



Q3 2019 Conference Call and Webcast

October 23, 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. 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.

3Q19 Summary¹

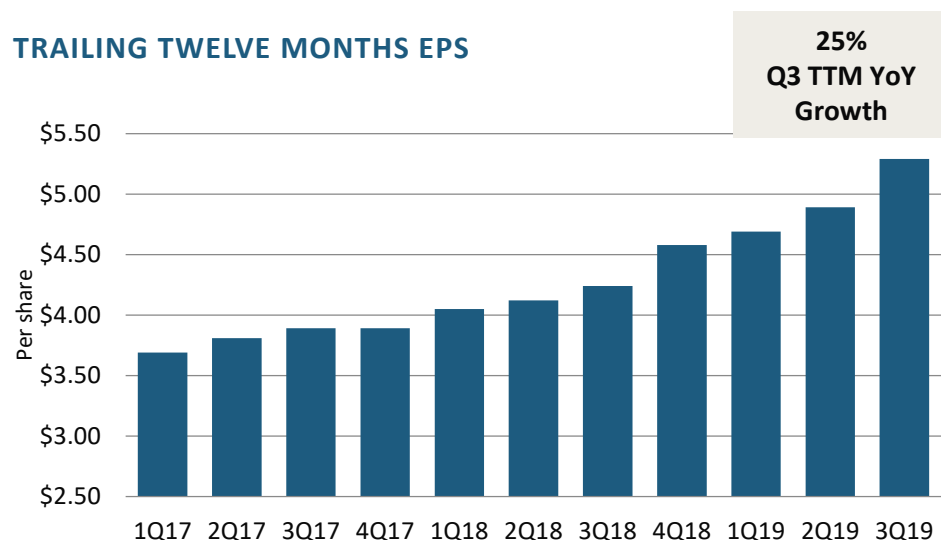
FINANCIAL HIGHLIGHTS

- Record revenues of \$132 billion, up 30%
- Expenses of \$66 billion, up 19%
- Record operating income of \$66 billion, up 42%
- Operating margin of 50.1%, up from 45.8%
- Record EBITDA of \$74 billion, up 37%
- Record diluted EPS of \$1.42, up 39%

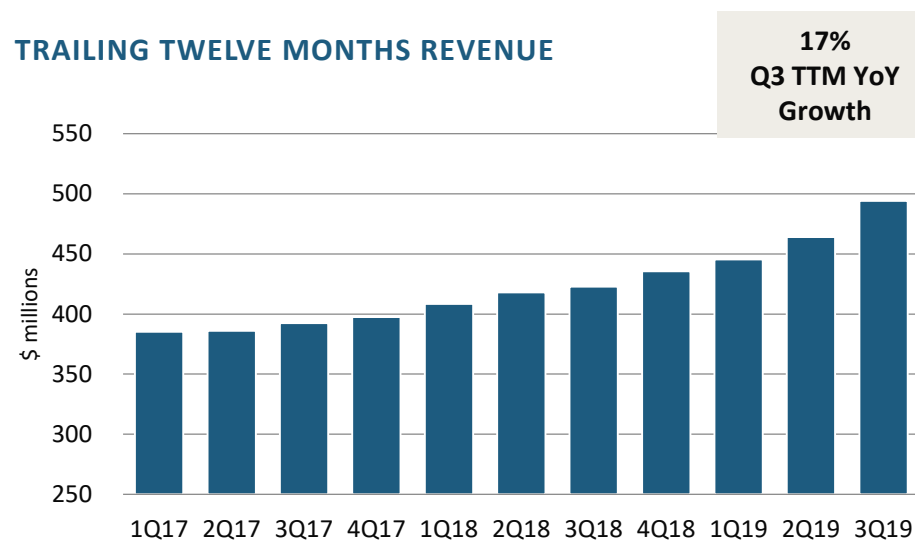
BUSINESS HIGHLIGHTS

- Record total trading volume of \$529 billion, up 37%
- Record estimated U.S. high-grade market share of 20.2%
- Record U.S. high-yield and emerging markets volume
- Record Open Trading™ volume of \$142 billion, up 61%
- International client volume of \$160 billion, up 59%²

