



Q3 2020 Conference Call and Webcast

October 27, 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; risks related to self-clearing; 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.

3Q20 Summary¹

FINANCIAL HIGHLIGHTS

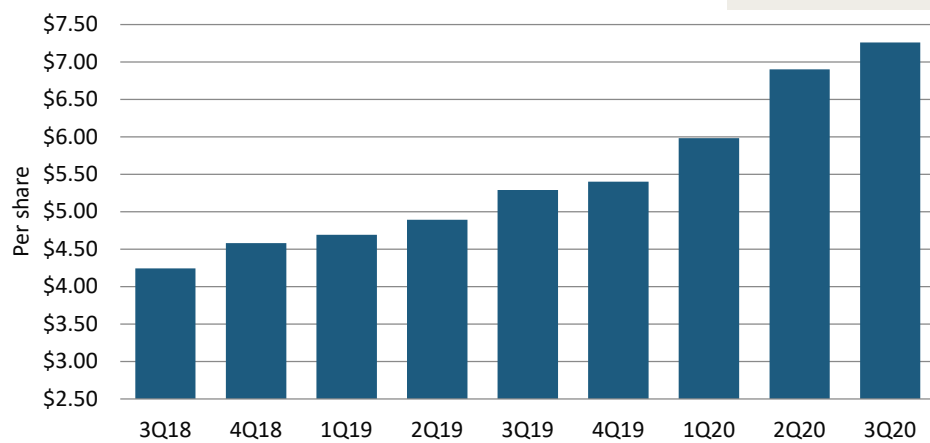
- Revenues of \$164 million, up 25%
- Operating income of \$88 million, up 33%
- Operating margin of 53.5%, up from 50.1%
- EBITDA of \$98 million, up 32%
- Diluted EPS of \$1.78, up 25%

BUSINESS HIGHLIGHTS

- Total credit trading volume of \$589 billion, up 14%
- Record estimated U.S. high-grade market share of 22.2%, up from 20.2%
- Record estimated U.S. high-yield market share of 16.0%, up from 11.9%
- Open Trading™ credit volume of \$197 billion, up 41%, and estimated total system-wide cost savings of \$252 million²
- Announced the acquisitions of MuniBrokers and Deutsche Börse Regulatory Reporting Hub

