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# BUSINESS PERFORMANCE

## January–June 2018

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# Index

Results

Business Units

Financials

Business Drivers

# Index

## Results

Business Units

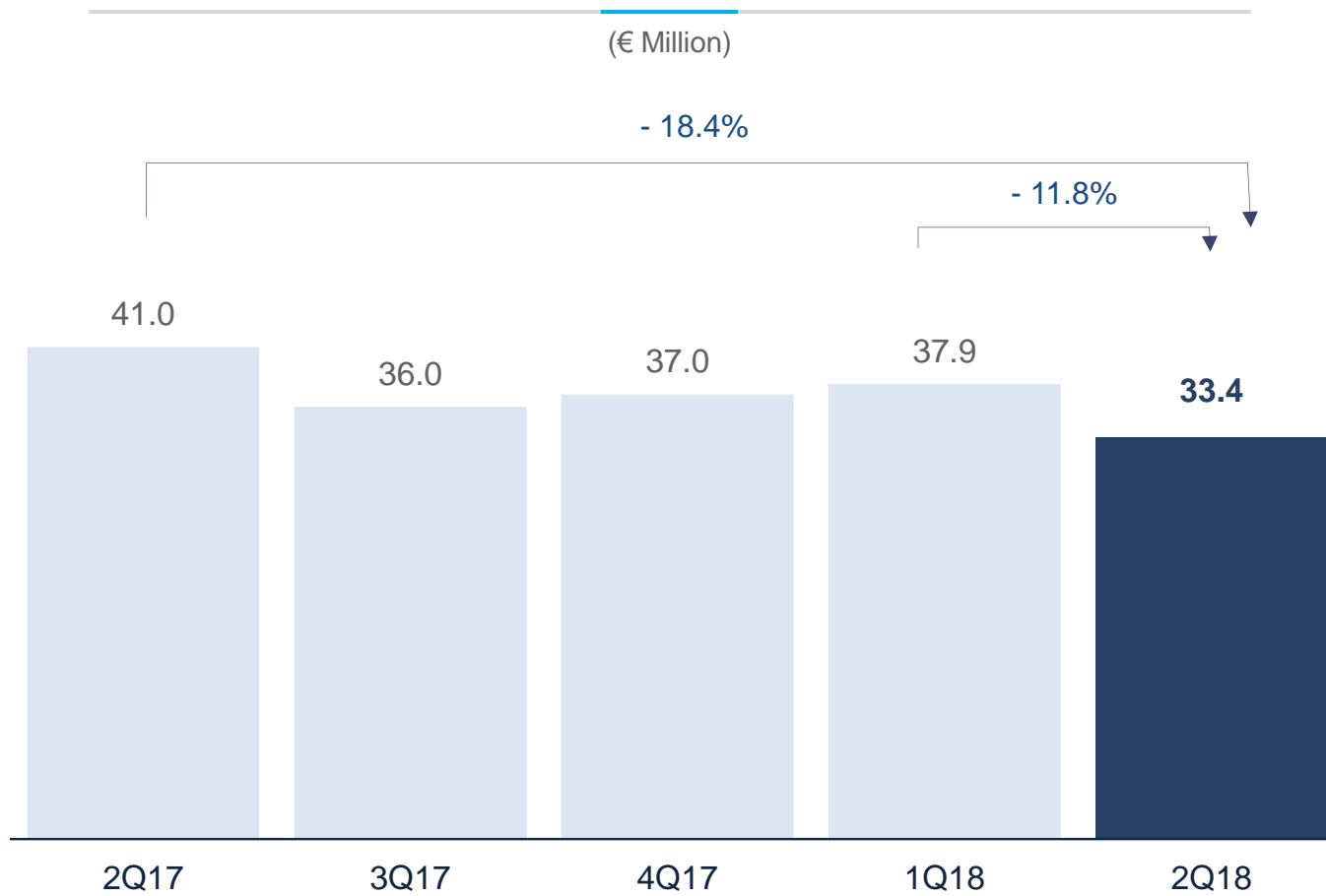
Financials

Business Drivers



## RESULTS

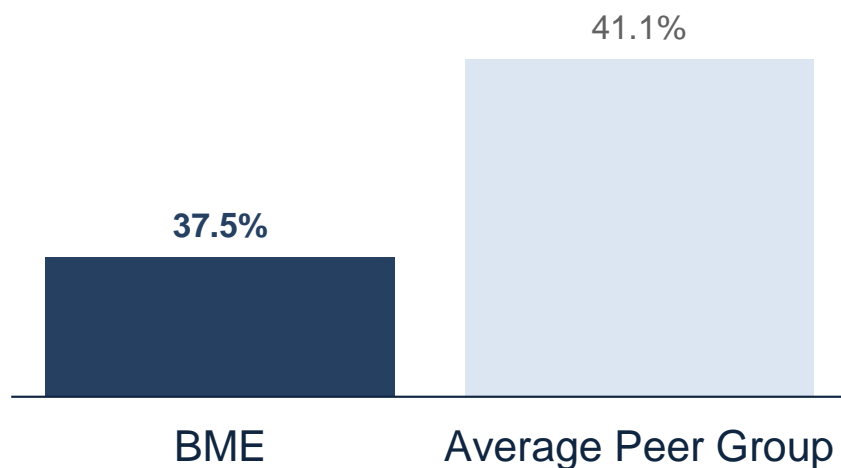
# Net Profit



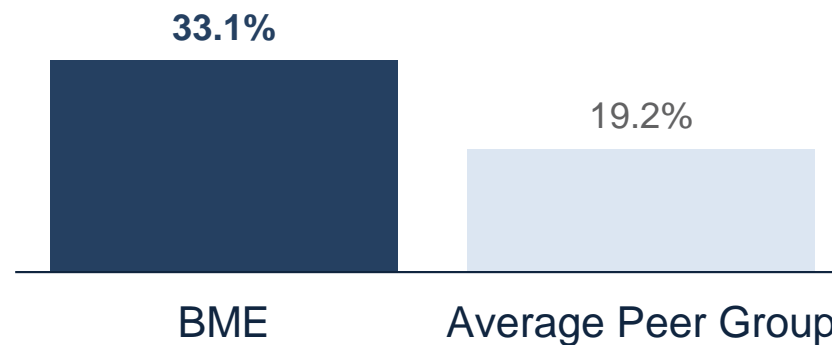
## RESULTS

# Key ratios benchmarking

- Efficiency



- ROE