TRAILING TWELVE MONTHS EPS



TRAILING TWELVE MONTHS REVENUE

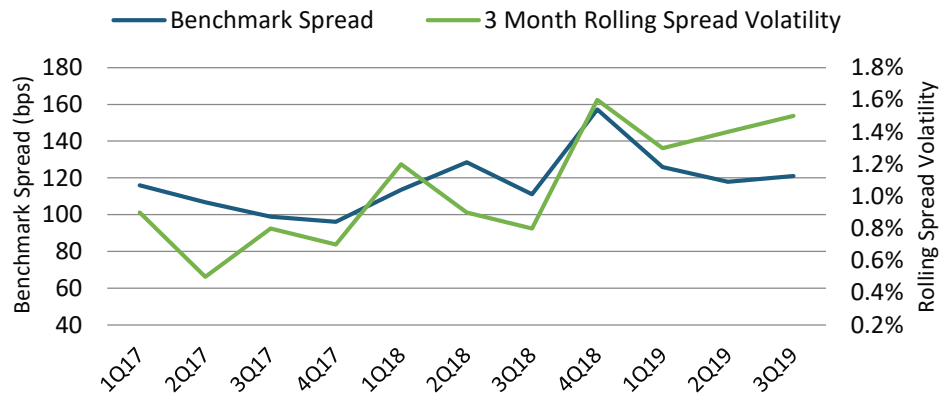


1. All period comparisons versus 3Q18 unless otherwise stated.

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

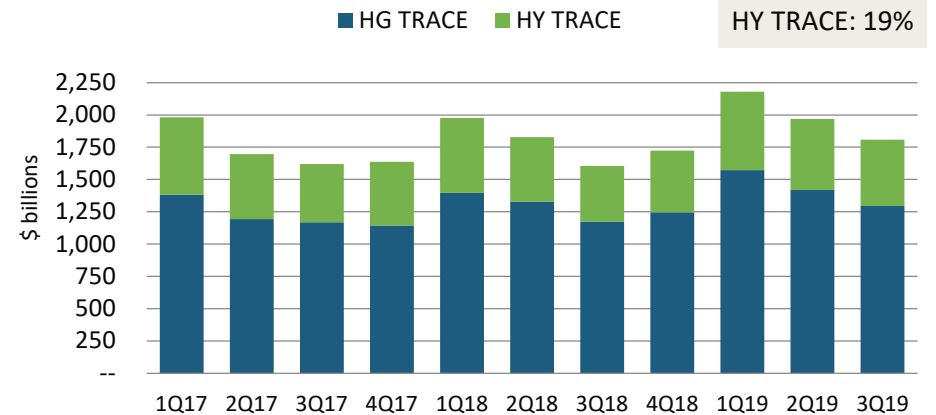
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



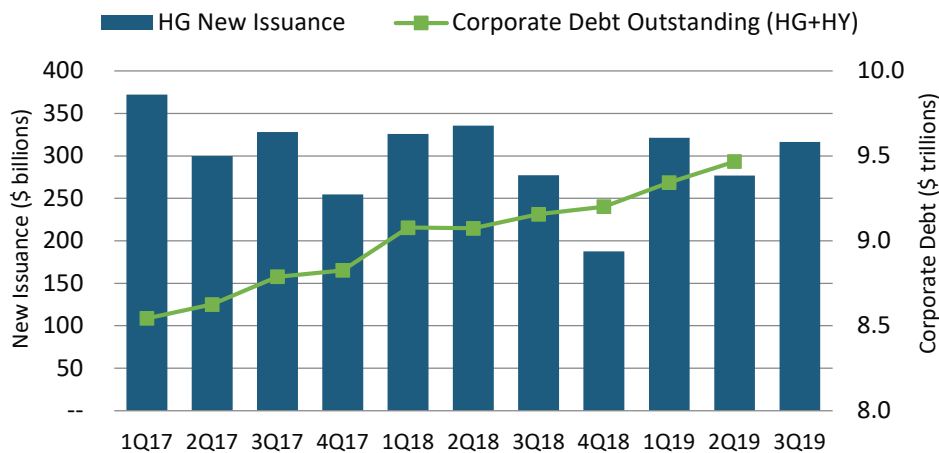
Source: Credit Suisse Global Credit Strategy