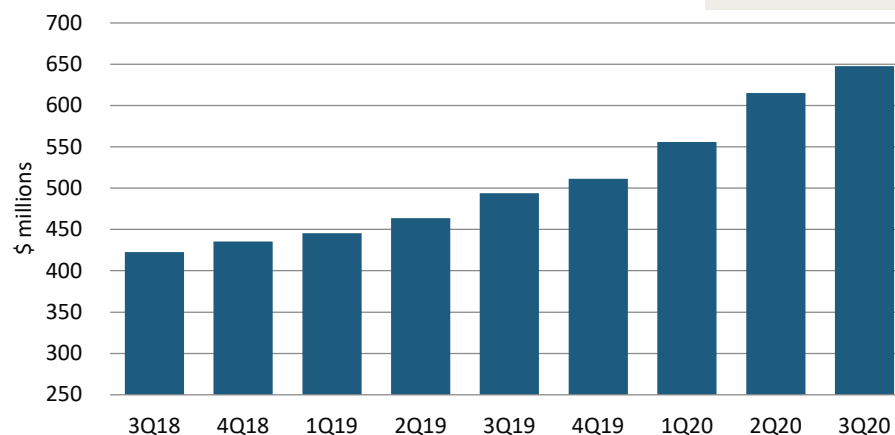
TRAILING TWELVE MONTHS EPS

37%
Q3 TTM YoY
Growth



TRAILING TWELVE MONTHS REVENUE

31%
Q3 TTM YoY
Growth

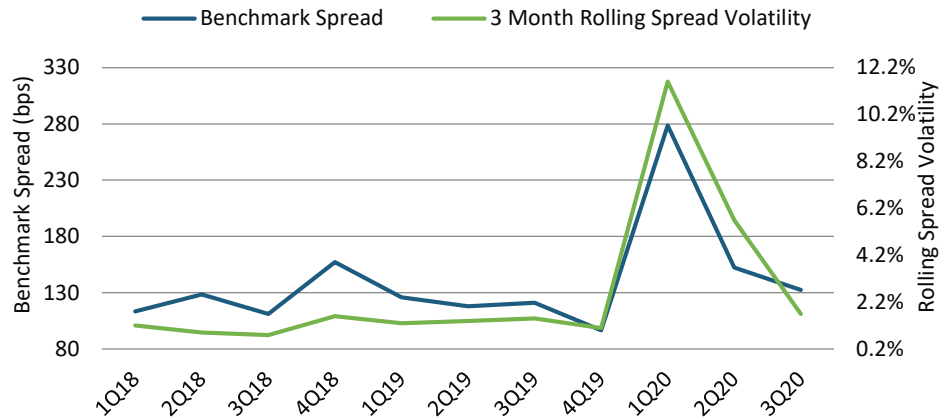


1. All period comparisons versus 3Q19 unless otherwise stated.

2. Represents combined estimated system-wide cost savings for liquidity takers and liquidity providers.

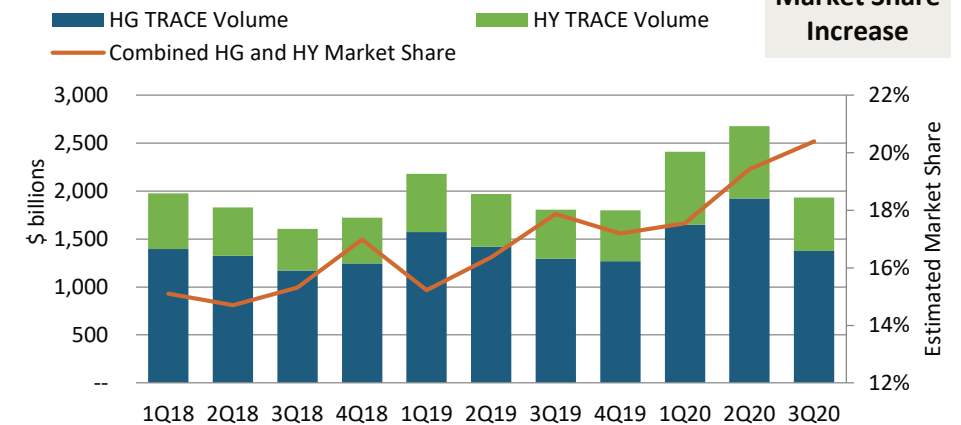
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



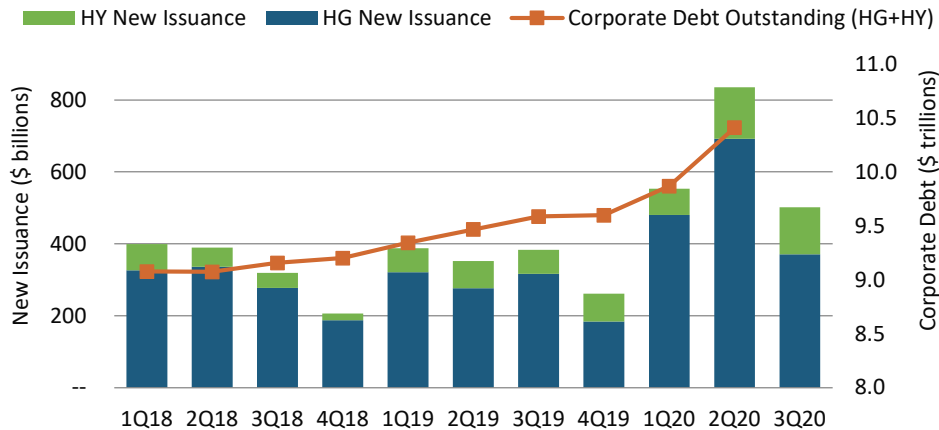
Source: Credit Suisse Global Credit Strategy