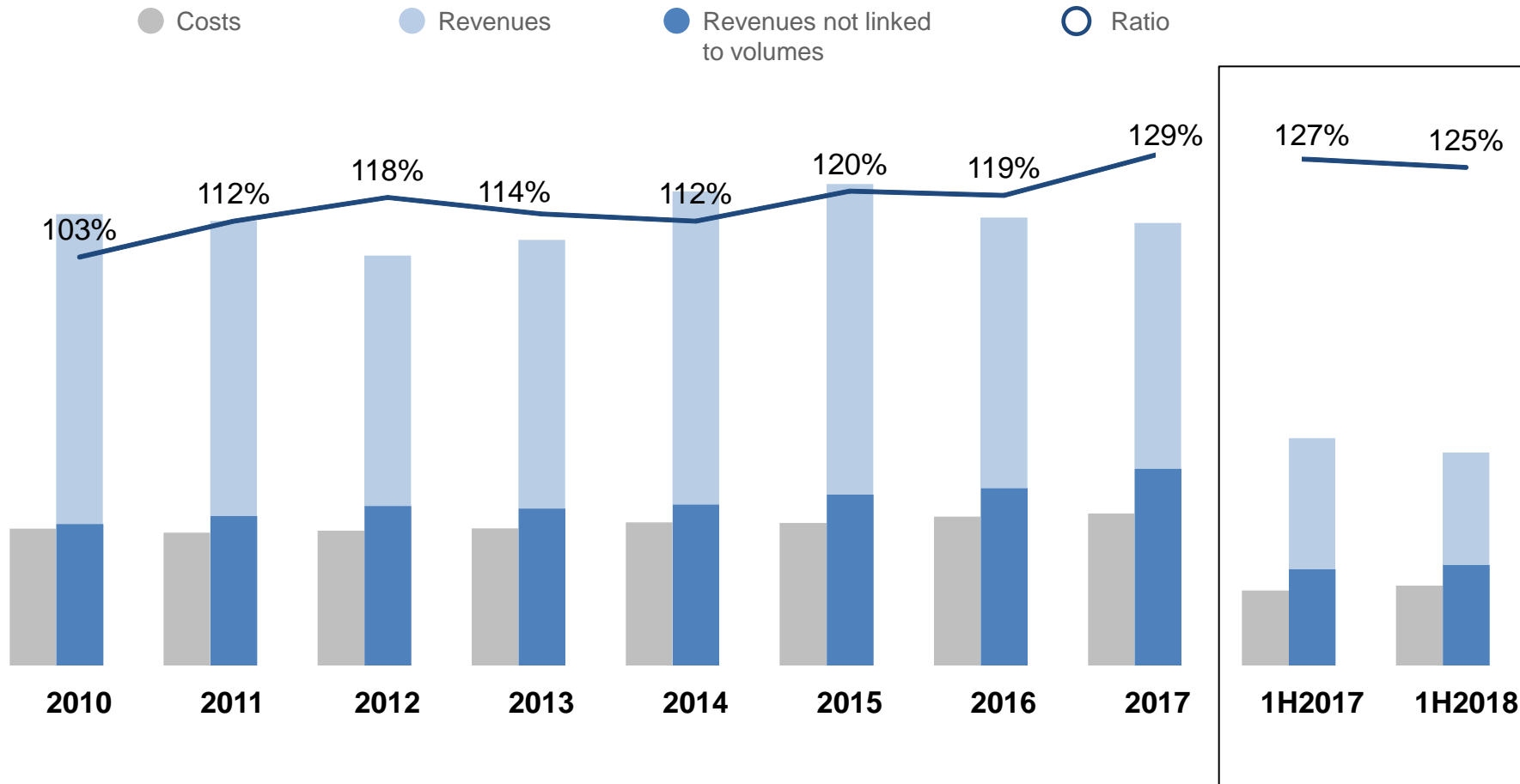
*- BME's data as of 30/06/2018.*

*- Average peer Group figures are calculated using last results published and not taking account of goodwill impairment charges.*



RESULTS

# Solid operating leverage

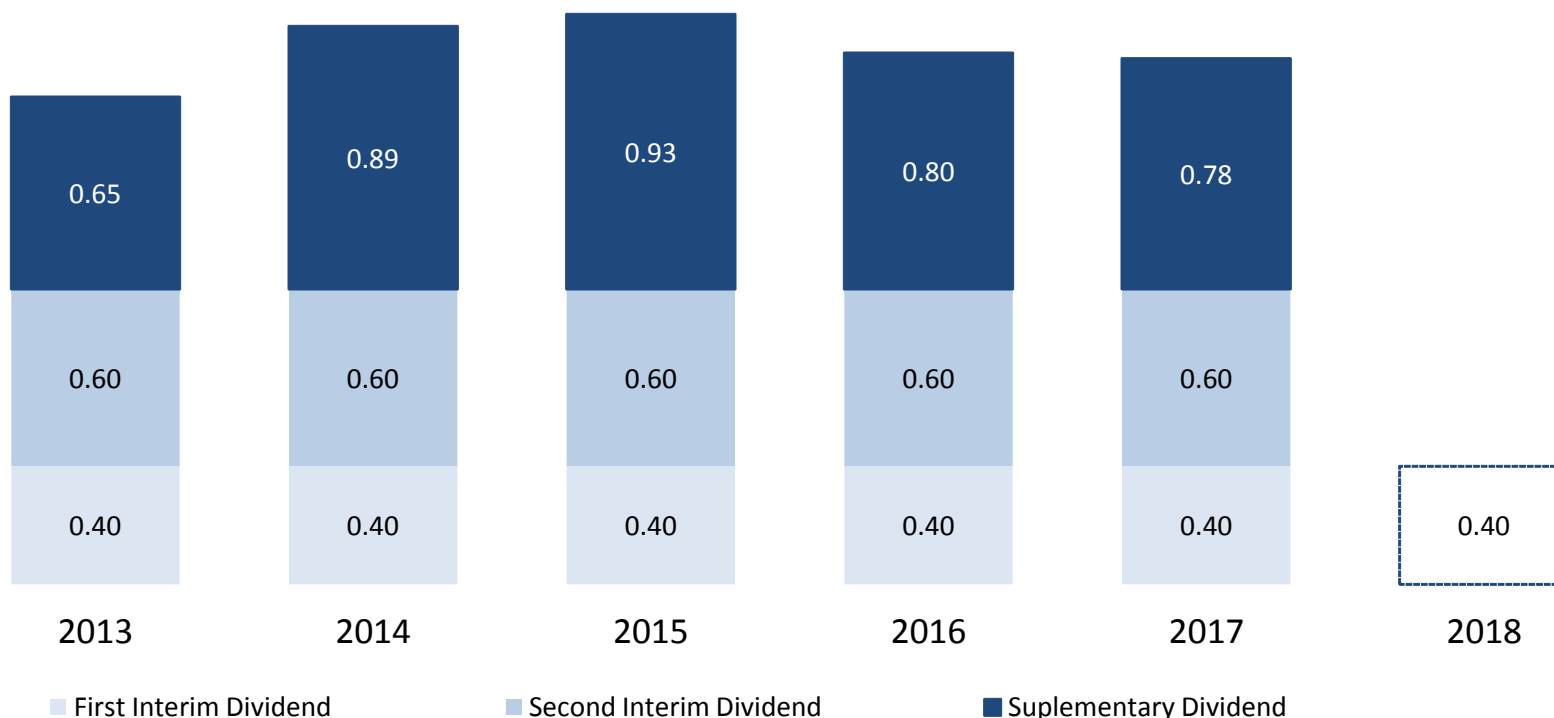




RESULTS

# Dividends: Maximizing shareholders' returns

Pay Out	96%	96%	93%	93%	96%
Dividend/share	1.65	1.89	1.93	1.80	1.78



## Sustainability of Pay-Out

Interim dividend proposal: 0.40 €/share (14<sup>th</sup> september 2018)