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



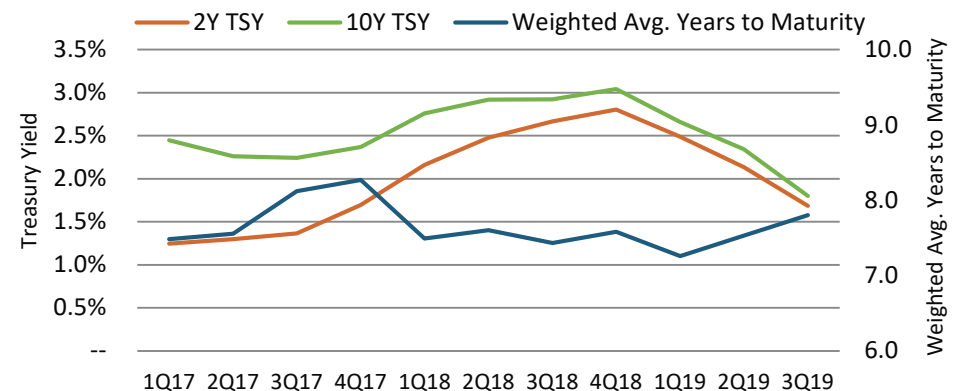
Source: BondTicker

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

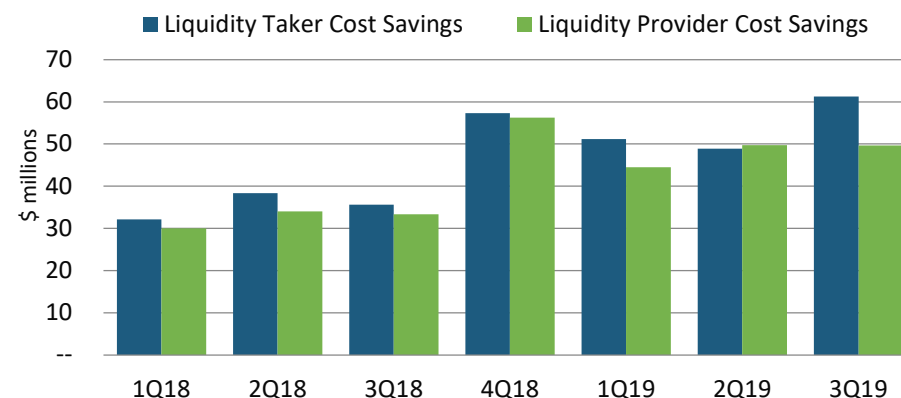
Open Trading™

HIGHLIGHTS

- Open Trading volume grew to 27% of total volume, up from 23% in 3Q18
- \$2.2 billion average daily volume, up 58% from 3Q18
- Over 348,000 total Open Trading transactions completed in 3Q19, up from 283,000 in 3Q18
- Approximately 2.1 million price responses in 3Q19, up 42% from 3Q18
- Estimated system-wide liquidity taker cost savings of \$61 million, up 72%¹, and liquidity provider cost savings of \$50 million, up 49%¹

