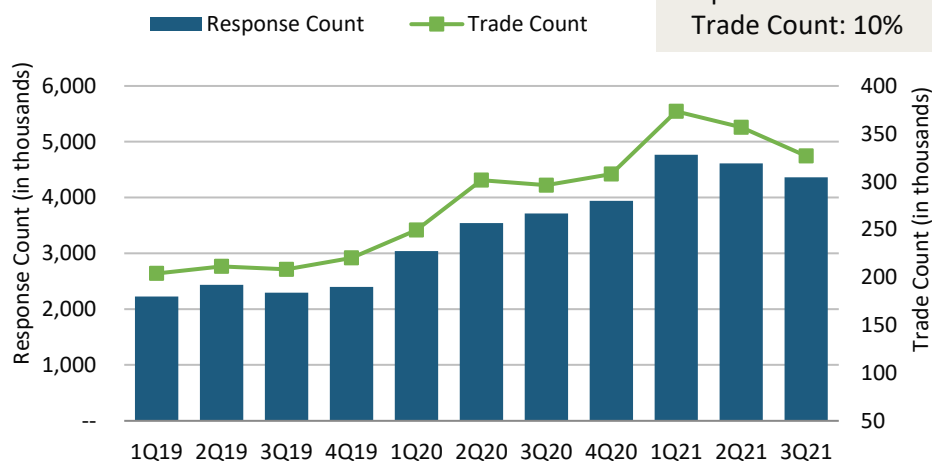
- Record of over 224,000 trades completed using automated execution, up from 159,000 trades in 3Q20
- Over 326,000 algo trades in 3Q21, up 10% from 3Q20¹
- Auto-X represents 19% of total trade count and 7% of total volume in 3Q21
- Record \$42 billion in Auto-X volume in 3Q21, up 39% from 3Q20
- 115 firms using Auto-X, up from 86 in 3Q20

AUTO-X TRADE VOLUME AND COUNT

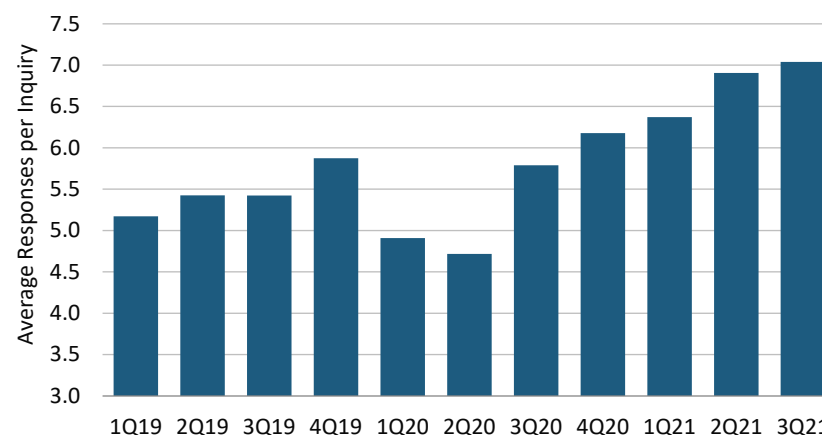


TOTAL ALGO TRADES & RESPONSES¹

Q3 YoY Growth
Response Count: 17%
Trade Count: 10%



AVERAGE NUMBER OF RESPONSES PER INQUIRY²



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

2. Average number of responses per inquiry for U.S. high-grade, U.S. high-yield price based, emerging markets, and Eurobonds only.

