



Q1 2020 Conference Call and Webcast

April 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: risks relating to the COVID-19 pandemic, including the possible effects of the economic conditions worldwide resulting from the COVID-19 pandemic; 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.

1Q20 Summary¹

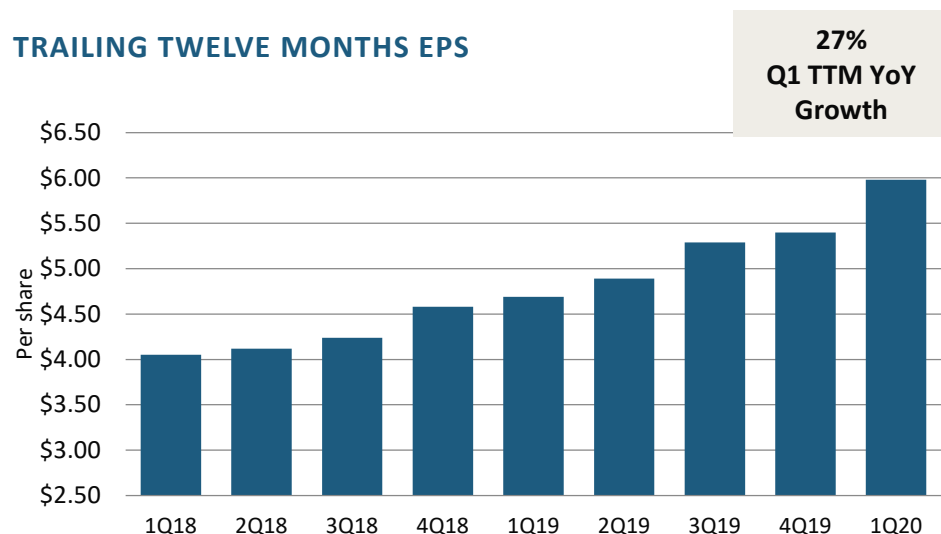
FINANCIAL HIGHLIGHTS

- Record revenues of \$169 million, up 36%
- Record operating income of \$91 million, up 44%
- Record operating margin of 53.9%, up from 50.8%
- Record EBITDA of \$100 million, up 40%
- Record diluted EPS of \$1.96, up 41%

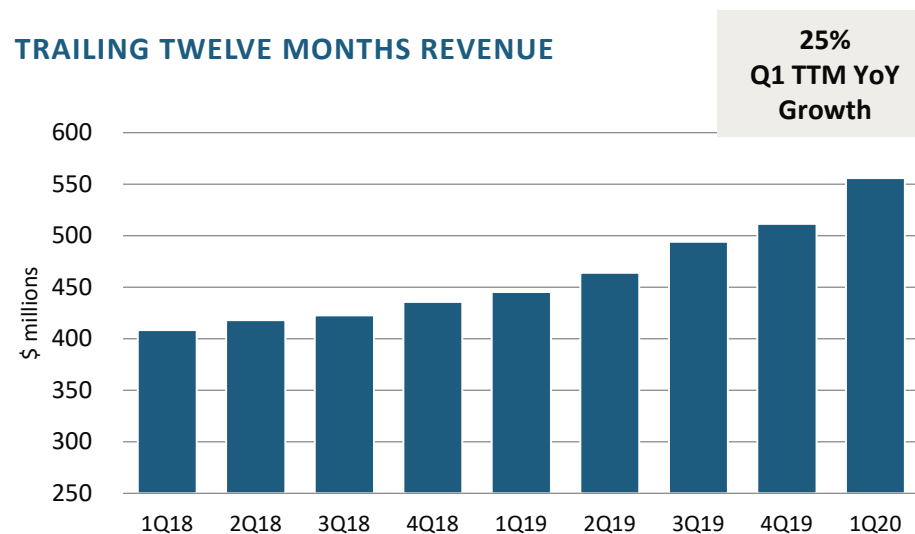
BUSINESS HIGHLIGHTS

- Record total credit trading volume of \$660 billion, up 29%
- Record U.S. high-grade, U.S. high-yield, emerging markets, Eurobonds, munis and U.S treasuries volume
- Estimated U.S. high-grade market share of 20.0%, up from 17.6%
- Record Open Trading™ volume of \$209 billion, up 55%
- Record international client volume of \$204 billion, up 32%²