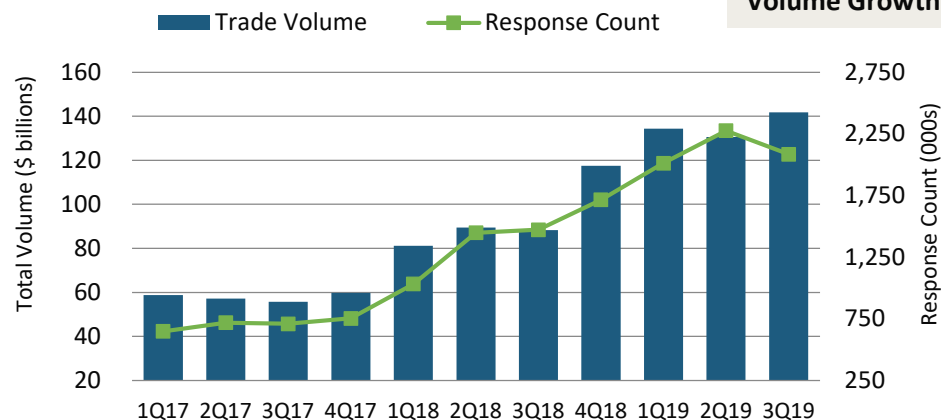
OPEN TRADING ESTIMATED TRANSACTION COST SAVINGS¹

Q3 YoY Growth
Liquidity Taker: 72%
Liquidity Provider: 49%

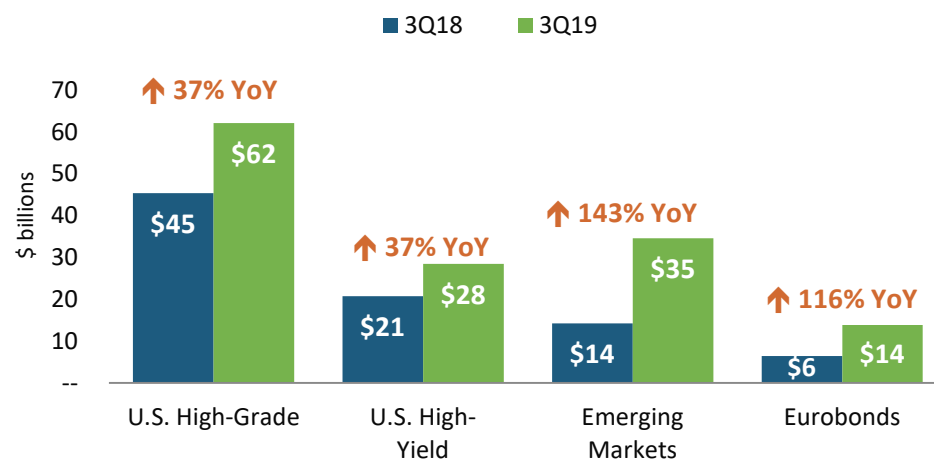


OPEN TRADING VOLUME & RESPONSE COUNT

61% Q3 YoY Trade Volume Growth



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.

New Initiatives

LIVE MARKETS

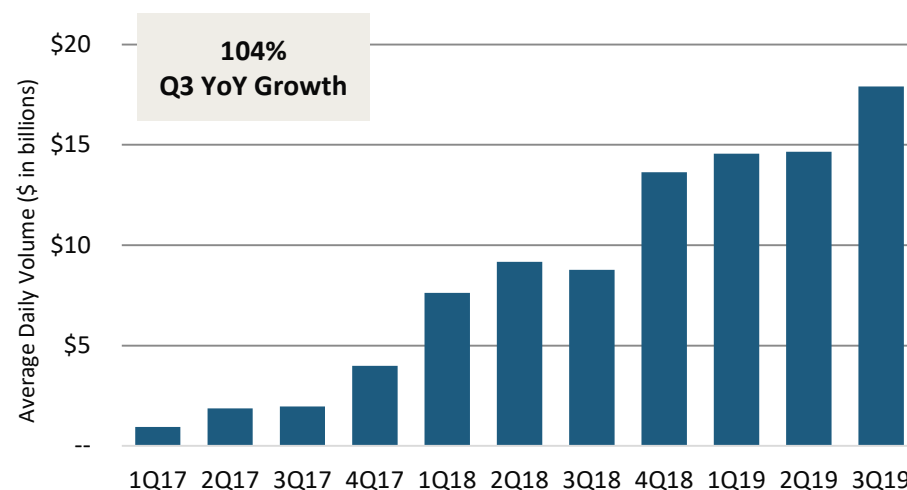
- Launched on October 16th
- Live Markets is a two-sided order book designed for institutional credit space
- Targeting the most active and newly issued corporate bonds
- Gives clients the ability to rest orders alongside streamed dealer and alternative market maker liquidity

PORTFOLIO TRADING AND ETFS

- Portfolio Trading ready to launch in 4Q19