# Index

Results

**Business Units**

Financials

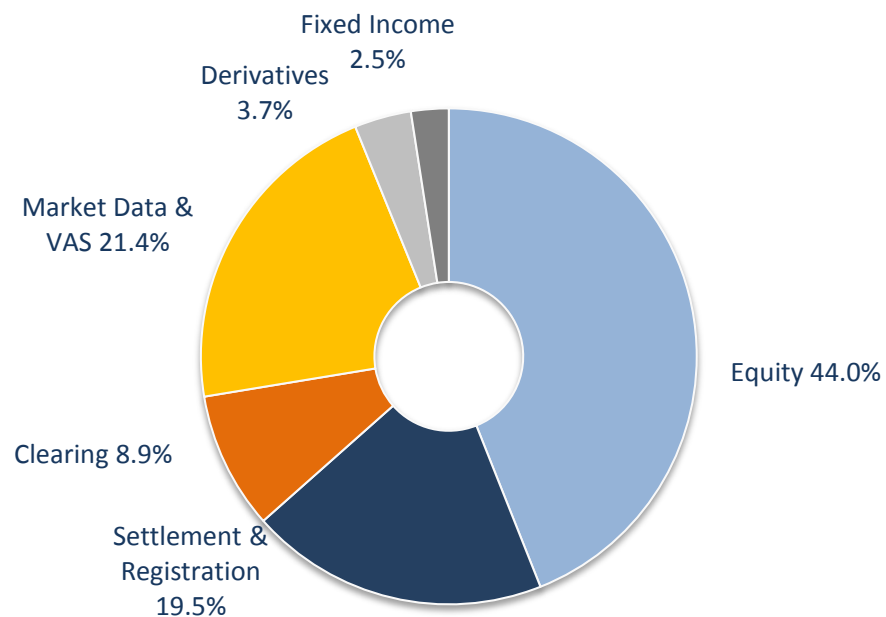
Business Drivers



# Business Areas

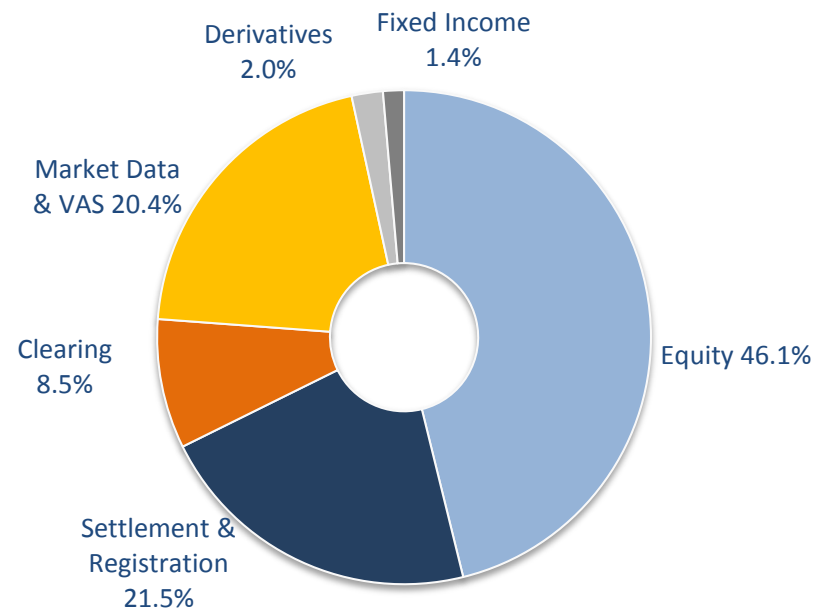
## Consolidated Net Revenues

1H 2018 - %



## EBITDA

1H 2018 - %

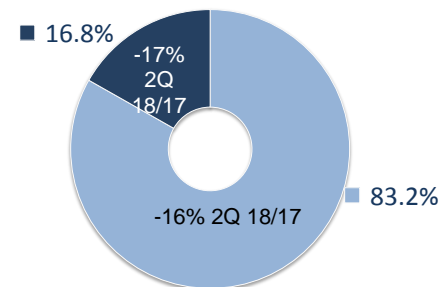




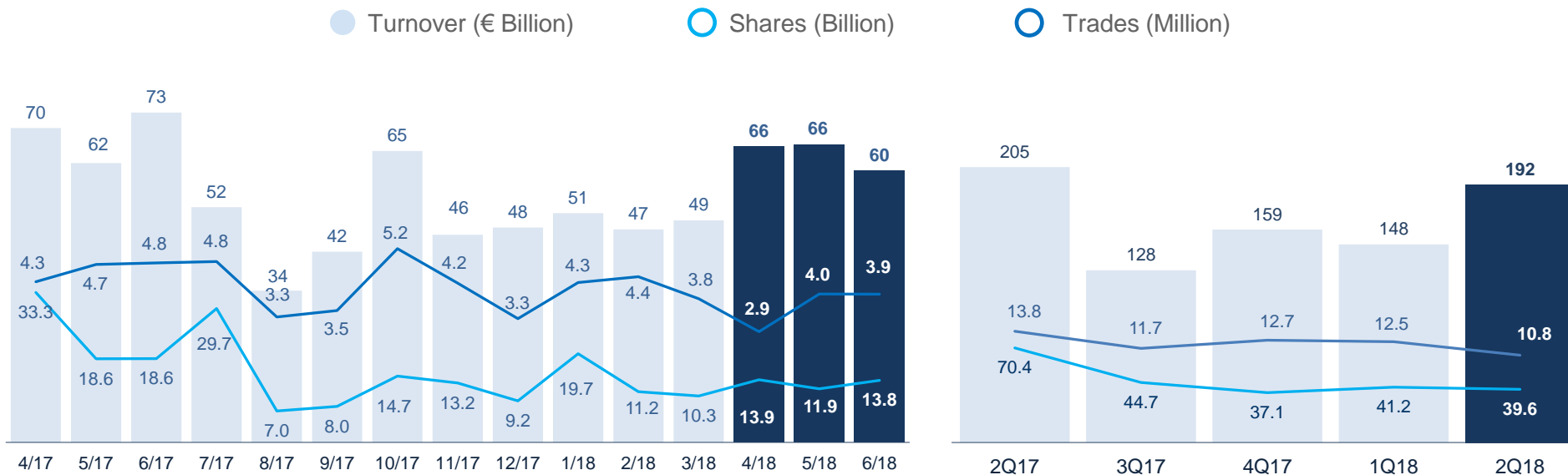
# Equity Market

Thousands of €	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
<b>Net Revenue</b>	32,098	38,366	-16.3%	67,599	76,087	-11.2%
<b>Operating Costs</b>	(10,063)	(10,239)	-1.7%	(20,156)	(20,574)	-2.0%
<b>EBITDA</b>	<b>22,035</b>	<b>28,127</b>	<b>-21.7%</b>	<b>47,443</b>	<b>55,513</b>	<b>-14.5%</b>

■ Per trade and regarding characteristics of the orders  
 ■ Listing and other services

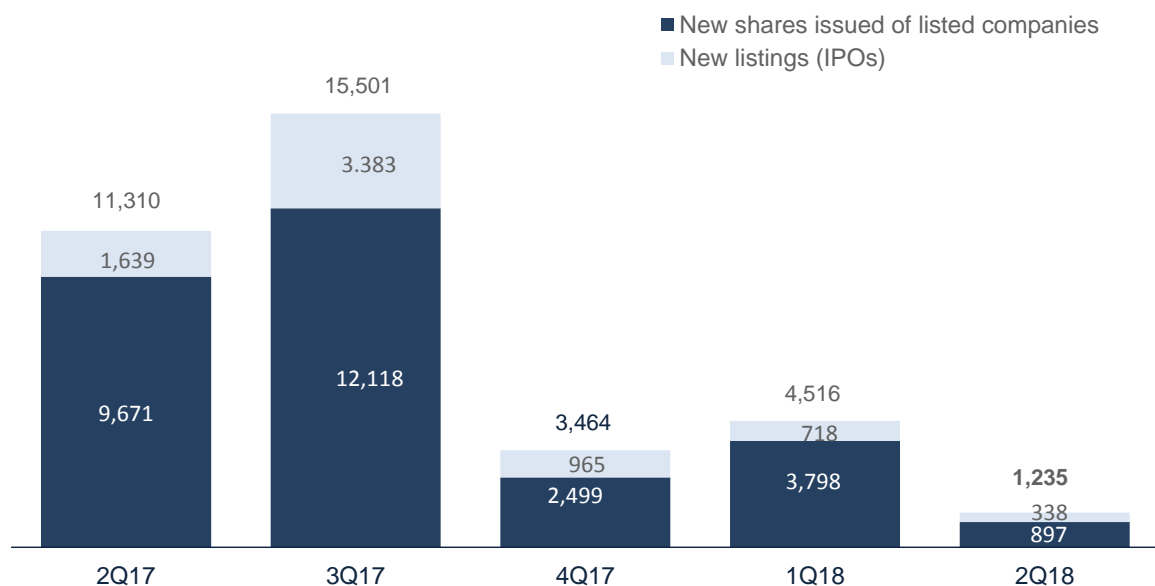


## Equity (Turnover. number of trades and number of shares traded)



# Equity Market

## Listing activity



Total investment flows channeled to the Stock Exchange in 2Q18 reached €1.24 billion.