TRAILING TWELVE MONTHS EPS



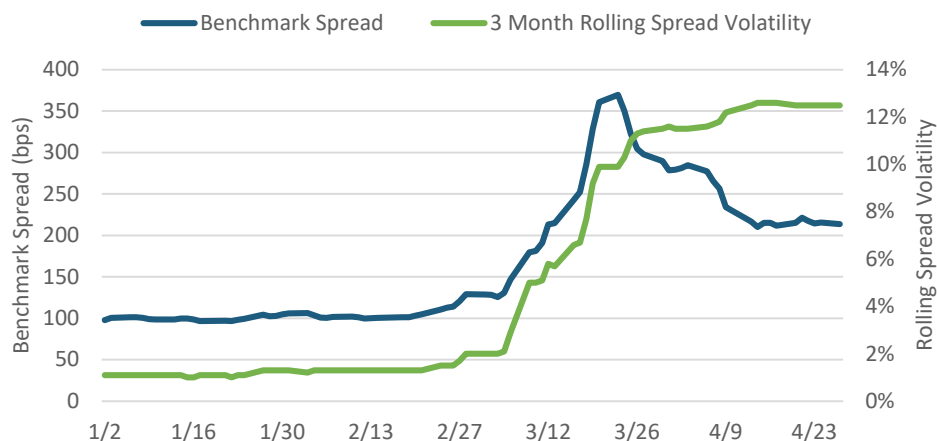
TRAILING TWELVE MONTHS REVENUE



1. All period comparisons versus 1Q19 unless otherwise stated.
2. International firms include all firms outside of the United States and Canada.

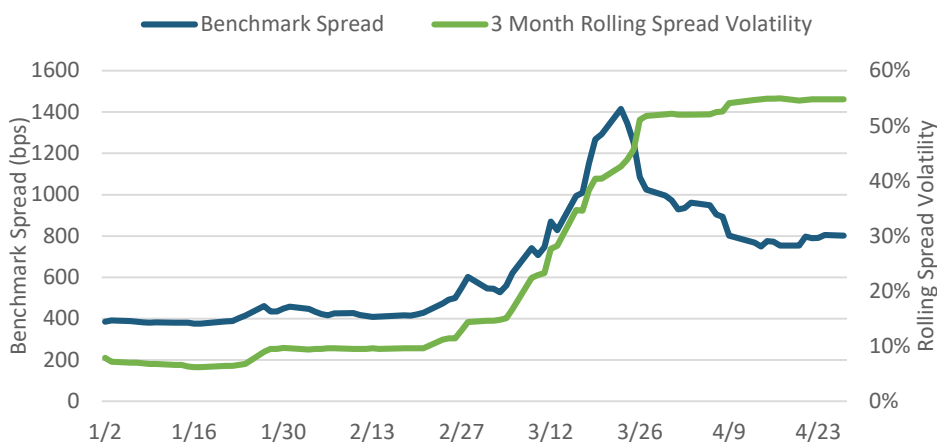
Market Conditions

HIGH GRADE LUCI SPREADS AND VOLATILITY



Source: Credit Suisse

HIGH YIELD LUCI SPREADS AND VOLATILITY

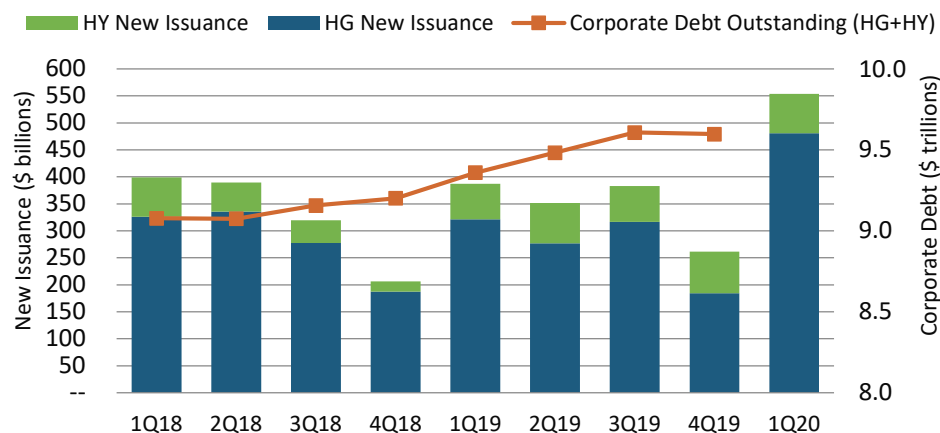


Source: Credit Suisse

PRE-CRISIS VS. CRISIS ACTIVITY LEVELS

| | 1/2 – 2/21 | 2/24 – 3/31 | % Change |
|------------------------------|------------------|------------------|------------|
| U.S High Grade | | | |
| TRACE ADV | \$23.8 bil | \$30.2 bil | 27% |
| MKTX ADV | \$4.5 bil | \$6.4 bil | 42% |
| MKTX Market Share % | 18.9% | 21.2% | 2.3 pts |
| U.S High Yield | | | |
| TRACE ADV | \$11.2 bil | \$13.8 bil | 24% |
| MKTX ADV | \$1.2 bil | \$1.9 bil | 58% |
| MKTX Market Share % | 10.8% | 13.8% | 3.0 pts |
| MKTX Open Trading ADV | \$2.6 bil | \$4.3 bil | 67% |