U.S. HIGH-GRADE & HIGH-YIELD TRACE VOLUME AND ESTIMATED MARKET SHARE



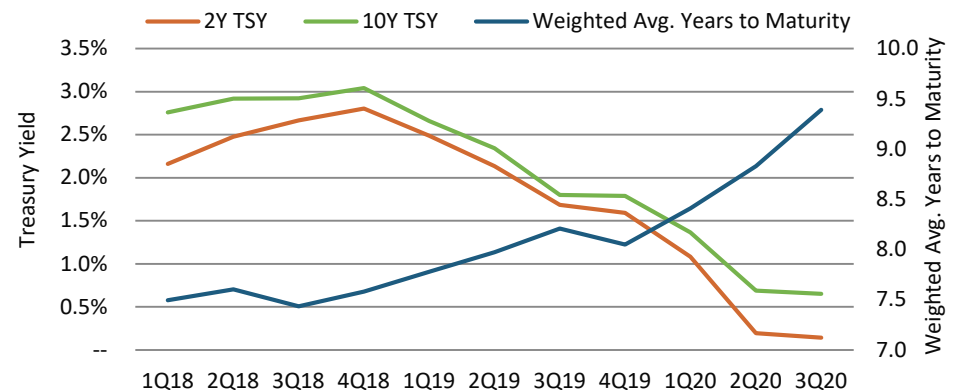
Source: BondTicker

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



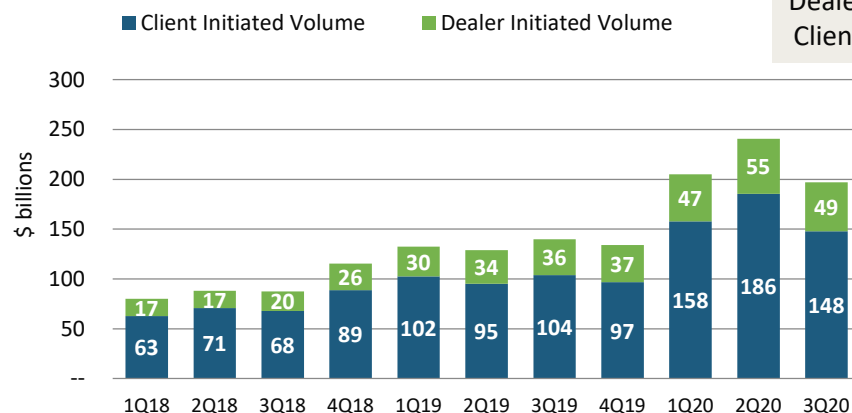
Source: Federal Reserve

Open Trading™

HIGHLIGHTS

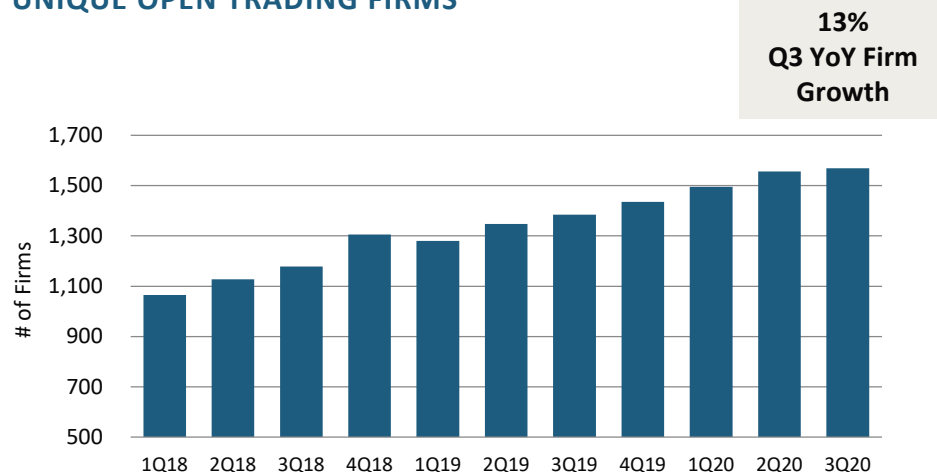
- \$3.1 billion average daily volume, up 40% from 3Q19
- Open Trading credit revenue of \$40 million, up 53% from 3Q19
- Estimated system-wide cost savings of \$134 million for liquidity takers and \$117 million for liquidity providers¹
- Over 25,000 institutional client orders and \$14 billion notional value available through Open Trading on average per day in 3Q20
- Completed the conversion to self-clearing in the U.S. during Q3
- Dealer initiated Open Trading volume of \$49.3 billion, up 37%