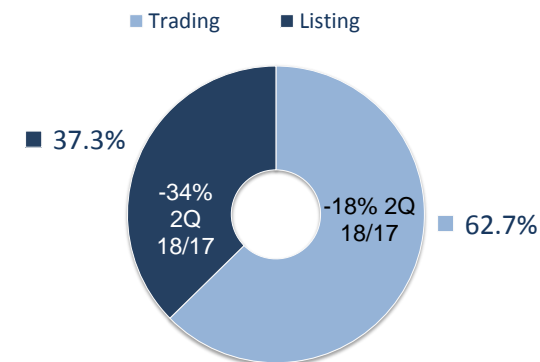
The quarter has not had IPOs. The activity has been concentrated in operations of the Alternative Stock Market (MAB) with 6 additions in 2Q18. In July there are 8 new admissions to market.

The REITs sector maintains strong growth. As of June 30, 58 companies were listed, and their total market value doubled in a year to reach 22,441 million euros.

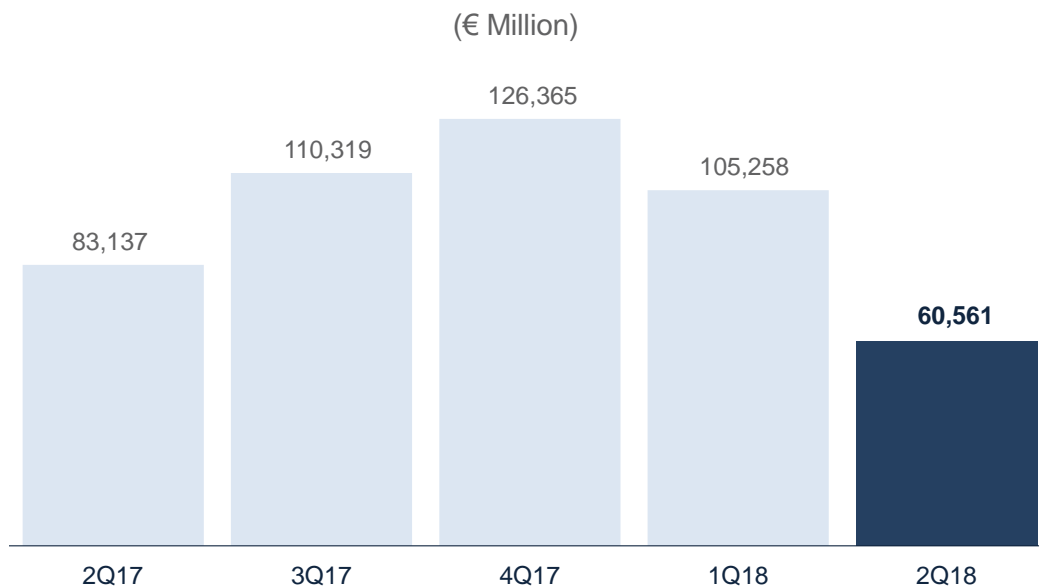
Source: FESE (Federation of European Stock Exchanges)

# Fixed income

Thousands of €	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
<b>Net Revenue</b>	1,685	2,242	-24.8%	3,769	4,556	-17.3%
<b>Operating Costs</b>	(1,164)	(1,115)	4.4%	(2,365)	(2,289)	3.3%
<b>EBITDA</b>	<b>521</b>	<b>1,127</b>	<b>-53.8%</b>	<b>1,404</b>	<b>2,267</b>	<b>-38.1%</b>



## AIAF. Volume admitted



The number of issues available for trading is increasing. In the first half there was an admission to trading of €5.30 trillion in European Public Debt.