NEW ISSUANCE & CORPORATE DEBT OUTSTANDING



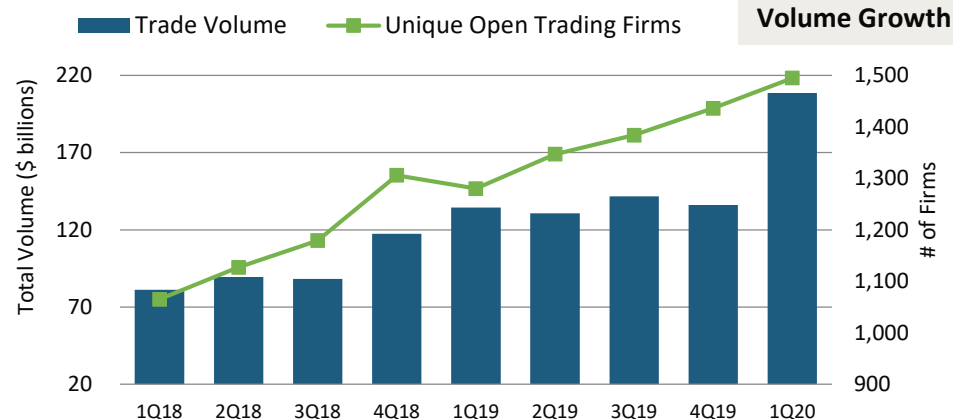
Source: JPMorgan and SIFMA

Open Trading™

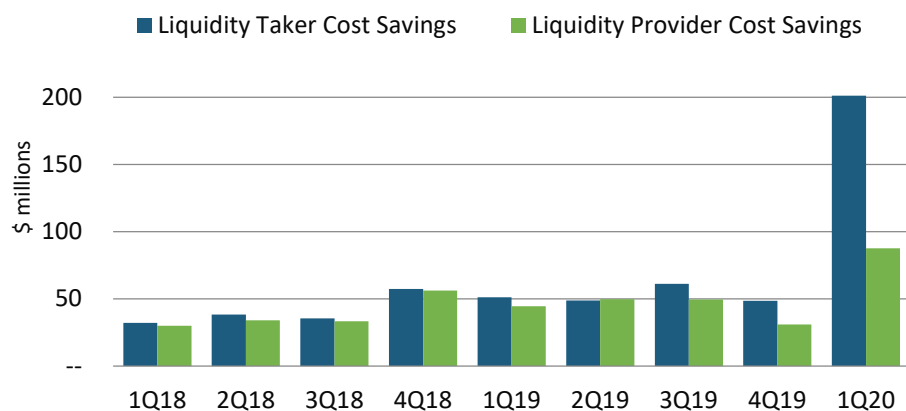
HIGHLIGHTS

- Open Trading volume grew to 31% of total volume, up from 26% in 1Q19
- \$3.4 billion average daily volume, up 53% from 1Q19
- Estimated system-wide cost savings of \$201 million for liquidity takers and \$87 million for liquidity providers¹
- Over 30,000 institutional client orders and \$16 billion notional value available on average per day in 1Q20 to all market participants in the Open Trading marketplace.
- Dealer-to-dealer volume of \$36.6 billion, up 48% from 1Q19