DEALER VS. CLIENT INITIATED OPEN TRADING VOLUME



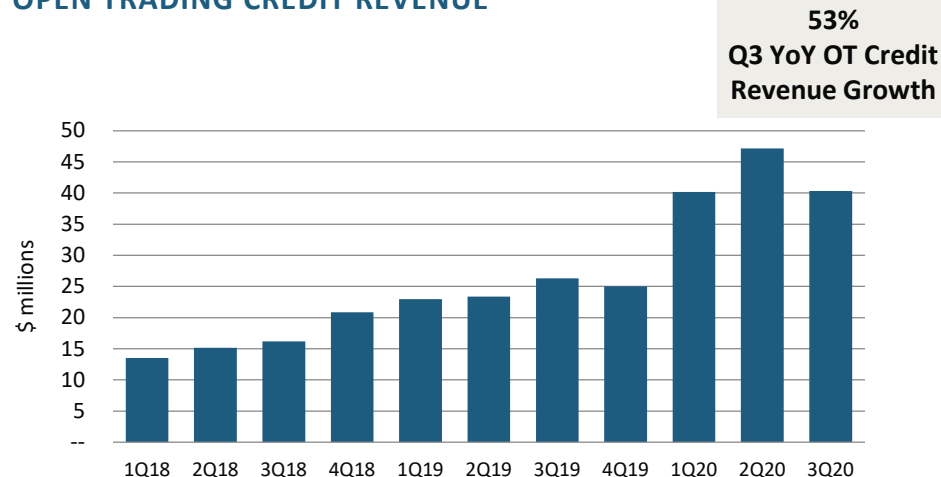
41% Q3 YoY Growth
 Dealer: 37%
 Client: 43%

UNIQUE OPEN TRADING FIRMS



13% Q3 YoY Firm Growth

OPEN TRADING CREDIT REVENUE



53% Q3 YoY OT Credit Revenue Growth

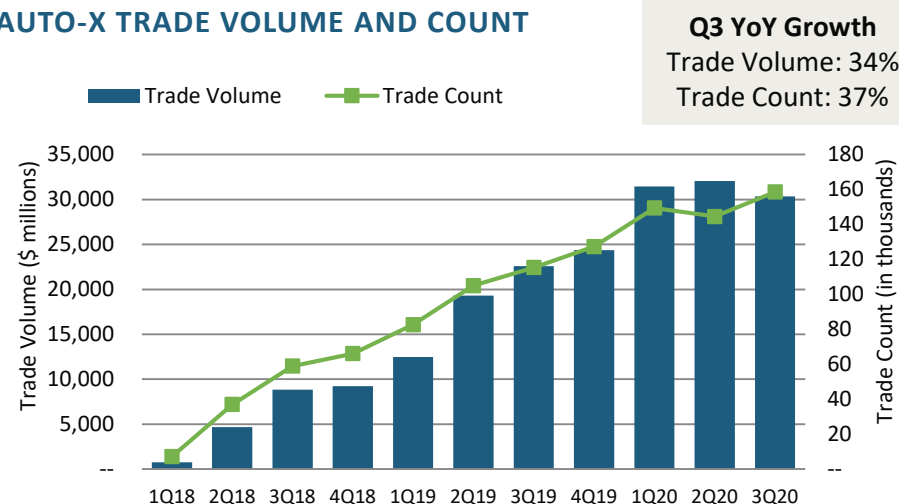
1. Estimated liquidity taker cost savings is defined as the difference between the winning price and the best disclosed dealer cover price. Estimated liquidity provider cost savings is defined as the difference between the winning price and then current Composite+ bid or offer level (offer if the provider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

Trading Automation Continues to Grow

HIGHLIGHTS

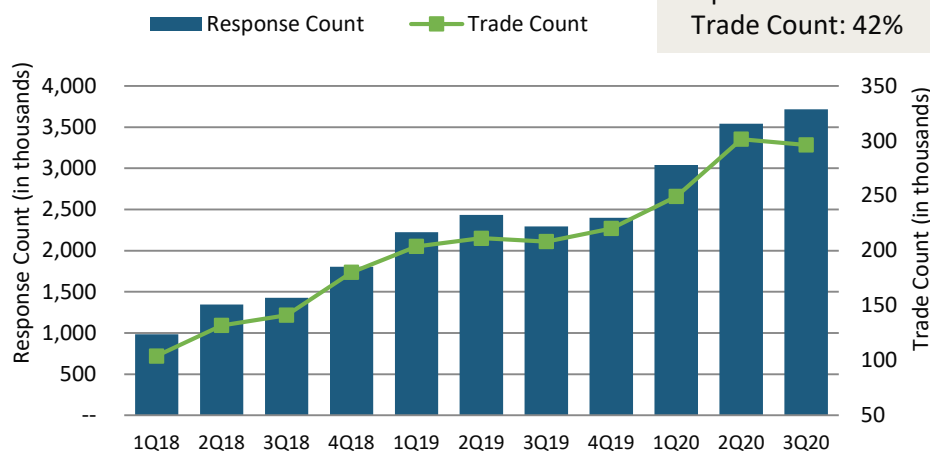
- Over 158,000 trades completed using automated execution, up from 115,000 trades in 3Q19
- 86 firms used automated execution functionality in 3Q20, up from 64 in 3Q19
- Approximately 3.7 million algo responses in 3Q20, up 62% from 3Q19¹
- Auto-X represents 14% of total trade count