Trading through electronic platform reached €53.3 billion in 2Q18, 62.2% more than a year earlier.

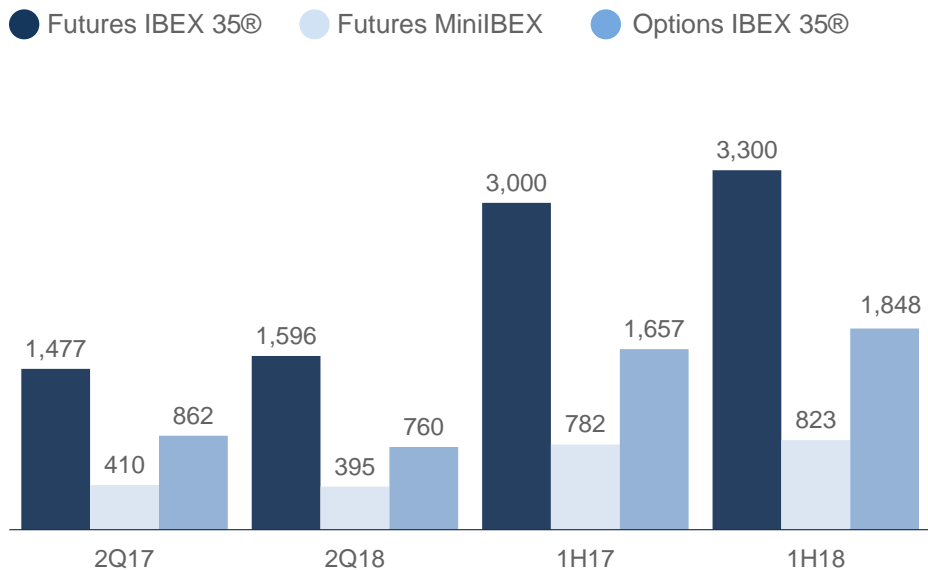
The Alternative Fixed Income Market (MARF) ended the first half of 2018 with an issued volume of €3.0 billion, 46.9% higher than in 2017.

# Derivatives

<i>Thousands of €</i>	<b>2Q 2018</b>	<b>2Q 2017</b>	<b>%</b>	<b>1H 2018</b>	<b>1H 2017</b>	<b>%</b>
<b>Net Revenue</b>	2,772	2,520	10.0%	5,697	5,119	11.3%
<b>Operating Costs</b>	(1,818)	(1,543)	17.8%	(3,592)	(3,108)	15.6%
<b>EBITDA</b>	<b>954</b>	<b>977</b>	<b>-2.4%</b>	<b>2,105</b>	<b>2,011</b>	<b>4.7%</b>

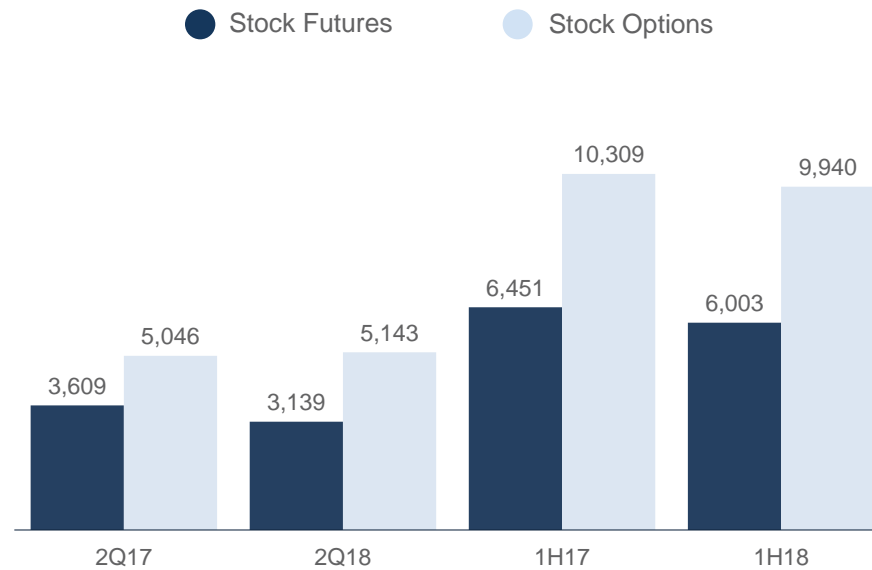
## Index derivatives contracts traded

(Thousand of contracts)



## Stock derivatives contracts traded

(Thousand of contracts)

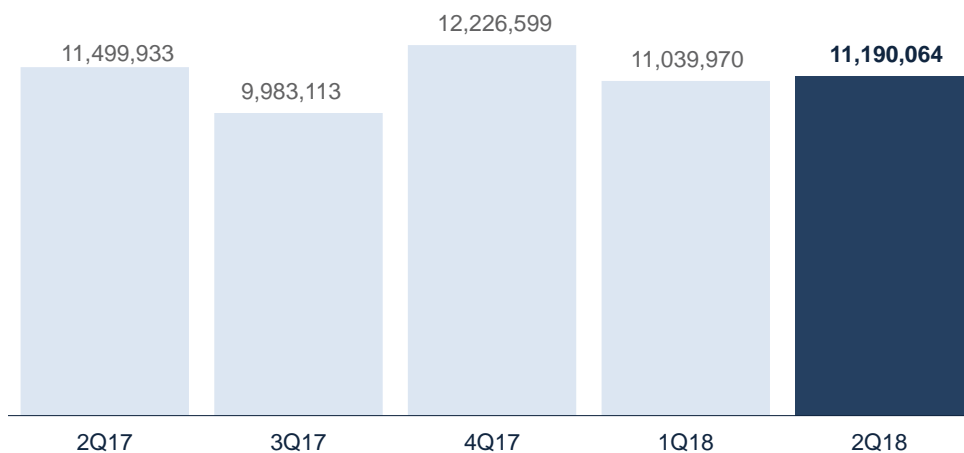


# Clearing

<i>Thousands of €</i>	<b>2Q 2018</b>	<b>2Q 2017</b>	<b>%</b>	<b>1H 2018</b>	<b>1H 2017</b>	<b>%</b>
<b>Net Revenue</b>	6,316	6,825	-7.5%	13,752	13,366	2.9%
<b>Operating Costs</b>	(2,512)	(2,354)	6.7%	(5,036)	(4,677)	7.7%
<b>EBITDA</b>	<b>3,804</b>	<b>4,471</b>	<b>-14.9%</b>	<b>8,716</b>	<b>8,689</b>	<b>0.3%</b>

