



MarketAxess Holdings Inc (MKTX)

Updated May 13th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$213	5 Year CAGR Estimate:	13.4%	Market Cap:	\$8.2 B
Fair Value Price:	\$216	5 Year Growth Estimate:	12.0%	Ex-Dividend Date:	05/21/2025
% Fair Value:	99%	5 Year Valuation Multiple Estimate:	0.3%	Payment Date:	06/04/2025
Dividend Yield:	1.4%	5 Year Price Target	\$381	Years of Dividend Growth:	15
Dividend Risk Score:	B	Sector:	Financials	Rating:	Buy

Overview & Current Events

MarketAxess Holdings is a fintech company operating an electronic trading platform for fixed income, such as corporate bonds, using patented trading technology. MarketAxess' platform promotes price transparency, more competition, and greater choice which has led to over 2,000 institutional participants utilizing the service. These participants are broker-dealer clients, investment advisers, mutual funds, insurance companies, pension funds, banks, and hedge funds. The products traded on the platform are U.S. high-grade corporate bonds, emerging market bonds, U.S. crossover and high-yield bonds, Eurobonds, U.S. agency bonds, municipal bonds, and others. MarketAxess trades on the NASDAQ under the ticker symbol MKTX and has a market capitalization of \$8.2 billion. MKTX is headquartered in New York and has offices in London, Amsterdam, Boston, Miami, Hong Kong, and other U.S. states.

MarketAxess completed the acquisition of Pragma, a quantitative trading technology provider specializing in algorithmic and analytics services for equities, forex, and fixed income, on October 2nd, 2023. In 2022, Pragma processed more than \$2 trillion of algorithmic order flow across multiple asset classes.

On February 6th, 2025, MarketAxess announced a 3% increase to the quarterly dividend to \$0.76 per share.

MarketAxess reported first quarter results on May 7th, 2025. Revenues for the quarter decreased 1% year-over-year to \$209 million. Operating income also declined 4% to \$88 million, and diluted EPS of \$0.40 cratered 79% from the same prior year period. However, adjusted EPS of \$1.87 was only a small decline from \$1.92 a year ago.

The company's U.S. credit estimated market share (U.S. High-Grade and U.S. High-Yield) amounted to 16.6%, down 130 basis points from the prior year's market share estimates.

As of the end of 1Q25, total assets were \$1.88 billion, including \$486 million in cash and cash equivalents.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.55	\$3.34	\$4.19	\$4.57	\$5.40	\$7.85	\$6.77	\$6.65	\$6.85	\$7.28	\$7.21	\$12.71
DPS	\$0.80	\$1.04	\$1.32	\$1.68	\$2.04	\$2.40	\$2.64	\$2.80	\$2.88	\$2.96	\$3.04	\$4.47
Shares¹	37.4	37.5	37.6	37.9	38.0	38.0	38.0	37.6	37.8	37.6	37.5	39.0

MarketAxess is truly a growth stock, with a nine and five year compound annual growth rate in the EPS of 12.4% and 6.2%, respectively. The company has succeeded in growing its trading volume and market share at a strong pace over the last decade, and we see it continuing to grow earnings-per-share at a double-digit clip, by 12% in the medium term. The dividend has also grown by nearly 16% annually in the last nine years, and we forecast 8% growth as being fair going forward.

MKTX's growth strategy focuses on increasing its penetration of existing and new markets, promoting Open Trading protocols, and continuing to invest in and grow its international business. The electronic trading market share is growing but it's still in its early stages of market penetration, so there is plenty of room to expand. International client volume will continue to increase, and the company will grow its list of active international client firms (firms outside of the USA

¹ In millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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and Canada) above the current 1,120+ active firms. Municipal bonds volume is also growing, hitting records in the last four years, bolstered by its acquisition of MuniBrokers.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	35.9	42.5	44.7	44.5	57.7	59.0	59.9	44.2	42.3	34.3	29.6	30.0
Avg. Yld.	0.9%	0.7%	0.7%	0.8%	0.7%	0.5%	0.6%	0.9%	1.0%	1.3%	1.4%	1.2%

MarketAxess trades at a lofty PE ratio, in-line with fast growing technology stocks. Shares currently trade at 29.6 times 2025 forecasted earnings, which is below our fair value estimate, implying a potential valuation tailwind. Historically, MKTX has traded at an average valuation of 46.5 and 47.9 times earnings over the last ten and five years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	31%	31%	32%	37%	38%	31%	39%	42%	42%	41%	42%	35%