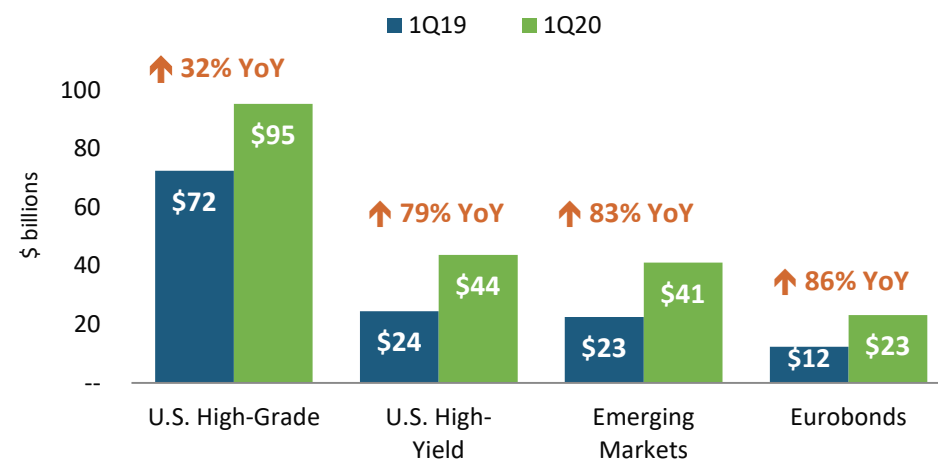
OPEN TRADING VOLUME & UNIQUE TRADING FIRMS



OPEN TRADING ESTIMATED TRANSACTION COST SAVINGS¹



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

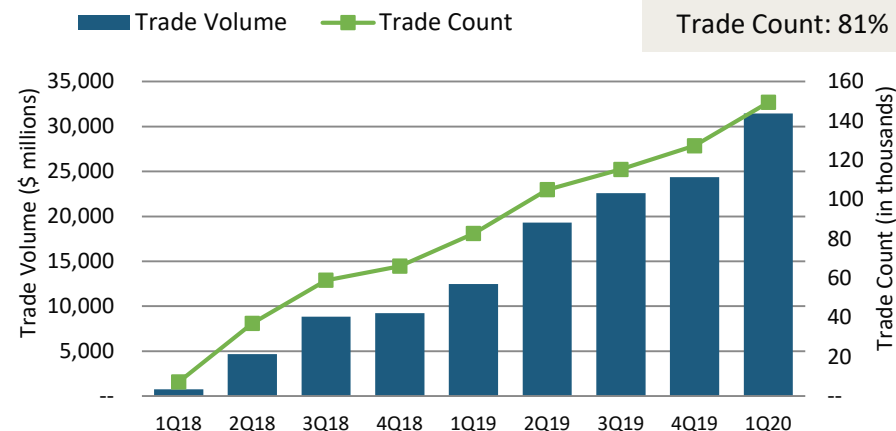
Trading Automation Continues to Grow

HIGHLIGHTS

- Over 149,000 trades completed using automated execution, up from 83,000 trades in 1Q19
- 84 firms used automated execution functionality in 1Q20, up from 52 in 1Q19
- Approximately 3.0 million algo responses in 1Q20, up 37% from 1Q19¹