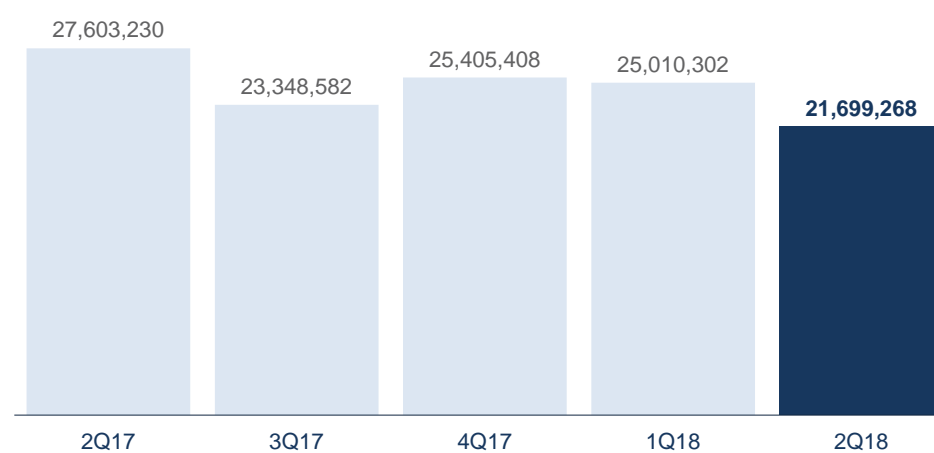
## Financial Derivatives

(Number of contracts)



## Number of equity transactions cleared

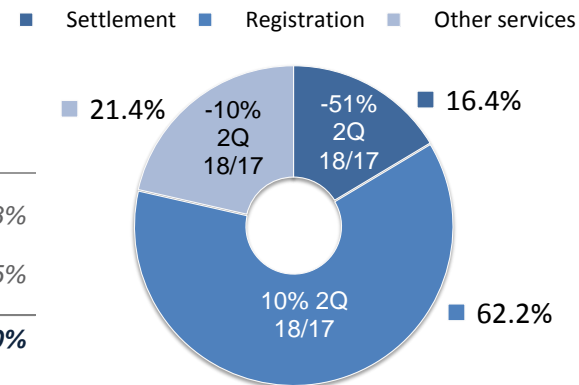
(Number of transactions)





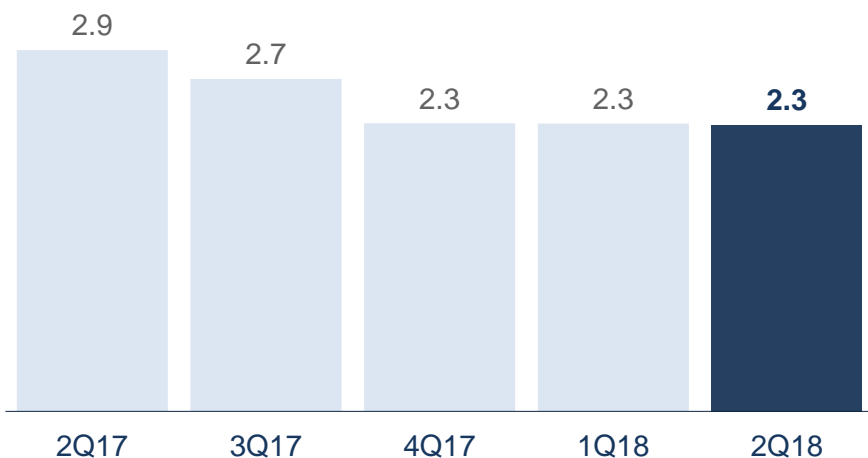
# Settlement & Registration

Thousands of €	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
<b>Net Revenue</b>	14,877	16,955	-12.3%	29,948	32,845	-8.8%
<b>Operating Costs</b>	(4,060)	(3,817)	6.4%	(7,795)	(7,677)	1.5%
<b>EBITDA</b>	<b>10,817</b>	<b>13,138</b>	<b>-17.7%</b>	<b>22,153</b>	<b>25,168</b>	<b>-12.0%</b>



## Settlement: Number of trades settled

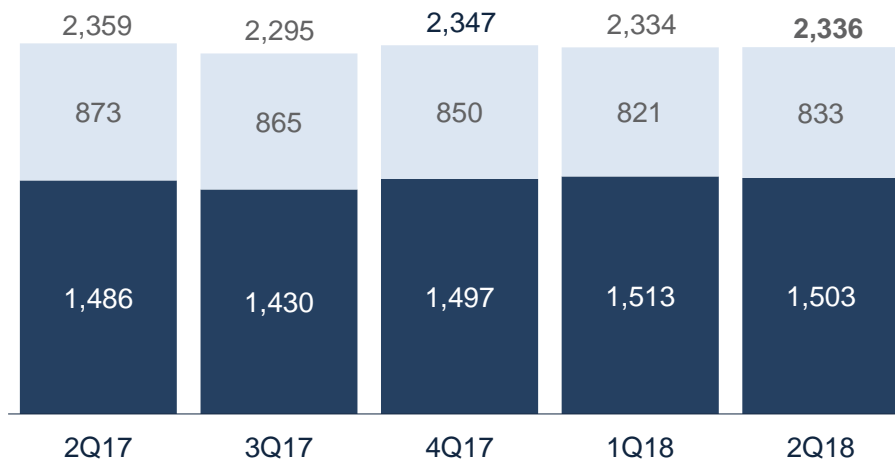
(Million of trades)



## Securities under custody: Volume registered

(€ Billion)

● Par Value registered in FI    ● Market value registered in Equity

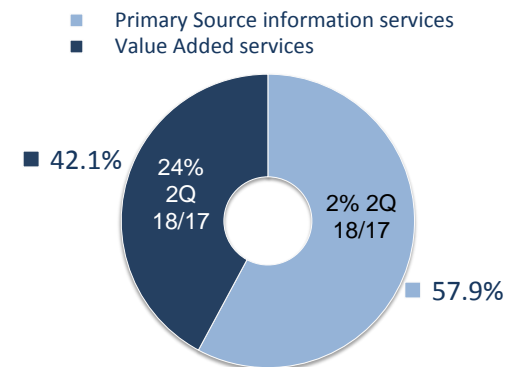






# Market Data & VAS

<i>Thousands of €</i>	<b>2Q 2018</b>	<b>2Q 2017</b>	<b>%</b>	<b>1H 2018</b>	<b>1H 2017</b>	<b>%</b>
<b>Net Revenue</b>	17,099	15,574	9.8%	32,960	31,298	5.3%
<b>Operating Costs</b>	(6,189)	(5,609)	10.3%	(11,975)	(11,212)	6.8%
<b>EBITDA</b>	<b>10,910</b>	<b>9,965</b>	<b>9.5%</b>	<b>20,985</b>	<b>20,086</b>	<b>4.5%</b>