AUTO-X TRADE VOLUME AND COUNT

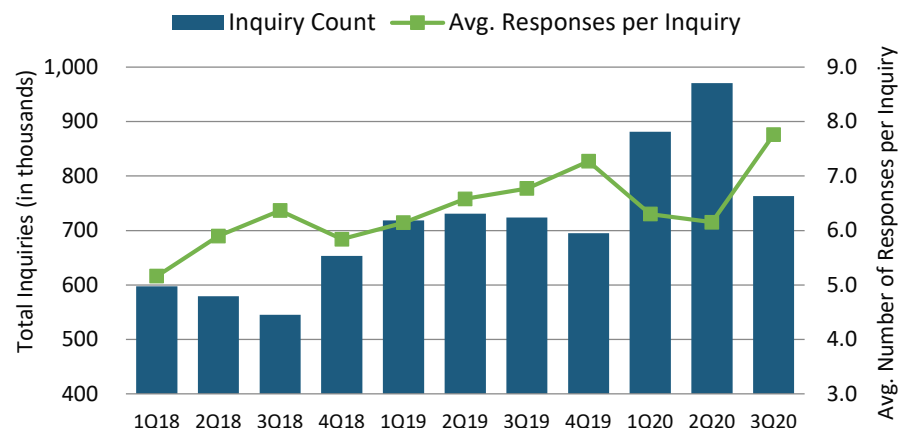


TOTAL ALGO TRADES & RESPONSES¹

Q3 YoY Growth
Response Count: 62%
Trade Count: 42%



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.

New Initiatives and Product Expansion

NEW PRODUCT INITIATIVES

- **Live Markets**
 - Live order book to complement RFQ protocol, focusing on newly issued and other liquid corporate bonds
 - Goldman Sachs becomes first dedicated market maker, streaming prices on over 100 liquid bonds
 - Live Markets trading opportunities will be available to the 1,600 client firms available in the Open Trading network
- **Mid-X**
 - Launched in October, Mid-X offers fully anonymous matching sessions at our award-winning CP+ Mid-Price
 - Creates cost savings for clients matching at mid, complementing on-demand protocols such as RFQ
 - The first session attracted a mixture of both dealer and investor clients

MUNICIPAL BONDS

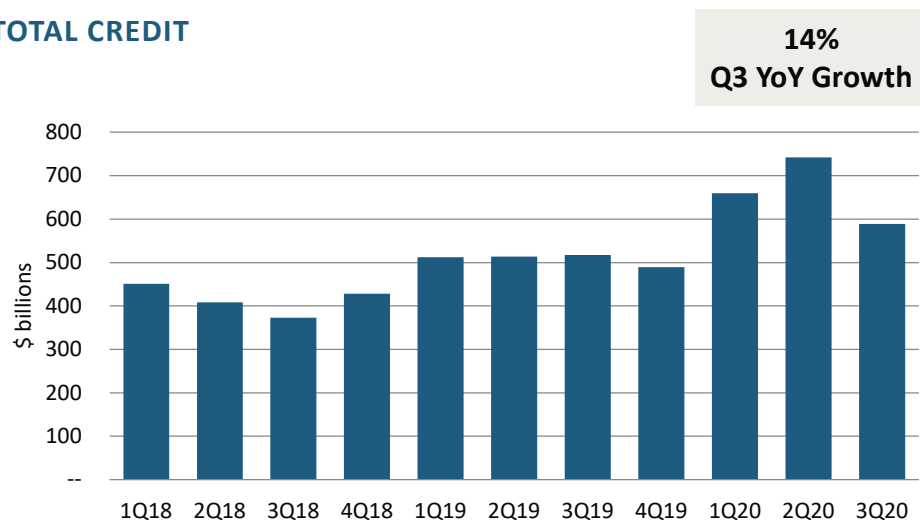
- Over 300 active investor clients and \$44 million in ADV, up 25% from a year ago
- MuniBrokers system integration will combine two disparate client networks, enhancing trade opportunities and adding new liquidity for the muni market
- Potential to leverage rich municipal bond trade data to build out MarketAxess municipal bond data suite