Business and Protocol Diversification

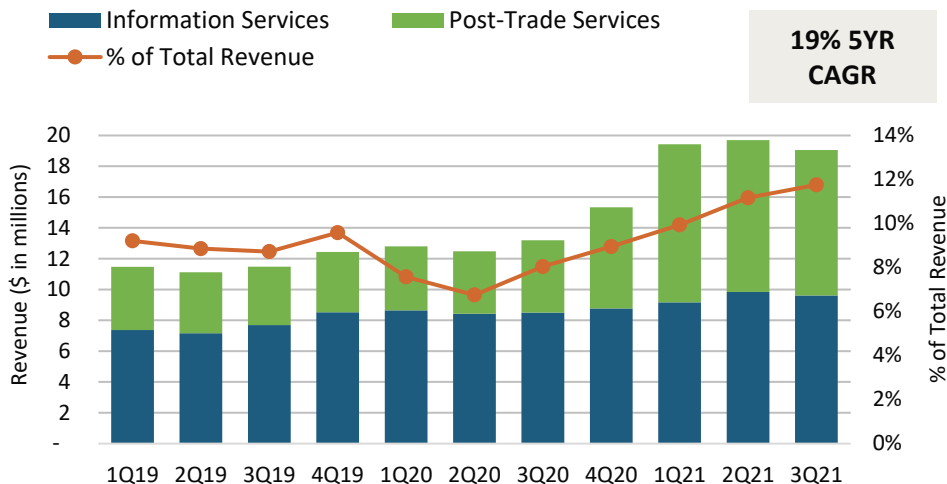
POST-TRADE SERVICES

- Post-trade revenue of \$9.4 million, up 101%; Regulatory Reporting Hub contributed \$3.4 million of revenue in 3Q21
- Organic post-trade revenue up 29% driven by continued growth in reporting services
- Over 950 post-trade clients

INFORMATION SERVICES

- Information services revenue of \$9.6 million, up 13%
- Revenue growth driven by Composite+ and Axess All

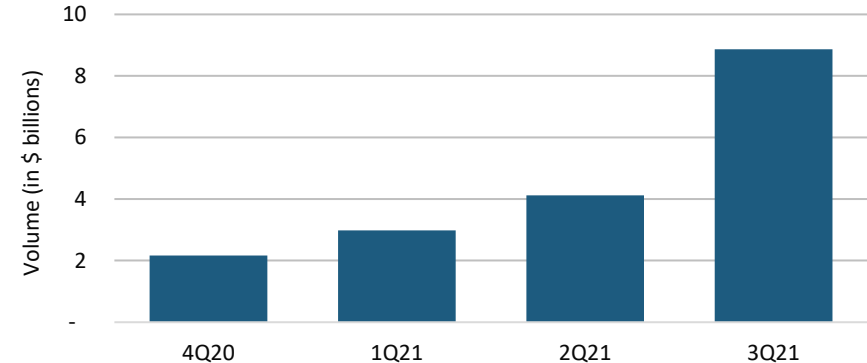
INFORMATION SERVICES AND POST-TRADE SERVICES REVENUE



PORTFOLIO TRADING

- 54 unique investor firms and 13 dealers traded since May 2021
- Estimated total portfolio trading volume comprised approximately 5% of U.S High Grade TRACE in 3Q21
- Record portfolio trading volume of \$8.9 billion

PORTFOLIO TRADING VOLUME



MID-X SESSIONS

- Over 100 buy-side and sell-side firms have participated in our Eurobond Mid-X sessions since go-live in November 2020, with \$335 billion in notional indications of interest submitted
- Record volumes of \$3.4 billion traded, up 37% from 2Q21
- Mid-X for U.S. corporate bonds expected to launch in 4Q21

Earnings Performance

	<u>3Q21</u>	<u>2Q21</u>	<u>3Q20</u>	<u>Δ</u> <u>3Q21 vs.</u> <u>3Q20</u>
	<i>(\$ in thousands, except per share data)</i>			
Revenues				
Commissions	\$ 142,826	\$ 156,431	\$ 150,586	(5.2%)
Information Services	9,608	9,844	8,501	13.0%
Post-trade Services	9,444	9,848	4,689	101.4%
Other Income	215	211	230	(6.5%)
Total Revenues	162,093	176,334	164,006	(1.2%)
Expenses	88,090	89,157	76,199	15.6%
Operating Income	74,003	87,177	87,807	(15.7%)
Investment Income	108	107	344	(68.6%)
Interest Expense	(314)	(171)	(1,046)	NM
Other, net	697	(1,060)	860	(19.0%)
Income Before Taxes	74,494	86,053	87,965	(15.3%)
Provision for Income Taxes	16,536	18,765	20,189	(18.1%)
Net Income	\$ 57,958	\$ 67,288	\$ 67,776	(14.5%)
Operating Margin	45.7%	49.4%	53.5%	-7.8 pts
EBITDA ¹	\$ 88,772	\$ 99,321	\$ 98,043	(9.5%)
Diluted EPS	\$ 1.52	\$ 1.77	\$ 1.78	(14.6%)
Diluted Shares ²	38,084	38,104	38,160	(0.2%)