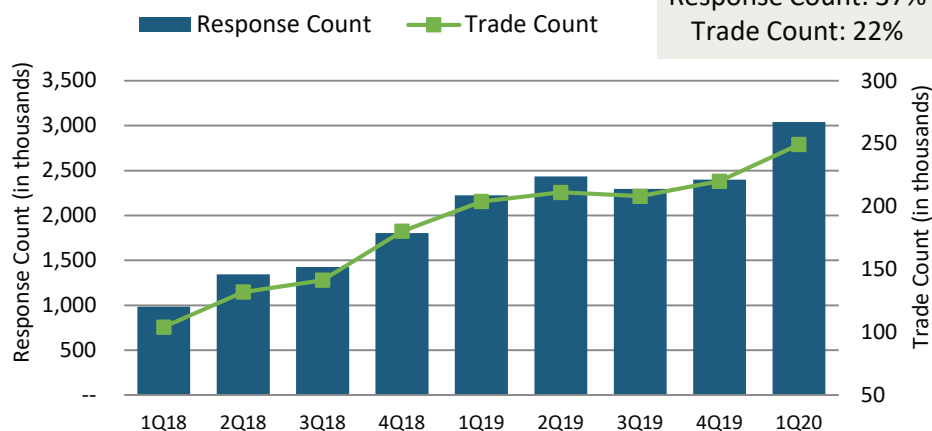
AUTOMATED TRADE VOLUME AND COUNT

Q1 YoY Growth
Trade Volume: 152%
Trade Count: 81%

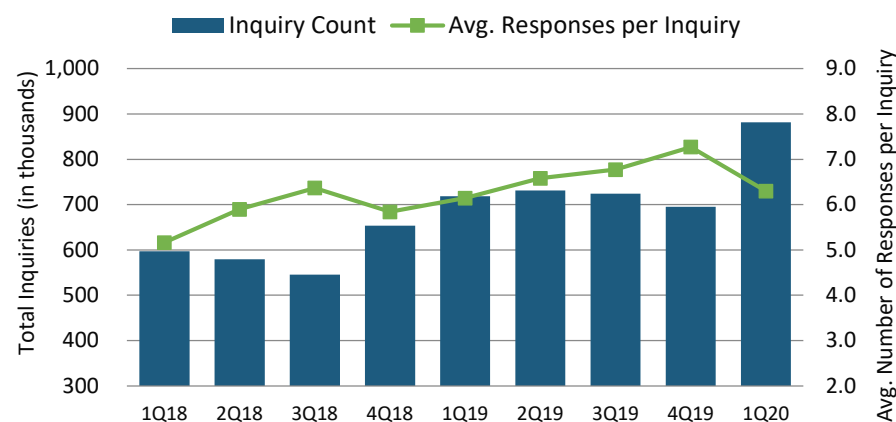


TOTAL ALGO TRADES & RESPONSES¹

Q1 YoY Growth
Response Count: 37%
Trade Count: 22%



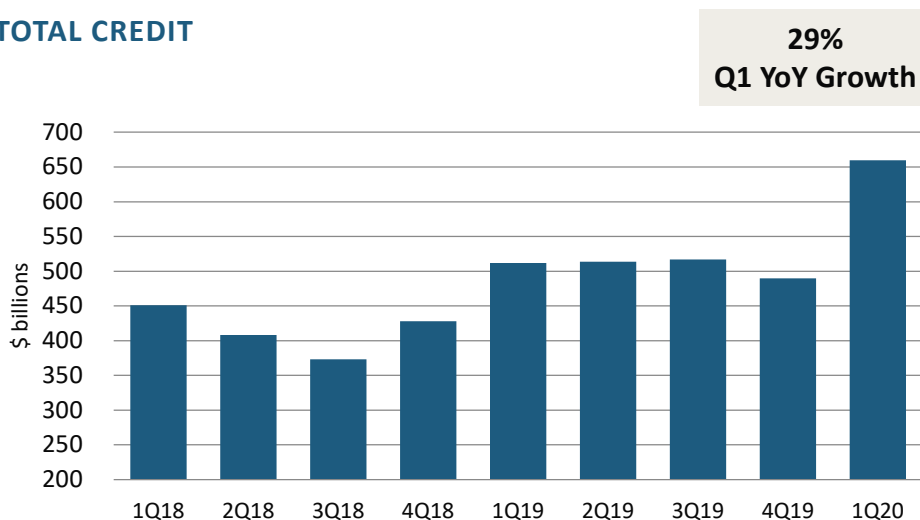
U.S. HIGH-GRADE TOTAL INQUIRY AND AVERAGE NUMBER OF RESPONSES PER INQUIRY



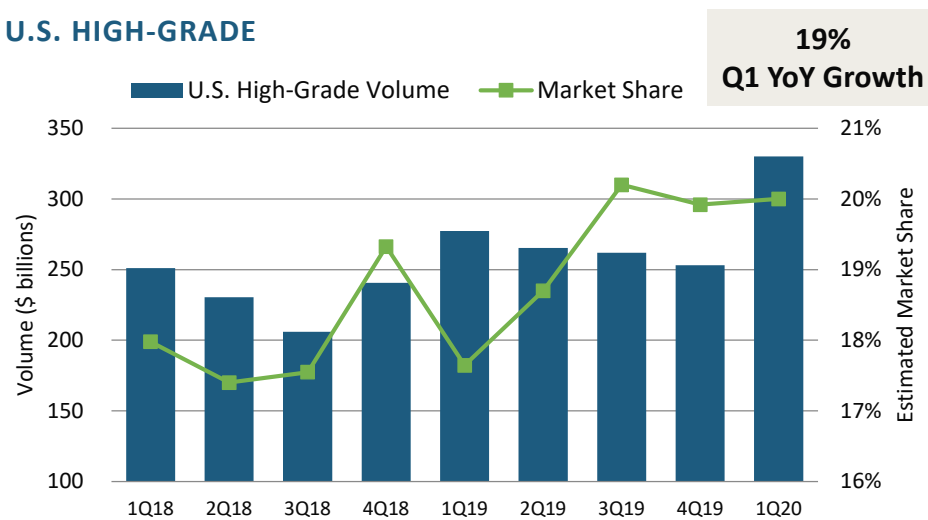
1. Algorithmic responses for U.S. high-grade and U.S. high-yield spread based trades only.