POST-TRADE REPORTING AND MATCHING

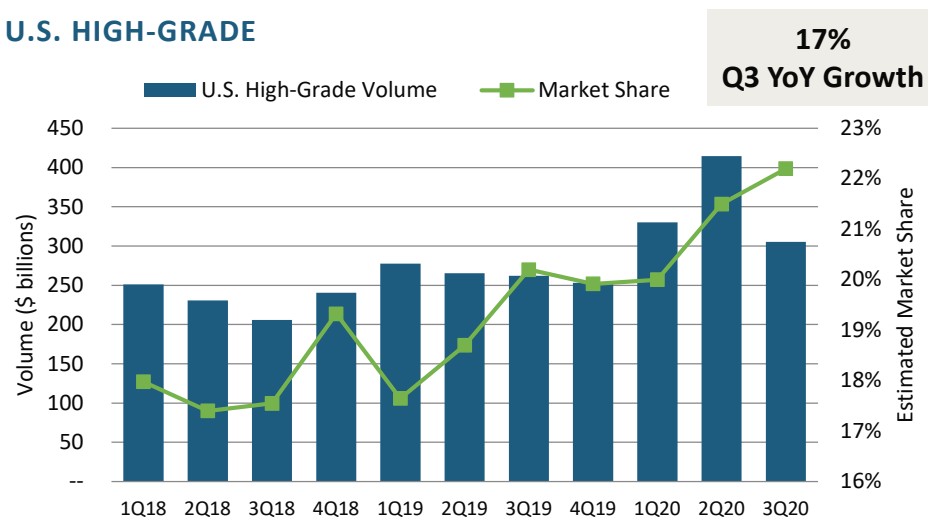
- 3Q20 Post-trade services of revenue of \$4.7 million, up 24%, driven by SFTR reporting launch and new client additions
- 325 unique client firms, up from 250, utilizing our regulatory reporting services
- Deutsche Börse Regulatory Reporting Hub acquisition will add several hundred clients across Europe, predominantly in Germany, France and the Nordics
- Regulatory reporting creates unique transaction data to promote transparency in European fixed income markets