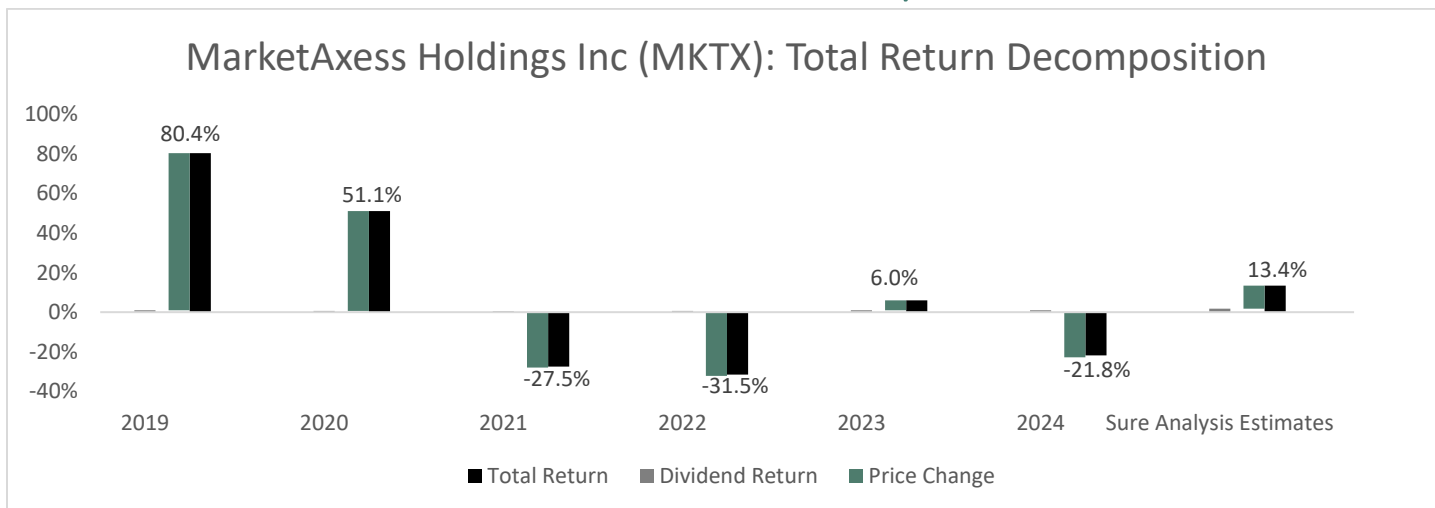
MKTX has had a very stable payout ratio below 40% over the last decade, supported by strong cash flows and operating leverage due to its financial model. We see continued double digit earnings growth which will fuel significant dividend increases without gravely affecting the payout ratio in the future.

MarketAxess made it through the Great Financial Crisis fairly unscathed. While earnings did fall by nearly 30% in 2008, the company remained profitable, and had no dividends to pay at the time (the dividend was initiated in 2009). By 2009, the company had already recovered, and earnings rose 40% above their peak earnings pre-crisis, and since then have actually grown every single year, until 2021. MKTX's competitive advantage is its position as the leading electronic trading network for the institutional market in U.S. credit products, which is made up of roughly two thousand active institutional investor and dealer firms.

Final Thoughts & Recommendation

MarketAxess has managed to grow its earnings-per-share at a healthy double digit clip, and even more, it has managed to increase EPS every year from 2009 to 2021. These earnings have supported strong growth in the dividend, which has been increased for fifteen consecutive years. MKTX trades below our fair value estimate, implying a valuation tailwind. We see the potential for 12% growth in earnings. Overall, we forecast MKTX will produce 13.4% annualized total returns, and thus reiterate our buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	303	368	393	436	511	689	699	718	753	817
Gross Profit	219	271	291	326	380	532	528	536	546	563
Gross Profit %	72.3%	73.7%	74.0%	74.9%	74.4%	77.2%	75.5%	74.6%	72.5%	68.9%
SG&A Exp.	49	57	66	83	91	100	121	130	143	148
D&A Exp.	19	18	19	23	33	43				NA
Operating Profit	148	190	200	213	251	375	337	327	315	340
Op. Margin	48.8%	51.7%	50.7%	48.8%	49.1%	54.4%	48.2%	45.5%	41.8%	41.0%
Net Profit	96	126	148	173	205	299	258	250	258	274
Net Margin	31.7%	34.3%	37.6%	39.7%	40.1%	43.4%	36.9%	34.8%	34.3%	33.0%
Free Cash Flow	109	71	142	176	231	359				NA
Income Tax	52	65	54	45	53	75	76	88	75	86

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	439	528	581	696	955	1,331	1,530	1608	2015	1789
Cash & Equivalents	200	168	167	246	270	461	507	431	451	544
Acc. Receivable	40	51	53	58	62	80	64	78	778	449
Goodwill & Int.	64	63	63	63	208	243	271	253	356	334
Total Liabilities	48	60	66	88	185	376	489	527	722	400
Accounts Payable	12	15	14	29	23	44	71	55	574	256
Total Equity	391	468	515	608	770	955	1,041	1081	1293	1389

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	23.5%	26.1%	26.7%	27.1%	24.8%	26.2%	18.0%	15.9%	14.3%	14.4%
Return on Equity	26.5%	29.4%	30.1%	30.8%	29.7%	34.7%	25.8%	23.6%	21.7%	20.4%
ROIC	26.5%	29.4%	30.1%	30.8%	29.7%	34.7%	25.8%	23.6%	21.7%	20.4%
Shares Out.	37.4	37.5	37.6	37.9	38.0	38.0	38.0	37.6	37.7	37.7
Revenue/Share	8.05	9.74	10.34	11.51	13.47	18.07	18.35	19.08	19.99	21.7
FCF/Share	2.90	1.89	3.75	4.66	6.09	9.41				NA

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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