- eNAV partnership with Virtu leveraging CP+ for real-time ETF NAVs
- ETF trading combines MarketAxess global reach and analytics with Virtu's comprehensive ETF offering of execution services and workflow

LIQUIDITYEDGE¹

LIQUIDITYEDGE QUARTERLY UST AVERAGE DAILY VOLUMES



- Strong volume growth primarily driven by dealer-to-dealer trading
- 17 of 24 US Treasury primary dealers currently active on LiquidityEdge
- Enhanced UST hedging solution for MarketAxess corporate bond trading set to launch in 4Q19
- Investor client on-boarding slated to begin in first half of 2020

1. LiquidityEdge acquisition expected to close in 4Q19

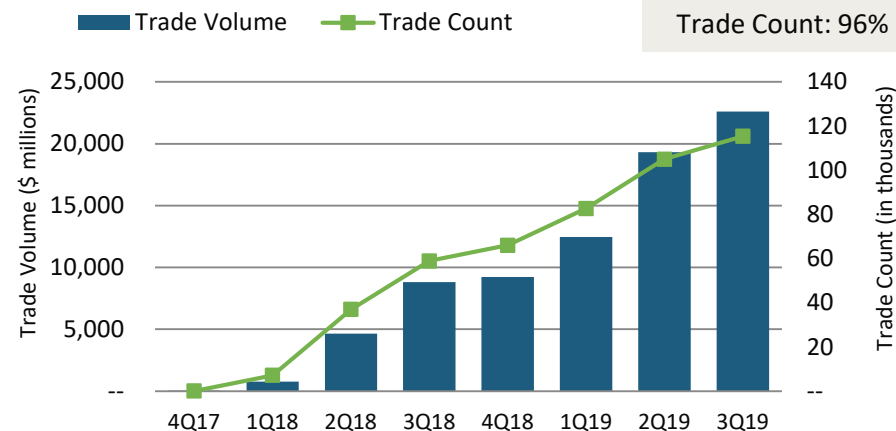
Automation Driving Increase in Trading Activity