## Market Data & VAS: Unit Drivers

**Primary Source information services**

**Number of customers in highs. End users descending 12.4% against 2017**

**Value Added Services**

**Transaction Cost Analysis (TCA) and portfolio management and advice solutions  
BME Inntech : Broker-on-line, Roboadvisor**

# Index

Results

Business Units

**Financials**

Business Drivers

## FINANCIALS

## Net Revenues

<i>Thousands of €</i>	<b>2Q 2018</b>	<b>2Q 2017</b>	<b>%</b>	<b>1H 2018</b>	<b>1H 2017</b>	<b>%</b>
<b>Equity</b>	32,098	38,366	-16.3%	67,599	76,087	-11.2%
<b>Fixed income</b>	1,685	2,242	-24.8%	3,769	4,556	-17.3%
<b>Derivatives</b>	2,772	2,520	10.0%	5,697	5,119	11.3%
<b>Clearing</b>	6,316	6,825	-7.5%	13,752	13,366	2.9%
<b>Settlement &amp; Registration</b>	14,877	16,955	-12.3%	29,948	32,845	-8.8%
<b>Market Data &amp; VAS</b>	17,099	15,574	9.8%	32,960	31,298	5.3%

## FINANCIALS

## EBITDA

<i>Thousands of €</i>	<b>2Q 2018</b>	<b>2Q 2017</b>	<b>%</b>	<b>1H 2018</b>	<b>1H 2017</b>	<b>%</b>
<b>Equity</b>	22,035	28,127	-21.7%	47,443	55,513	-14.5%
<b>Fixed income</b>	521	1,127	-53.8%	1,404	2,267	-38.1%
<b>Derivatives</b>	954	977	-2.4%	2,105	2,011	4.7%
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<b>Settlement &amp; Registration</b>	10,817	13,138	-17.7%	22,153	25,168	-12.0%
<b>Market Data &amp; VAS</b>	10,910	9,965	9.5%	20,985	20,086	4.5%

## FINANCIALS

## Balance sheet

<i>as of June, 30<sup>th</sup></i> <i>(Thousands of €)</i>	<b>2018</b>	<b>2017</b>
<b>Goodwill</b>	88,718	88,718
<b>Other non-current assets</b>	84,898	86,086
<b>Cash and cash equivalents</b>	308,153	274,066
<b>Current financial assets</b>	7,815	47,209
<b>Non-Group current financial assets</b>	15,044,240	21,567,233
<b>Other current assets</b>	100,072	99,394
<b>Total assets</b>	<b>15,633,896</b>	<b>22,162,706</b>
<b>Owners' Equity</b>	435,712	439,492
<b>External Partners</b>	77	257
<b>Non-current liabilities</b>	20,742	20,075
<b>Current liabilities</b>	15,177,365	21,702,882
<b>Total equity and liabilities</b>	<b>15,633,896</b>	<b>22,162,706</b>

## FINANCIALS

## P/L

<i>Thousands of €</i>	<b>2Q 2018</b>	<b>2Q 2017</b>	<b>%</b>	<b>1H 2018</b>	<b>1H 2017</b>	<b>%</b>
<b>Net Revenue</b>	74,898	82,811	-9.6%	153,912	164,301	-6.3%
<b>Expenses</b>	(29,348)	(26,671)	10.0%	(57,696)	(54,397)	6.1%
<b>EBITDA</b>	45,550	56,140	-18.9%	96,216	109,904	-12.5%
<b>EBIT</b>	43,537	54,109	-19.5%	92,271	105,841	-12.8%
<b>Financial results</b>	473	370	27.8%	494	370	33.5%
<b>Share of profit (loss) of associates</b>	373	(22)	-	1,655	422	292.2%
<b>EBT</b>	44,383	54,457	-18.5%	94,420	106,633	-11.5%
<b>Net Profit</b>	<b>33,424</b>	<b>40,977</b>	<b>-18.4%</b>	<b>71,321</b>	<b>80,296</b>	<b>-11.2%</b>

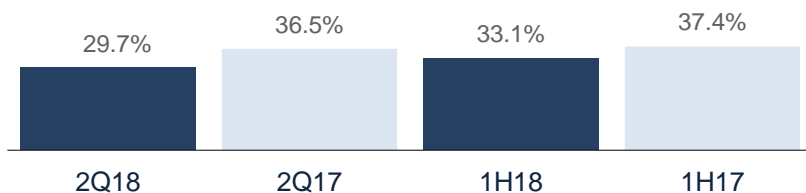


FINANCIALS

# Efficiency & Profitability

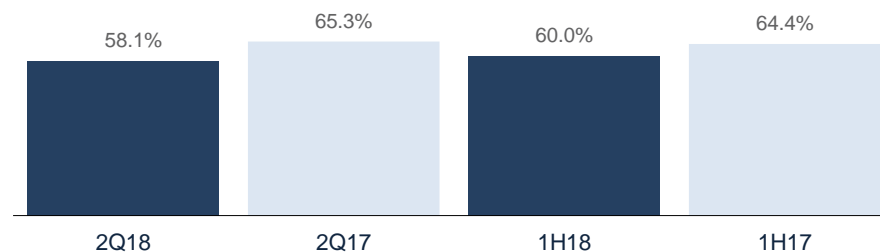
ROE Evolution

(% ROE)



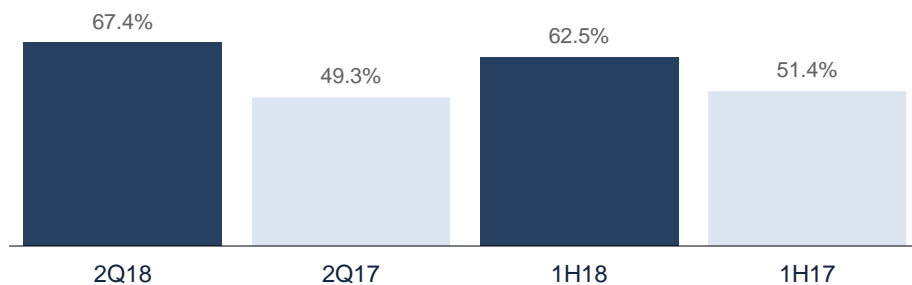
EBIT/Net Revenues Ratio Evolution

(% EBIT/Net Revenues)