Quarterly Volume Growth

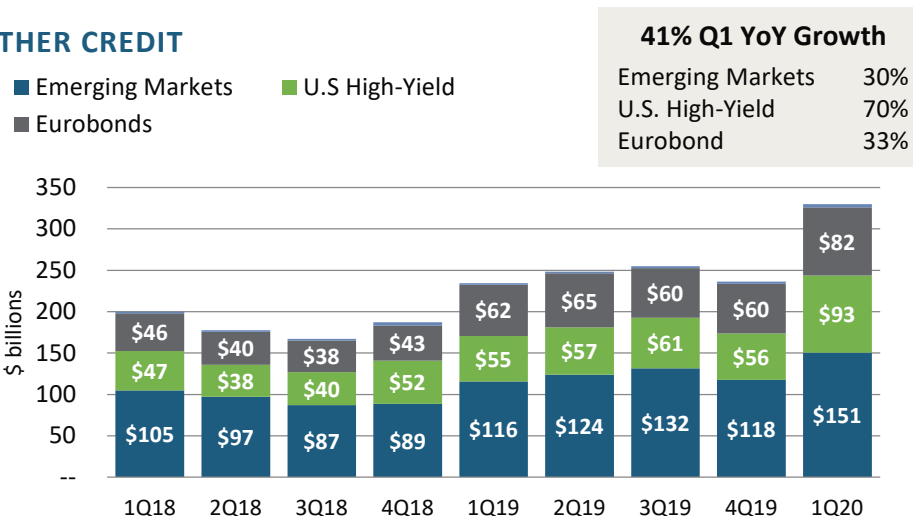
TOTAL CREDIT



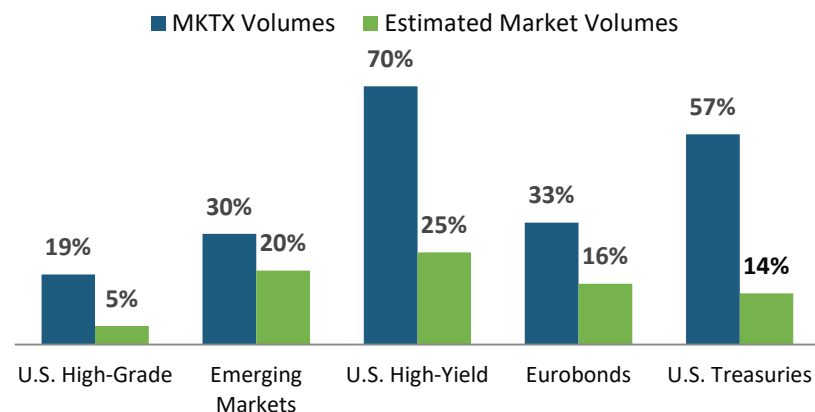
U.S. HIGH-GRADE



OTHER CREDIT



1Q20 YOY CHANGE IN MKTX VOLUMES AND ESTIMATED MARKET VOLUMES¹

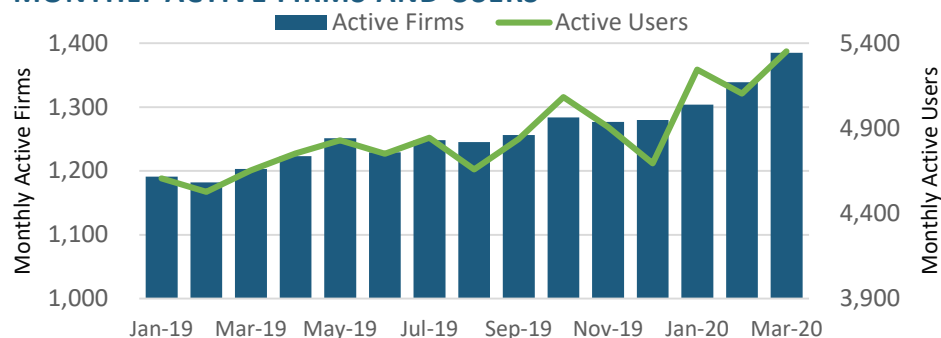


1. Estimated market volumes based on FINRA TRACE, SIFMA and TRAX reported volumes reported in US dollars.

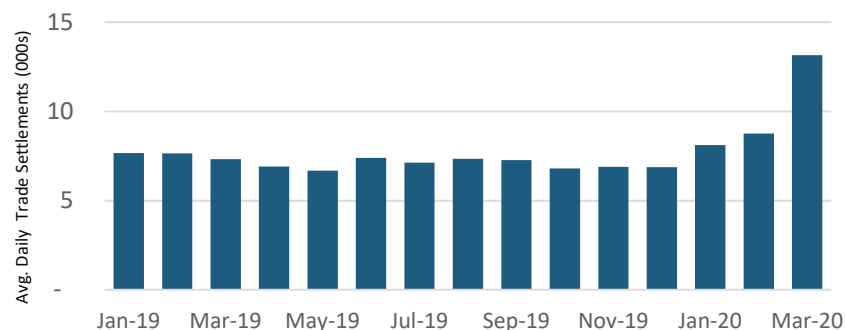
COVID-19 Response

- Seamlessly transitioned global workforce to full work-from-home in mid-March
- Trading platforms scaled and maintained quality of service levels despite significant surge in inquiry flow, inventory and trading volume
- Enabled over 10,000 trading system users to connect to MarketAxess from home
- Experienced a record number of trading system users and continued to on-board new clients
- Effectively managed the surge in Open Trading volume and settlement activity
- Credit and market risk controls operated effectively