HIGHLIGHTS

- Approximately 2.3 million algo responses in 3Q19, up 61% from 3Q18¹
- 115,000 trades used auto execution functionality, up from 59,000 trades in 3Q18
- 63 firms used auto execution functionality in 3Q19, up from 28 in 3Q18
- Auto-Responder, which allows clients to automatically respond to RFQ inquiries, launching in November

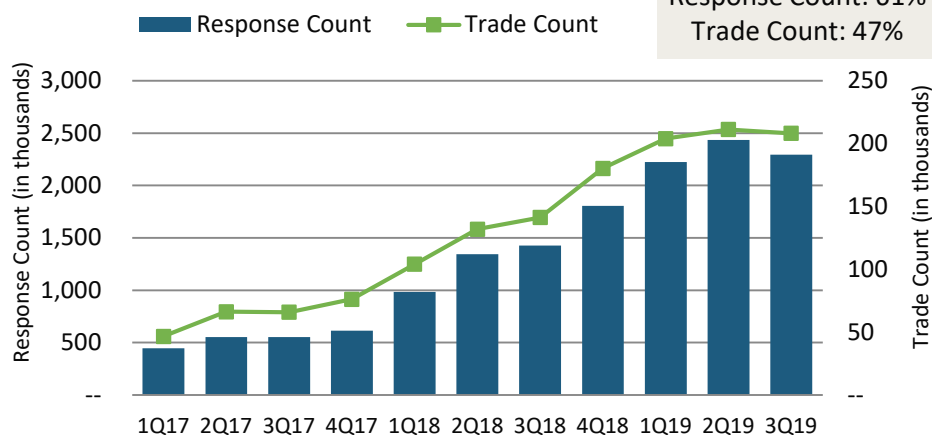
AUTO EXECUTED TRADE VOLUME AND COUNT

Q3 YoY Growth
Trade Volume: 156%
Trade Count: 96%

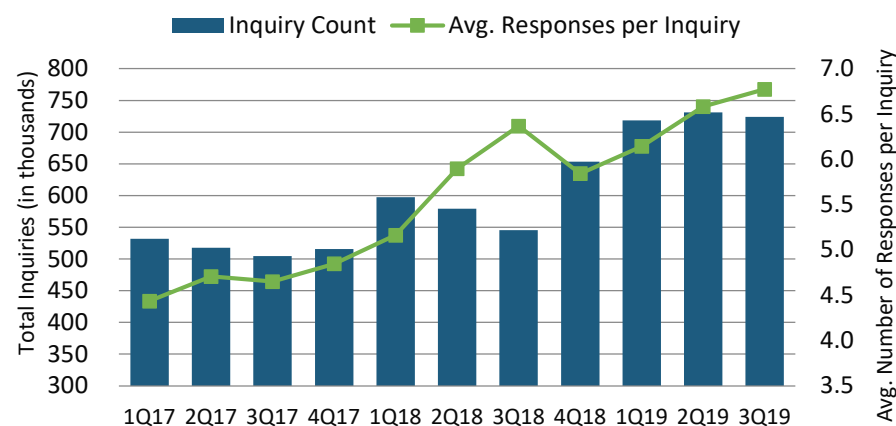


TOTAL ALGO TRADES & RESPONSES¹

Q3 YoY Growth
Response Count: 61%
Trade Count: 47%



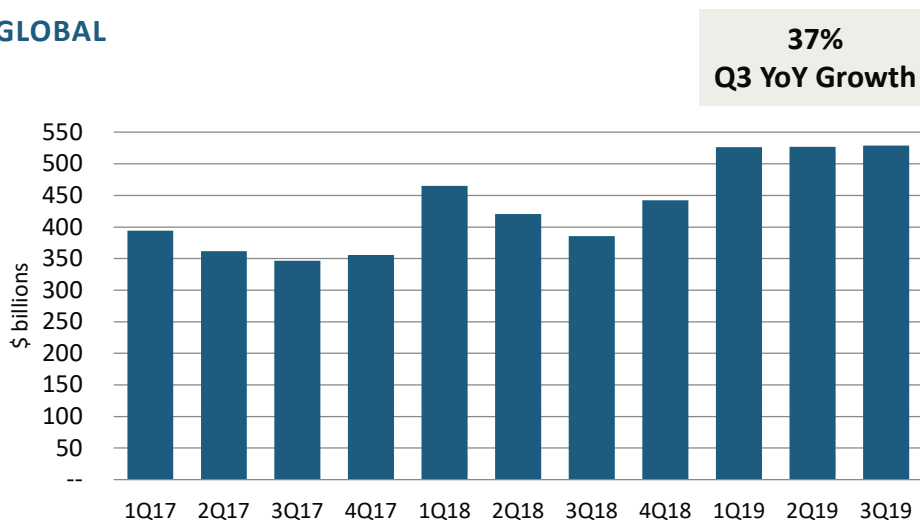
U.S. HIGH-GRADE TOTAL INQUIRY AND AVERAGE NUMBER OF RESPONSES PER INQUIRY



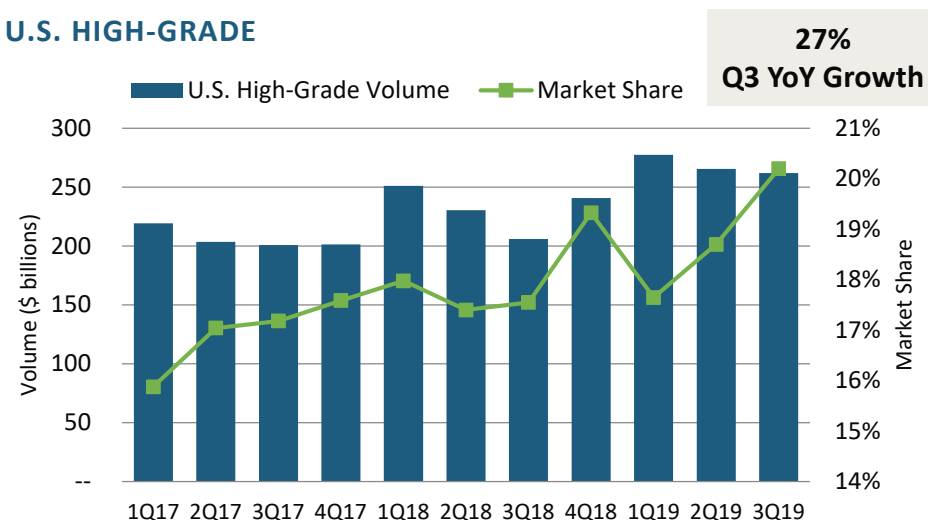
1. Algorithmic responses for U.S. high-grade and U.S. high-yield spread based trades only