1. See third quarter 2021 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.

Commission Revenue Detail

	<u>3Q21</u>	<u>2Q21</u>	<u>3Q20</u>	% Δ 3Q21 vs. 3Q20
<u>Commissions</u> (<i>\$ in thousands</i>)				
Transaction Fees				
U.S. High-Grade	\$ 45,848	\$ 56,413	\$ 60,861	(24.7%)
Other Credit ¹	<u>62,475</u>	<u>67,074</u>	<u>59,131</u>	5.7%
Total Credit	108,323	123,487	119,992	(9.7%)
Rates ²	<u>3,825</u>	<u>3,612</u>	<u>3,191</u>	19.9%
Total Transaction Fees	112,148	127,099	123,183	(9.0%)
Distribution Fees				
U.S. High-Grade	22,257	21,373	20,760	7.2%
Other Credit ¹	<u>8,352</u>	<u>7,895</u>	<u>6,586</u>	26.8%
Total Credit	30,609	29,268	27,346	11.9%
Rates ²	<u>69</u>	<u>64</u>	<u>57</u>	21.1%
Total Distribution Fees	30,678	29,332	27,403	12.0%
Total Commissions	\$ 142,826	\$ 156,431	\$ 150,586	(5.2%)
<u>Trading Volume</u> (<i>\$ in millions</i>)				
U.S. High-Grade	\$ 277,837	\$ 324,011	\$ 305,231	(9.0%)
Other Credit ¹	<u>319,209</u>	<u>344,865</u>	<u>283,920</u>	12.4%
Total Credit	597,046	668,876	589,151	1.3%
Rates ²	929,734	888,267	760,676	22.2%
<u>Transaction Fees per Million</u>				
U.S. High-Grade	\$ 165.02	\$ 174.11	\$ 199.39	(17.2%)
Other Credit ¹	195.72	194.49	208.27	(6.0%)
Total Credit	181.43	184.62	203.67	(10.9%)
Rates ²	4.11	4.07	4.19	(1.9%)

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.

Expense Detail

	3Q21	2Q21	3Q20	% Δ 3Q21 vs. 3Q20
	(\$ in thousands)			
<u>Expenses</u>				
Employee Compensation and Benefits	\$ 40,878	\$ 40,732	\$ 37,583	8.8%
Depreciation and Amortization	13,964	13,097	9,032	54.6%
Technology and Communications	10,665	10,544	8,417	26.7%
Professional and Consulting	10,847	10,704	8,269	31.2%
Occupancy	3,265	3,300	3,445	(5.2%)
Marketing and Advertising	1,821	3,128	1,148	58.6%
Clearing Costs	3,269	4,372	4,838	(32.4%)
General and Administrative	3,381	3,280	3,467	(2.5%)
Total Expenses	\$ 88,090	\$ 89,157	\$ 76,199	15.6%