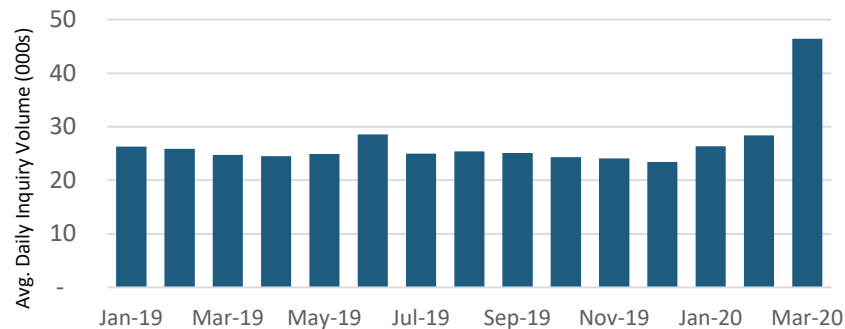
MONTHLY ACTIVE FIRMS AND USERS



AVERAGE DAILY TRADE SETTLEMENTS



AVERAGE DAILY INQUIRY VOLUME



Earnings Performance

| | <u>1Q20</u> | <u>4Q19</u> | <u>1Q19</u> | <u>% Δ 1Q20 vs. 1Q19</u> |
|----------------------------------|---|------------------|------------------|----------------------------------|
| | <i>(\$ in thousands, except per share data)</i> | | | |
| Revenues | | | | |
| Commissions | \$ 155,954 | \$ 117,103 | \$ 112,760 | 38.3% |
| Information Services | 8,642 | 8,515 | 7,366 | 17.3% |
| Post-trade Services | 4,153 | 3,923 | 4,100 | 1.3% |
| Other Income | 229 | 233 | 265 | (13.6%) |
| Total Revenues | <u>168,978</u> | <u>129,774</u> | <u>124,491</u> | 35.7% |
| Expenses | <u>77,889</u> | <u>68,923</u> | <u>61,302</u> | 27.1% |
| Operating Income | <u>91,089</u> | <u>60,851</u> | <u>63,189</u> | 44.2% |
| Investment Income and Other, net | <u>613</u> | <u>1,106</u> | <u>2,031</u> | (69.8%) |
| Income Before Taxes | <u>91,702</u> | <u>61,957</u> | <u>65,220</u> | 40.6% |
| Provision for Income Taxes | <u>16,886</u> | <u>11,684</u> | <u>12,698</u> | 33.0% |
| Net Income | <u>\$ 74,816</u> | <u>\$ 50,273</u> | <u>\$ 52,522</u> | 42.4% |
| Operating Margin | 53.9% | 46.9% | 50.8% | 3.1 pts |
| EBITDA ¹ | \$ 99,769 | \$ 69,687 | \$ 71,302 | 39.9% |
| Diluted EPS | \$ 1.96 | \$ 1.32 | \$ 1.39 | 41.0% |
| Diluted Shares ² | 38,075 | 38,091 | 37,832 | 0.6% |

1. See first quarter 2020 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.

MarketAxess.com | ©2020 MarketAxess Holdings Inc. (the "Company"). MarketAxess, the MarketAxess logo, Open Trading, Trax, and "Now you're in the market" are trademarks of the Company. This information is not intended to represent an offer or solicitation of any financial instrument. Proprietary and confidential information of the Company—all forms of copying prohibited.

Commission Revenue Detail

| | 1Q20 | 4Q19 | 1Q19 | % Δ 1Q20 vs. 1Q19 |
|--|------------|------------|------------|-------------------------|
| Commissions (\$ in thousands) | | | | |
| Transaction Fees | | | | |
| U.S. High-Grade | \$ 57,970 | \$ 43,120 | \$ 42,501 | 36.4% |
| Other Credit ¹ | 65,610 | 45,238 | 46,034 | 42.5% |
| Total Credit | 123,580 | 88,358 | 88,535 | 39.6% |
| Rates ² | 5,586 | 2,983 | 557 | 902.9% |
| Total Transaction Fees | 129,166 | 91,341 | 89,092 | 45.0% |
| Distribution Fees | | | | |
| U.S. High-Grade | 19,974 | 18,647 | 17,978 | 11.1% |
| Other Credit ¹ | 6,658 | 7,029 | 5,558 | 19.8% |
| Total Credit | 26,632 | 25,676 | 23,536 | 13.2% |
| Rates ² | 156 | 86 | 132 | 18.2% |
| Total Distribution Fees | 26,788 | 25,762 | 23,668 | 13.2% |
| Total Commissions | \$ 155,954 | \$ 117,103 | \$ 112,760 | 38.3% |
| Trading Volume (\$ in millions) | | | | |
| U.S. High-Grade | \$ 329,994 | \$ 253,109 | \$ 277,410 | 19.0% |
| Other Credit ¹ | 329,753 | 236,403 | 234,491 | 40.6% |
| Total Credit | 659,747 | 489,512 | 511,901 | 28.9% |
| Rates ² | 1,444,878 | 620,437 | 14,276 | NM |
| Transaction Fees per Million | | | | |
| U.S. High-Grade | \$ 175.67 | \$ 170.36 | \$ 153.21 | 14.7% |
| Other Credit ¹ | 198.97 | 191.36 | 196.31 | 1.4% |
| Total Credit | 187.31 | 180.50 | 172.95 | 8.3% |
| Rates ² | 3.87 | 4.81 | 39.02 | 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.

MarketAxess.com | ©2020 MarketAxess Holdings Inc. (the "Company"). MarketAxess, the MarketAxess logo, Open Trading, Trax, and "Now you're in the market" are trademarks of the Company. This information is not intended to represent an offer or solicitation of any financial instrument. Proprietary and confidential information of the Company—all forms of copying prohibited.