Quarterly Volume Growth

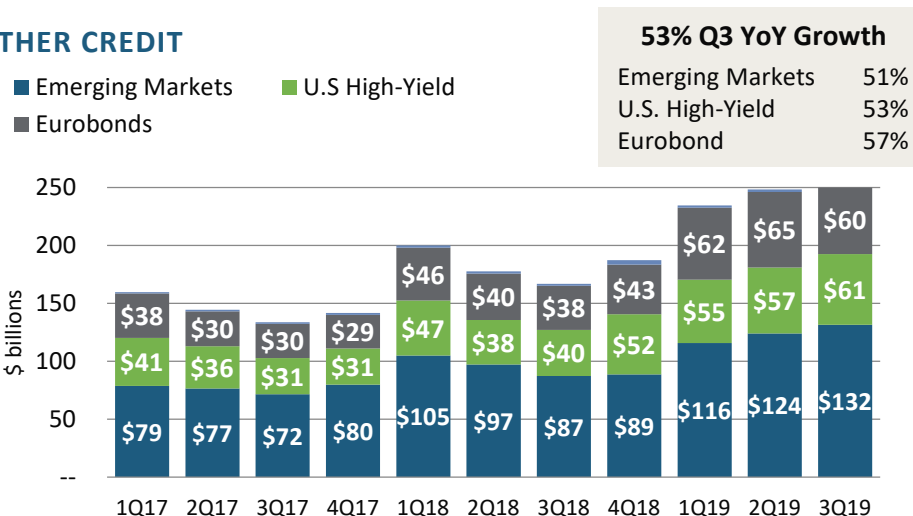
GLOBAL



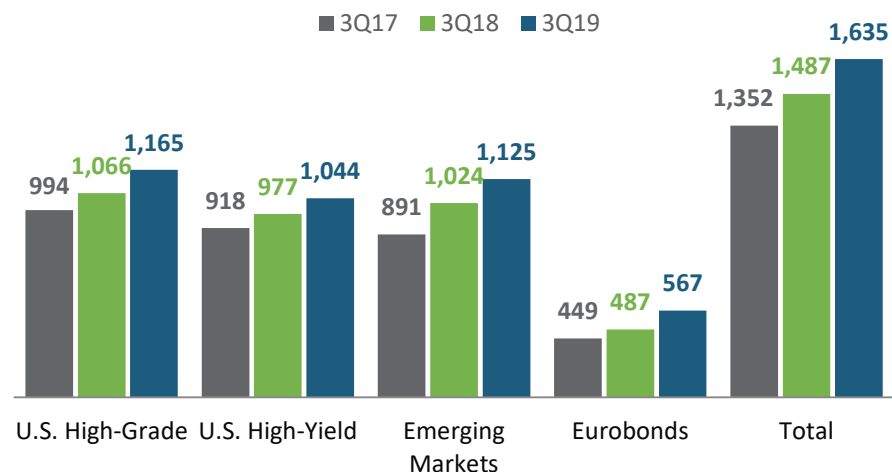
U.S. HIGH-GRADE



OTHER CREDIT



GLOBAL ACTIVE CLIENT FIRMS BY PRODUCT



Earnings Performance

(\$ in thousands, except per share data)

	<u>3Q19</u>	<u>2Q19</u>	<u>3Q18</u>	<u>% Δ 3Q19 vs. 3Q18</u>
Revenues				
Commissions	\$ 119,869	\$ 114,124	\$ 90,513	32.4%
Information Services	7,693	7,156	7,174	7.2%
Post-trade Services	3,784	3,956	3,475	8.9%
Other Income	251	254	281	(10.7%)
Total Revenues	<u>131,597</u>	<u>125,490</u>	<u>101,443</u>	29.7%
Expenses	<u>65,632</u>	<u>64,613</u>	<u>55,031</u>	19.3%
Operating Income	<u>65,965</u>	<u>60,877</u>	<u>46,412</u>	42.1%
Investment Income and Other, net	<u>1,373</u>	<u>2,032</u>	<u>1,385</u>	(0.9%)
Income Before Taxes	<u>67,338</u>	<u>62,909</u>	<u>47,797</u>	40.9%
Provision for Income Taxes	<u>13,336</u>	<u>14,804</u>	<u>9,203</u>	44.9%
Net Income	<u>\$ 54,002</u>	<u>\$ 48,105</u>	<u>\$ 38,594</u>	39.9%
Operating Margin	50.1%	48.5%	45.8%	4.3 pts
EBITDA ¹	\$ 74,038	\$ 69,254	\$ 53,970	37.2%
Diluted EPS	\$ 1.42	\$ 1.27	\$ 1.02	39.2%
Diluted Shares ²	37,995	37,910	37,828	0.4%

1. See third 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.

MarketAxess.com | ©2019 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

(\$ in thousands)

	<u>3Q19</u>	<u>2Q19</u>	<u>3Q18</u>	% Δ 3Q19 vs. 3Q18
<u>Commissions</u>				
Transaction Fees				
U.S. High-Grade	\$ 45,409	\$ 42,914	\$ 32,385	40.2%
Other Credit ¹	50,009	47,233	33,088	51.1%
Liquid Products ²	567	615	482	17.6%
Total Transaction Fees	<u>95,985</u>	<u>90,762</u>	<u>65,955</u>	45.5%
Distribution Fees				
U.S. High-Grade	17,777	17,483	18,032	(1.4%)
Other Credit ¹	5,986	5,774	6,385	(6.2%)
Liquid Products ²	121	105	141	(14.2%)
Total Distribution Fees	<u>23,884</u>	<u>23,362</u>	<u>24,558</u>	(2.7%)
Total Commissions	<u>\$ 119,869</u>	<u>\$ 114,124</u>	<u>\$ 90,513</u>	32.4%

(\$ in millions)

<u>Trading Volume</u>				
U.S. High-Grade	\$ 261,945	\$ 265,360	\$ 206,016	27.1%
Other Credit ¹	255,097	248,503	166,990	52.8%
Liquid Products ²	11,661	13,174	12,505	(6.7%)
Total Trading Volume	<u>\$ 528,703</u>	<u>\$ 527,037</u>	<u>\$ 385,511</u>	37.1%

Transaction Fees per Million

U.S. High-Grade	\$ 173	\$ 162	\$ 157	10.2%
Other Credit ¹	196	190	198	(1.0%)
Liquid Products ²	49	47	39	25.6%
Total	<u>182</u>	<u>172</u>	<u>171</u>	6.4%

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.