Quarterly Volume Growth

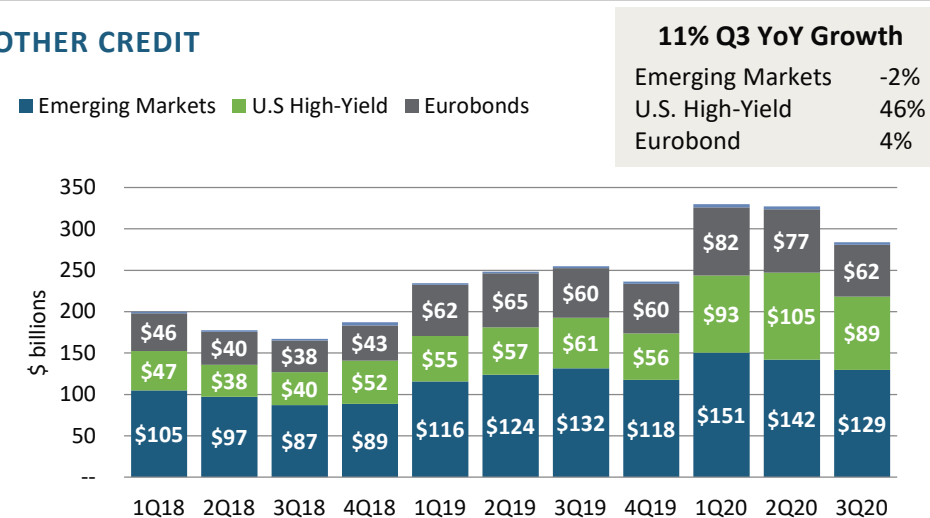
TOTAL CREDIT



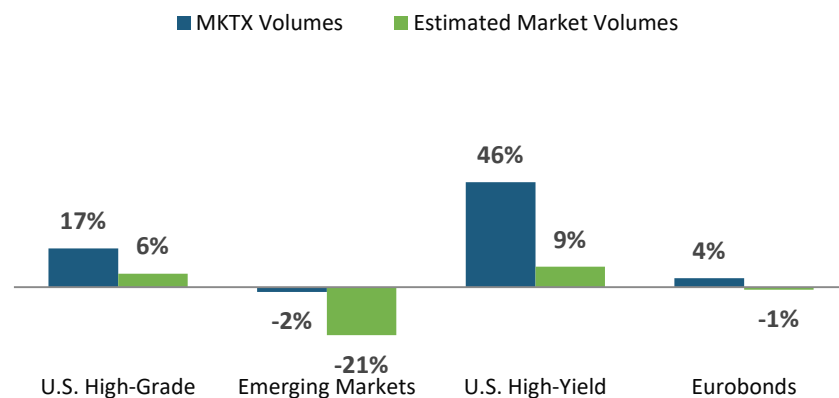
U.S. HIGH-GRADE



OTHER CREDIT



3Q20 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

	<u>3Q20</u>	<u>2Q20</u>	<u>3Q19</u>	<u>% Δ</u> <u>3Q20 vs.</u> <u>3Q19</u>
	<i>(\$ in thousands, except per share data)</i>			
Revenues				
Commissions	\$ 150,586	\$ 172,092	\$ 119,869	25.6%
Information Services	8,501	8,427	7,693	10.5%
Post-trade Services	4,689	4,054	3,784	23.9%
Other Income	230	222	251	(8.4%)
Total Revenues	164,006	184,795	131,597	24.6%
Expenses	76,199	80,660	65,632	16.1%
Operating Income	87,807	104,135	65,965	33.1%
Investment Income and Other, net	158	268	1,373	(88.5%)
Income Before Taxes	87,965	104,403	67,338	30.6%
Provision for Income Taxes	20,189	20,549	13,336	51.4%
Net Income	\$ 67,776	\$ 83,854	\$ 54,002	25.5%
Operating Margin	53.5%	56.4%	50.1%	3.4 pts
EBITDA ¹	\$ 98,043	\$ 112,708	\$ 74,038	32.4%
Diluted EPS	\$ 1.78	\$ 2.20	\$ 1.42	25.4%
Diluted Shares ²	38,160	38,153	37,995	0.4%

1. See third 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.

Commission Revenue Detail

	3Q20	2Q20	3Q19	% Δ 3Q20 vs. 3Q19
Commissions (\$ in thousands)				
Transaction Fees				
U.S. High-Grade	\$ 60,861	\$ 75,208	\$ 45,409	34.0%
Other Credit ¹	<u>59,131</u>	<u>66,977</u>	<u>50,009</u>	<u>18.2%</u>
Total Credit	119,992	142,185	95,418	25.8%
Rates ²	<u>3,191</u>	<u>3,846</u>	<u>567</u>	<u>462.8%</u>
Total Transaction Fees	123,183	146,031	95,985	28.3%
Distribution Fees				
U.S. High-Grade	20,760	19,635	17,777	16.8%
Other Credit ¹	<u>6,586</u>	<u>6,329</u>	<u>5,986</u>	<u>10.0%</u>
Total Credit	27,346	25,964	23,763	15.1%
Rates ²	<u>57</u>	<u>97</u>	<u>121</u>	<u>(52.9%)</u>
Total Distribution Fees	27,403	26,061	23,884	14.7%
Total Commissions	\$ 150,586	\$ 172,092	\$ 119,869	25.6%
Trading Volume (\$ in millions)				
U.S. High-Grade	\$ 305,231	\$ 414,580	\$ 261,945	16.5%
Other Credit ¹	<u>283,920</u>	<u>327,266</u>	<u>255,097</u>	<u>11.3%</u>
Total Credit	589,151	741,846	517,042	13.9%
Rates ²	760,676	955,594	11,661	NM
Transaction Fees per Million				
U.S. High-Grade	\$ 199.39	\$ 181.41	\$ 173.35	15.0%
Other Credit ¹	208.27	204.66	196.04	6.2%
Total Credit	203.67	191.66	184.55	10.4%
Rates ²	4.19	4.02	48.65	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.

Expense Detail

	<u>3Q20¹</u>	<u>2Q20¹</u> <i>(\$ in thousands)</i>	<u>3Q19</u>	% Δ 3Q20 vs. 3Q19
<u>Expenses</u>				
Employee Compensation and Benefits	\$ 37,583	\$ 41,636	\$ 32,681	15.0%
Depreciation and Amortization	9,032	8,305	6,700	34.8%
Technology and Communications	8,417	8,592	7,381	14.0%
Professional and Consulting	8,269	8,065	7,018	17.8%
Occupancy	3,445	3,286	2,802	22.9%
Marketing and Advertising	1,148	1,810	2,506	(54.2%)
Clearing Costs	4,838	5,713	2,782	73.9%
General and Administrative	<u>3,467</u>	<u>3,253</u>	<u>3,762</u>	<u>(7.8%)</u>
Total Expenses	\$ 76,199	\$ 80,660	\$ 65,632	16.1%