Expense Detail

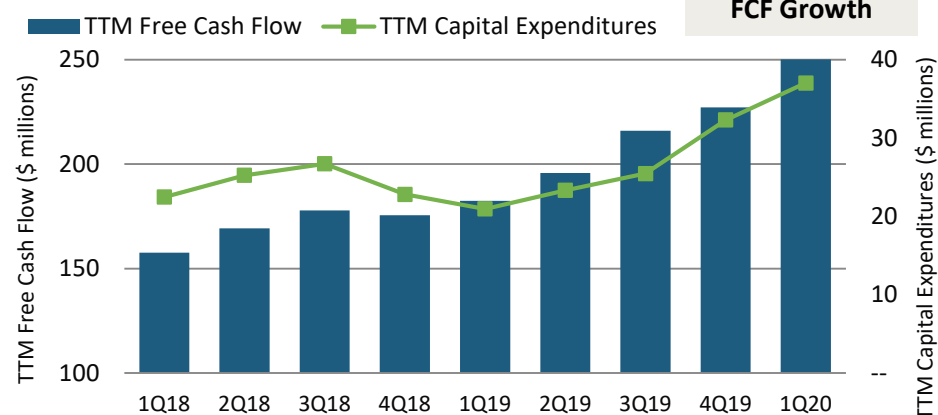
| | <u>1Q20¹</u> | <u>4Q19¹</u> <i>(\$ in thousands)</i> | <u>1Q19</u> | % Δ 1Q201 vs. 1Q19 |
|------------------------------------|-------------------------|---|--------------|--------------------------|
| <u>Expenses</u> | | | | |
| Employee Compensation and Benefits | \$ 41,194 | \$ 33,117 | \$ 32,658 | 26.1% |
| Depreciation and Amortization | 8,067 | 7,730 | 6,082 | 32.6% |
| Technology and Communications | 8,161 | 7,155 | 5,782 | 41.1% |
| Professional and Consulting | 5,675 | 6,389 | 5,831 | (2.7%) |
| Occupancy | 3,474 | 3,090 | 2,949 | 17.8% |
| Marketing and Advertising | 2,675 | 3,087 | 2,299 | 16.4% |
| Clearing Costs | 5,510 | 3,345 | 2,577 | 113.8% |
| General and Administrative | <u>3,133</u> | <u>5,010</u> | <u>3,124</u> | <u>0.3%</u> |
| Total Expenses | \$ 77,889 | \$ 68,923 | \$ 61,302 | 27.1% |

1. MarketAxess Rates, formerly known as LiquidityEdge, expenses in the first quarter of 2020 and fourth quarter of 2019 were \$5.0 million and \$3.2 million, respectively.

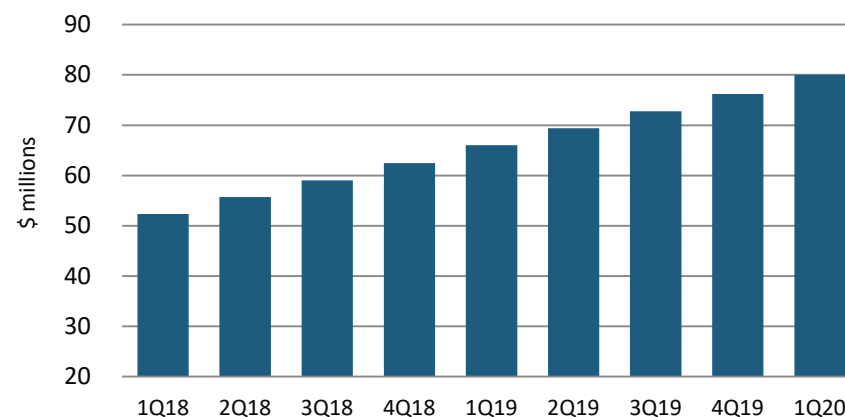
Balance Sheet Data

| (\$ in thousands) | <u>3/31/2020</u> | <u>12/31/2019</u> |
|---|-------------------|-------------------|
| <u>Assets</u> | | |
| Cash, Cash Equivalents and Investments | \$ 499,428 | \$ 500,601 |
| Accounts Receivable, net | 93,572 | 62,017 |
| Goodwill and intangible assets, net | 207,679 | 207,847 |
| Operating Lease Right-of-use Assets | 79,651 | 81,399 |
| All Other Assets | 95,273 | 103,066 |
| Total Assets | \$ 975,603 | \$ 954,930 |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Operating Lease Liabilities | \$ 96,301 | \$ 97,991 |
| All Other Liabilities | 81,419 | 86,848 |
| Total Liabilities | 177,720 | 184,839 |
| Total Stockholders' Equity | 797,883 | 770,091 |
| Total Liabilities and Stockholders' Equity | \$ 975,603 | \$ 954,930 |

TTM FREE CASH FLOW AND CAPITAL EXPENDITURES¹



TTM QUARTERLY DIVIDENDS



1. TTM capital expenditures exclude office buildout costs.

Summary

- Record quarter for trading volume, revenue and earnings
- Record number of client firms and individual traders transacting on the platform
- Credit market overall volumes and MKTX market share both rose in March
- Open Trading percentage of trading volume spiked throughout the peak weeks of elevated volatility during the quarter
- Trading automation is fueling growth in electronic credit trading