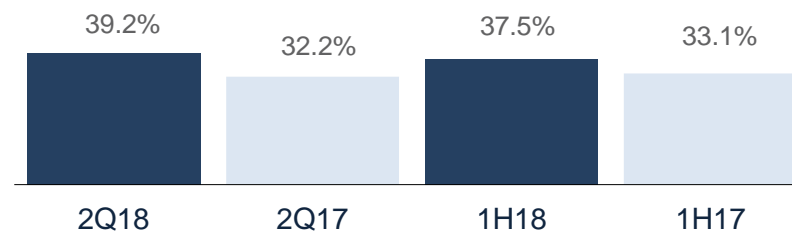
Cost/EBIT Ratio Evolution

(% Cost/EBIT)



Efficiency Ratio Evolution

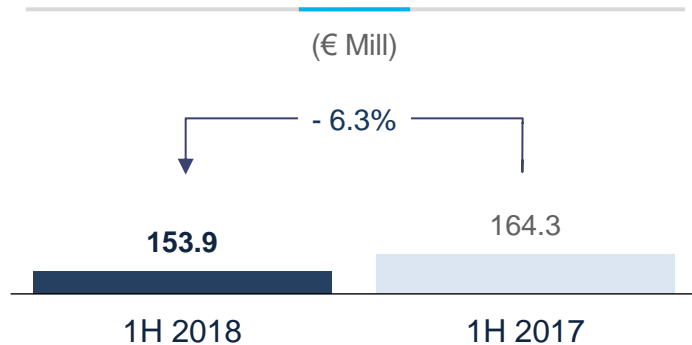
(% Efficiency)



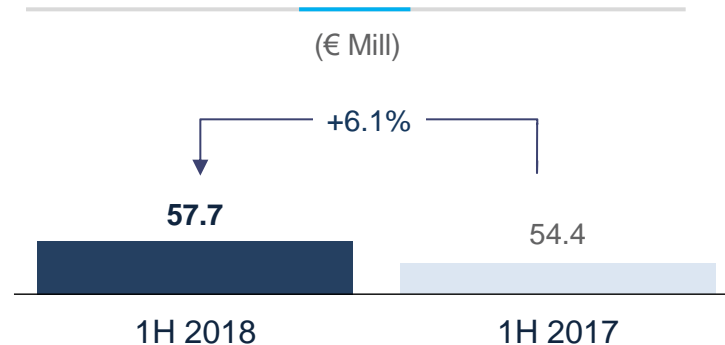
FINANCIALS

# Comparison with 1H 2017

## Net Revenue 1H 2018/2017

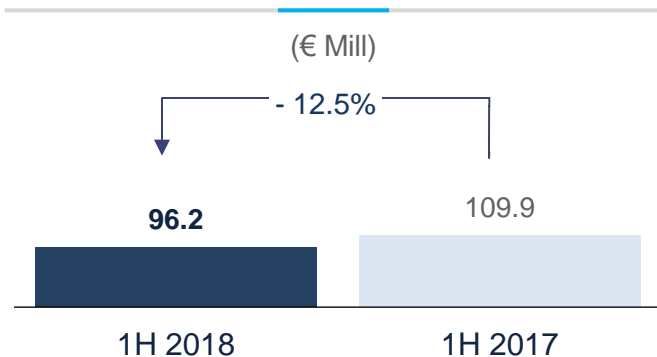


## Costs 1H 2018/2017

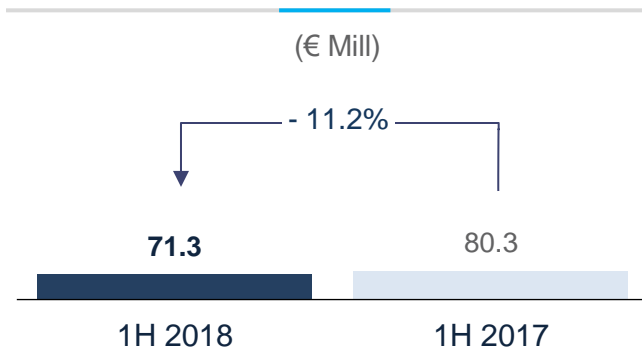


## Margins

## EBITDA 1H 2018/2017



## Net Profit 1H 2018/2017





# Index

Results














Business Units

Financials

**Business Drivers**

# Business drivers: Highly liquid market

Spanish blue-chips are of the most liquid stocks in the EMU

RK	Company	1H18	Daily avg. 1H18	Relative weight at EuroStoxx50 (%) <sup>1)</sup>
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	89.2	0.71	3.75%
2	 TOTAL	73.6	0.58	5.15%
3	 Bayer	68.2	0.55	3.37%
4	 INTESA SANPAOLO	67.3	0.53	1.91%
5	 SAP	63.7	0.51	3.73%
6	 SIEMENS	63.7	0.51	3.89%
7	 adidas	61.8	0.49	1.52%
8	DAIMLER	61.2	0.49	2.94%
9	 Allianz	60.6	0.48	3.60%
10	 SANOFI	53.1	0.42	3.23%
18	 BBVA	45.7	0.36	1.89%
27	 Telefonica	38.2	0.30	1.61%
28	 INDITEX	36.2	0.29	1.23%
32	 IBERDROLA	27.5	0.22	1.48%

Source: Bloomberg

1) As of 30/06/18

## Business drivers

## Highly liquid market

## Quality of spreads and best market impact for Spanish stocks

Year/Month	Top Cap – 0.3 bps	IBEX35	IBEX Medium Cap	IBEX SmallCap
	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)
201706		0.052%	0.261%	0.543%
201707		0.049%	0.253%	0.647%
201708		0.050%	0.249%	0.657%
201709		0.046%	0.228%	0.649%
201710		0.050%	0.223%	0.695%
201711		0.052%	0.241%	0.621%
201712		0.051%	0.253%	0.517%
201801	0.042%	0.051%	0.237%	0.454%
201802	0.047%	0.056%	0.252%	0.488%
201803	0.046%	0.054%	0.219%	0.411%
201804	0.044%	0.051%	0.215%	0.418%
201805	0.043%	0.051%	0.214%	0.419%
201806	0.043%	0.052%	0.211%	0.427%

The average spread of the IBEX 35® remains around 5 basis points, ending the quarter at 5.2 basis points.

Both, IBEX® Medium Cap and IBEX® SmallCap, continue to improve the spread by 5.0 and 11.6 basis points, respectively.

The average spread of the stocks included in the new tariff of 0.3 basis points had the same pattern and a narrower spread than IBEX35® close to the basic point.

Source: Market monthly reports



# Q&A