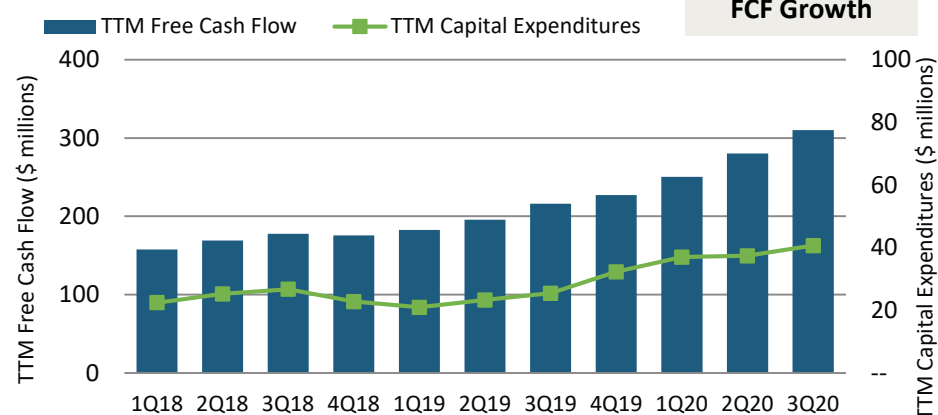
1. MarketAxess Rates, formerly known as LiquidityEdge, expenses in the third quarter and second quarter of 2020 were \$3.3 million and \$3.8 million, respectively.

Balance Sheet Data

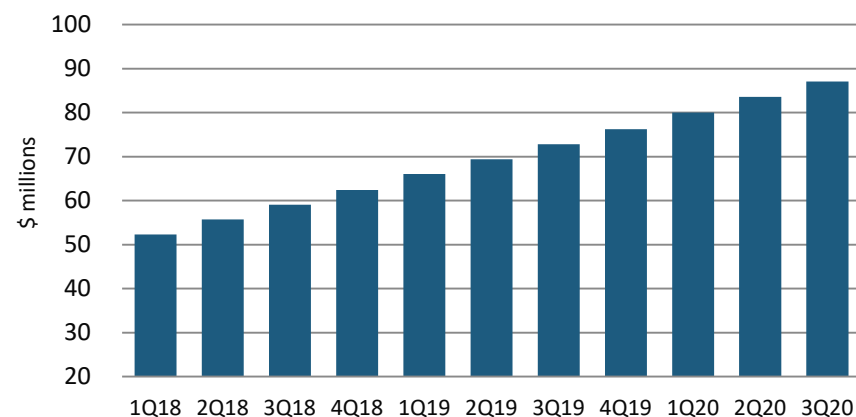
(\$ in thousands)	<u>9/30/2020</u>	<u>12/31/2019</u>
<u>Assets</u>		
Cash, Cash Equivalents and Investments	\$ 341,642	\$ 500,601
Cash segregated under federal regulations	50,033	-
Accounts Receivable, net	81,706	62,017
Receivables from broker-dealers, clearing organizations and customers ¹	380,853	-
Goodwill and intangible assets, net	206,261	207,847
Operating Lease Right-of-use Assets	76,692	81,399
All Other Assets	108,317	103,066
Total Assets	\$ 1,245,504	\$ 954,930
<u>Liabilities and Stockholders' Equity</u>		
Payables to broker-dealers, clearing organizations and customers	\$ 138,120	-
Operating Lease Liabilities	93,708	\$ 97,991
All Other Liabilities	116,137	86,848
Total Liabilities	347,965	184,839
Total Stockholders' Equity	897,539	770,091
Total Liabilities and Stockholders' Equity	\$ 1,245,504	\$ 954,930

- Includes deposits with clearing organizations and broker-dealers of \$76.8 million
- TTM capital expenditures exclude office buildout costs.

TTM FREE CASH FLOW AND CAPITAL EXPENDITURES²



TTM QUARTERLY DIVIDENDS



Summary

- Strong market share gains in core products driving revenue and earnings growth
- New product opportunities emerging to expand and diversify revenue
- Bolt-on acquisitions extend product capabilities and add important clients
- Trading automation and Open Trading create the path to new live trading protocols



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