Expense Details

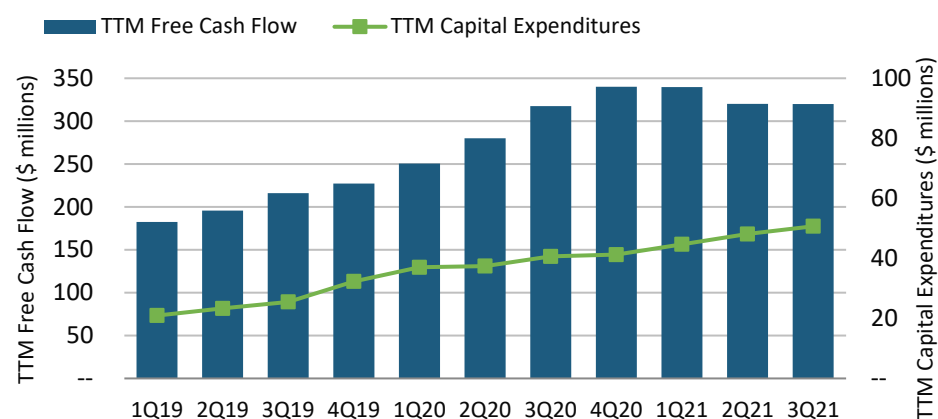
- The Company is updating its full year 2021 expense guidance range to \$360.0 million to \$365.0 million, down from a range of \$370.0 million to \$386.0 million. The updated expense guidance range reflects, among other items, lower incentive compensation and variable clearing costs.
- 3Q21 MuniBrokers and Regulatory Reporting Hub expenses totaled \$5.5 million, including non-recurring integration costs of \$1.1 million and amortization of acquired intangibles expense of \$3.2 million. Excluding the MuniBrokers and Regulatory Reporting Hub expenses, total expenses for the quarter were up 8.3%.
- 2Q21 MuniBrokers and Regulatory Reporting Hub expenses totaled \$5.1 million, including non-recurring integration costs of \$1.3 million and amortization of acquired intangibles expense of \$2.1 million.

Cash Flow and Capital Management

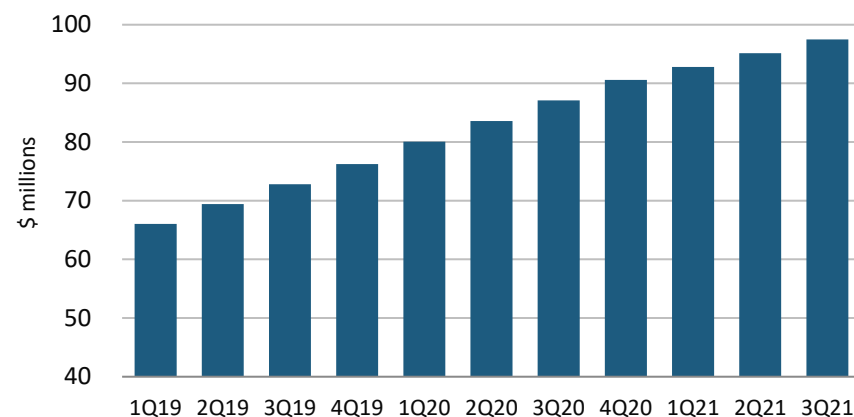
QUARTERLY OVERVIEW

- Total cash and investments of \$458 million
 - Excludes \$131 million of cash deposits supporting self-clearing obligations
- Trailing 12-month free cash flow of \$320 million
- Continued investment in trading system enhancements
 - Maintaining full year Capex guidance of \$50 million to \$55 million
- Returned \$127 million in capital year-to-date through dividends and share repurchases
 - Board approved \$0.66 dividend to be paid in November 2021
- No outstanding debt on borrowing facilities
- New three-year \$500 million credit facility closed in October 2021

TTM FREE CASH FLOW¹ AND CAPITAL EXPENDITURES²



TTM QUARTERLY DIVIDENDS



1. See third quarter 2021 earnings release and the Investor Relations section of the Company's website for a reconciliation of net cash provided by operating activities to Free Cash Flow.
 2. Trailing Twelve Months (TTM) capital expenditures exclude office buildout costs.

Summary

- Market conditions remain unfavorable but positive signs emerging
- International footprint growing; record clients, new markets, and increasing share
- Data and post-trade revenue growing and providing diversification
- Trading automation adoption accelerating
- New protocols gaining momentum



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Non-GAAP Financial Measures and Other Items

To supplement the Company's unaudited financial statements presented in accordance with generally accepted accounting principles ("GAAP"), the Company uses certain non-GAAP measures of financial performance, including earnings before interest, taxes, depreciation and amortization ("EBITDA") and free cash flow. The Company believes that these non-GAAP financial measures, when taken into consideration with the corresponding GAAP financial measures, are important in understanding the Company's operating results. See the investor relations website on <http://investor.marketaxess.com> for a reconciliation of GAAP net income to EBITDA and GAAP cash flow from operating activities to free cash flow.