

31 October 2018

## BME REPORTS A NET PROFIT OF €101.5 MILLION TO SEPTEMBER

- The result is 12.7% lower year-on-year
- Net profit in the third quarter came in at 30.2 million euros , down 16.2%
- To the end of September net income totalled 225.3 million euros, down 6.3% from the same period a year earlier
- Costs for the first 9 months and the 3rd quarter increased 3% and 3.5% respectively, excluding the impact of costs associated to measures for renewing the workforce
- The first Investor Day of the company was held on 4 October and the 2019-2021 Strategic Plan was presented, based on organic and inorganic growth

BME reported a net profit of 101.5 million euros for the first nine months of the year and of 30.2 million euros in the third quarter, representing respective year-on-year decreases of 12.7% and 16.2%.

Accumulated net revenue to the end of September totalled 225.3 million euros, down 6.3% year-on-year. EBITDA for the first nine months of 2018 amounts to 137.8 million euros, 13.4% lower than in 2017 while in the third quarter it stood at 41.5 million euros, down 15.4% year-on-year.

Operating costs for the first 9 months and the 3rd quarter increased 3.0% and 3.5% respectively, excluding the impact of costs associated to measures for renewing the workforce.

The ratio of revenues not linked to volumes over the cost base presented a value of 124% at the close of September. As for the financial performance indicators for the same period, the return on equity (ROE) was 31.5% and the efficiency ratio presented a value of 38.9%.

BME maintained the first interim dividend against 2018 earnings at 0.40 euros per share, gross, which was paid out on 14 September. A second interim dividend is scheduled, which will be effective on 28 December. Earnings per share for the third quarter of the year stands at 0.36 euros and 1.22 euros for the first nine months.

### EFFICIENCY AND ROE RATIOS

	3Q2017	3Q 2018	%change	9M2017	9M2018	%change
<b>Cost base Ratio*</b>	-	-	-	127%	124%	-3.0 p.p.
<b>Efficiency ratio</b>	35.6%	41.8%	+6.2 p.p.	33.9%	38.9%	+5.0 p.p.
<b>ROE</b>	32.8%	27.9%	-4.9 p.p.	35.9%	31.5%	-4.4 p.p.

(\*) Ratio of the cost base with revenues not linked to trading volume

On 4 October 2018 the Company's first Investor Day took place in the Madrid Stock Exchange, during which the basic lines of the 2019-2021 Strategic Plan were presented, based on organic growth, with the goal of reaching revenue and net profit annual growth rates of 4% and 6%, respectively. In addition, the bases and criteria for investment and financing of inorganic growth were presented, as an additional engine of the strategic plan.

## **EQUITY**

Equity trading in the first nine months of the year was 7.8% less than in the same period the previous year while during the third quarter it was 10.3% down year-on-year. Up until September, listing revenues fell less than trading volumes (7.1% vs 12.2%). REITS were the most active, with 10 new listings in the third quarter.

## **FIXED INCOME**

The entry into force of MiFID II has generated a pick-up in trading on the Fixed Income platform operated by BME. The outstanding volume incorporated into the electronic platform available for trading at the close of September was in excess of 6.8 trillion euros, including all Government issues launched by Germany, France, The Netherlands, Belgium, Italy, Austria, Portugal and Ireland as well as those from the European Stability Mechanism (ESM). Of all the issues, of particular note this year have been the contingent convertible bonds (CoCos) by CaixaBank, Ibercaja and BBVA. MARF ended the first nine months of 2018 with an accumulated issued volume of 4.4 billion euros, 47.8% up on the same period the previous year and an outstanding balance of 3.1 billion euros.

## **DERIVATIVES**

IBEX 35® futures and options trading in the first nine months of the year increased by 6.5% and 6.6% respectively. Also worth of note were the Impacto Dividendo futures, which increased 24% for the year. In a setting of low volatility levels the total volume of financial derivatives traded decreased 3.1% year-on-year.

## **CLEARING**

The activity of the BME Clearing unit generated net revenues of 19.6 million euros during the first nine months 2018, practically the same as that of the same period of the previous year. During the year the unit expanded its range of activities with the inclusion of natural gas contracts. July saw the announcement of the agreement between BME Clearing and NEX Markets to make possible for BME Clearing to clear all trades executed via the platform.

## **SETTLEMENT & REGISTRATION**

In this business unit 6.9 million trades were settled up until September, 19.3% less year-on-year, just a year after the implementation of Target2 Securities, with an average daily cash volume of 78.4 billion euros.

## **MARKET DATA & VALUE-ADDED SERVICES**

The growth in revenue from Added Value Services and the growing performance of the services provided by the unit have contributed to an EBITDA figure of 31.7 million euros in the first nine months, with growth of 5.7% year-on-year. The unit continues gaining specific weight in the company's revenues.

## INCOME STATEMENT

Data in million euros

	3Q 2017	3Q 2018	%	9M2017	9M2018	%
<b>Net Revenue</b>	76,2	71,4	-6.3%	240,5	225,3	-6.3%
<b>Operating costs*</b>	27,1	29,9	+10.1%	81,5	87,6	+7.4%
<b>EBITDA</b>	49,1	41,5	-15.4%	159,0	137,8	-13.4%
<b>Net profit</b>	36,0	30,2	-16.2%	116,3	101,5	-12.7%

\* Quarterly increase of 3.5% and accumulated to September of 3.0% excluding the effect of the provision made associated with a renovation workforce plan.

Further information on the results posted by BME on:

<https://www.bolsasymercados.es/ing/Shareholders-Investors/Financial-information/Results/2018>

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