MarketAxess.com | ©2019 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

(\$ in thousands)

<u>Expenses</u>	<u>3Q19</u>	<u>2Q19</u>	<u>3Q18</u>	% Δ 3Q19 vs. 3Q18
Employee Compensation and Benefits	\$ 32,681	\$ 32,623	\$ 26,282	24.3%
Depreciation and Amortization	6,700	6,345	6,173	8.5%
Technology and Communications	7,381	6,474	5,879	25.5%
Professional and Consulting	7,018	6,296	5,685	23.4%
Occupancy ¹	2,802	2,798	3,528	(20.6%)
Marketing and Advertising	2,506	3,667	2,980	(15.9%)
Clearing Costs	2,782	2,610	1,760	58.1%
General and Administrative	3,762	3,800	2,744	37.1%
Total Expenses	\$ 65,632	\$ 64,613	\$ 55,031	19.3%

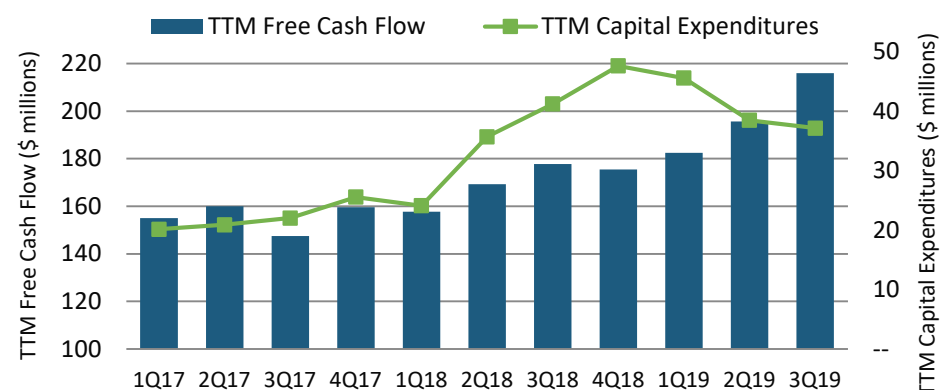
1. Occupancy costs in the third quarter of 2018 includes \$1.9 million in duplicate expense recognized during the build-out phase of the Company's new corporate offices in New York.

Balance Sheet Data

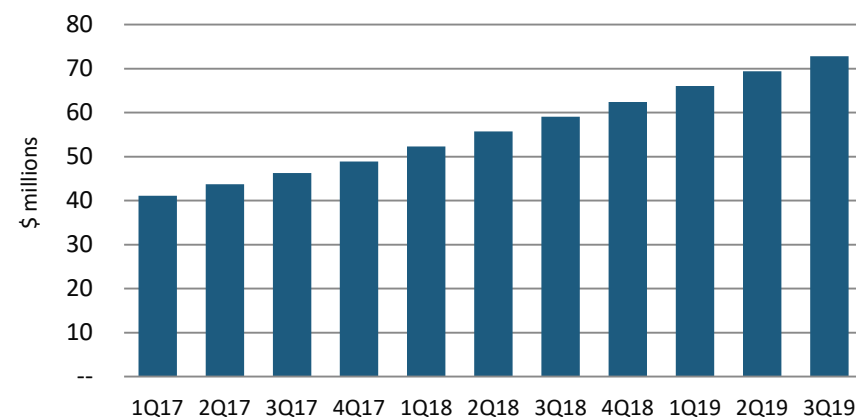
(\$ in thousands)

	<u>9/30/2019</u>	<u>12/31/2018</u>
Assets		
Cash and Cash Equivalents	\$ 320,527	\$ 246,322
Investments	235,625	240,105
Accounts Receivable, net	72,812	57,535
Operating Lease Right-of-use Assets ¹	75,390	-
All Other Assets	150,672	151,577
Total Assets	\$ 855,026	\$ 695,539
Liabilities and Stockholders' Equity		
Operating Lease Liabilities ¹	\$ 92,031	\$ -
All Other Liabilities	68,372	87,661
Total Liabilities	160,403	87,661
Total Stockholders' Equity	694,623	607,878
Total Liabilities and Stockholders' Equity	\$ 855,026	\$ 695,539

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.

MarketAxess.com | ©2019 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.

Summary

- Electronic credit trading volumes showing strong growth across all products and regions
- New initiatives creating additional long term growth opportunities
- LiquidityEdge provides an attractive entry point to the U.S. Treasury bond market
- Open Trading expanding trading opportunities



Now you're in the market™