

Business Performance

January–March 2017



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B. Business Units

C. Financials

D. Business Drivers

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A. Results

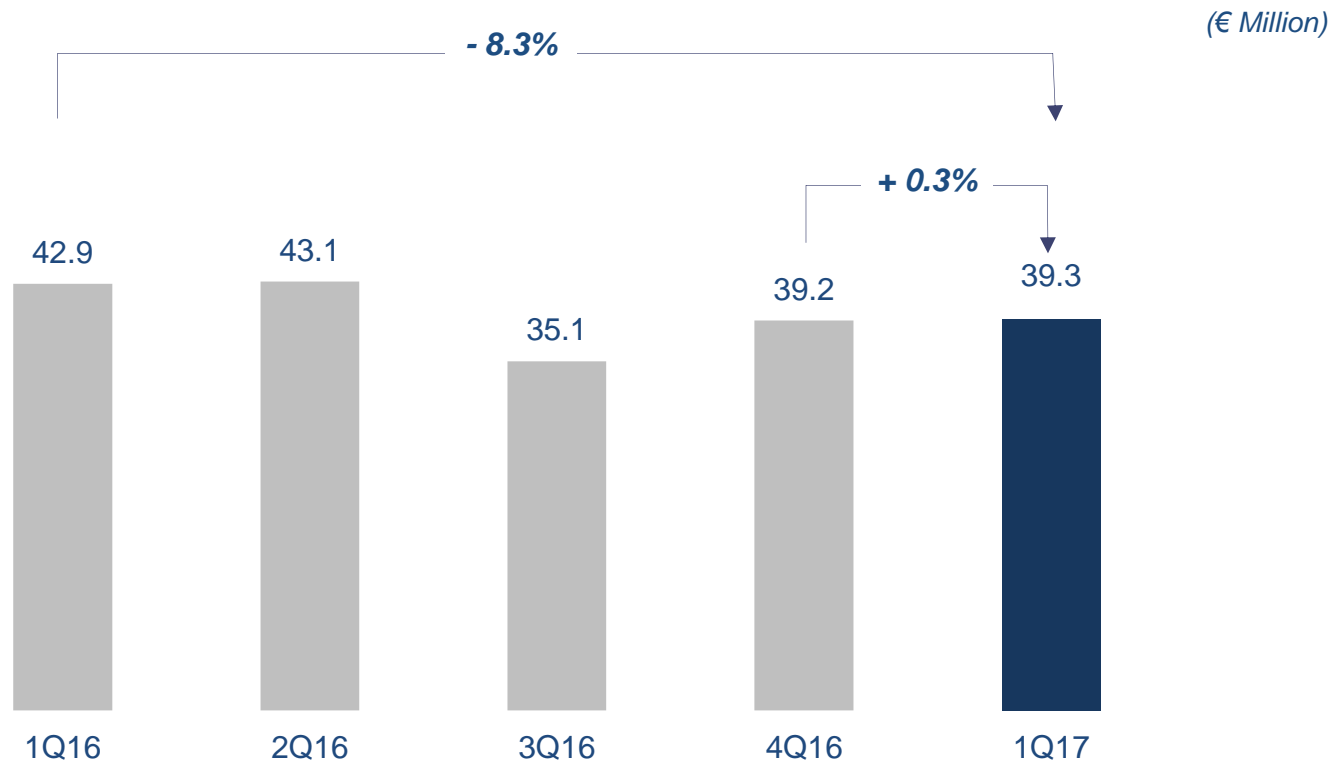
B. Business Units

C. Financials

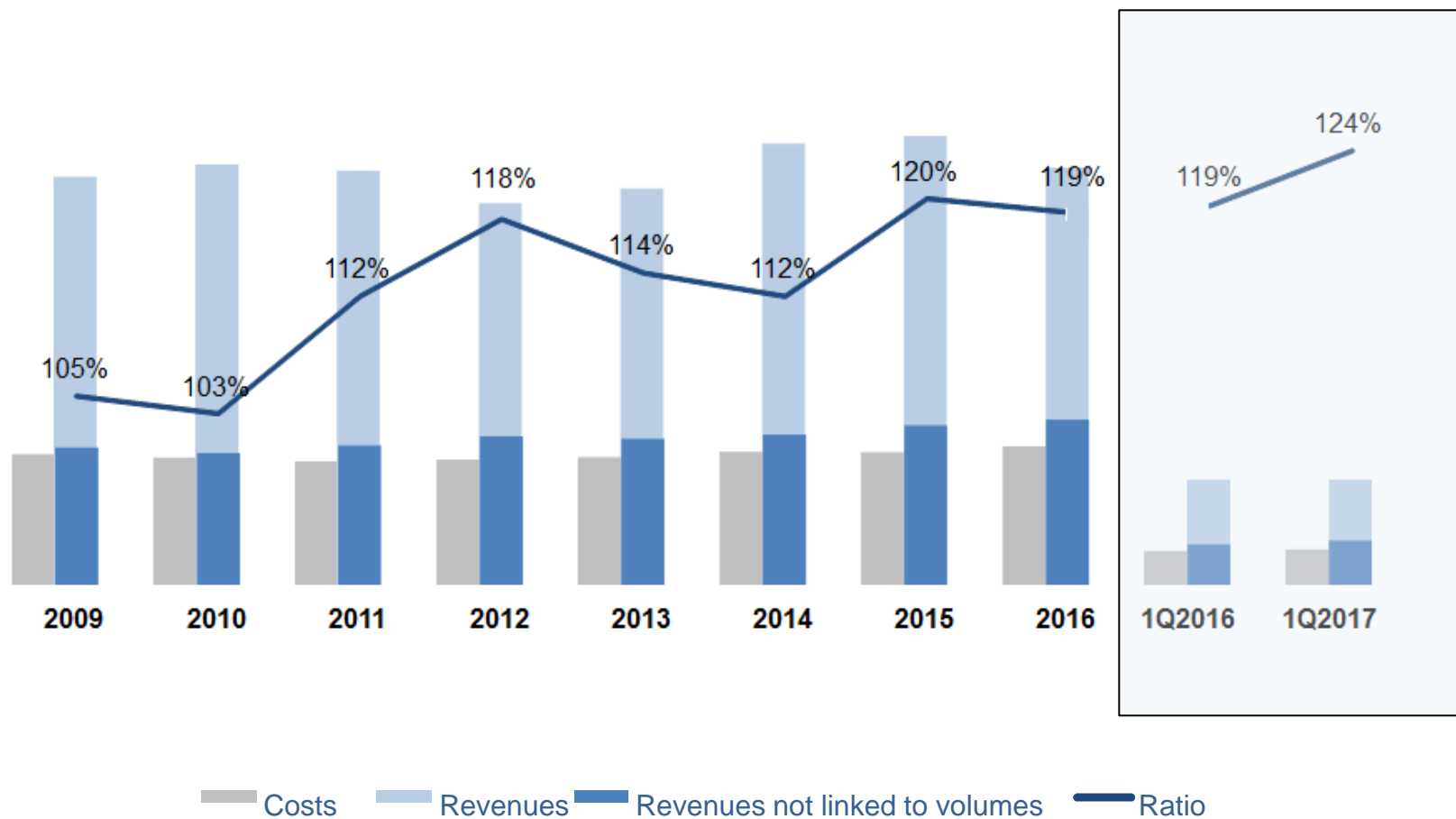
D. Business Drivers

Results

Net profit



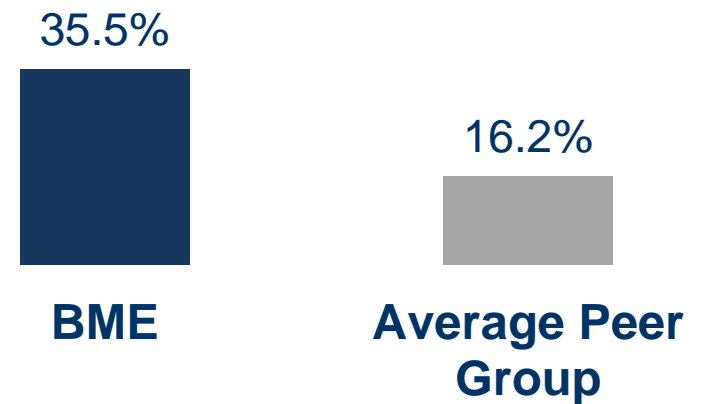
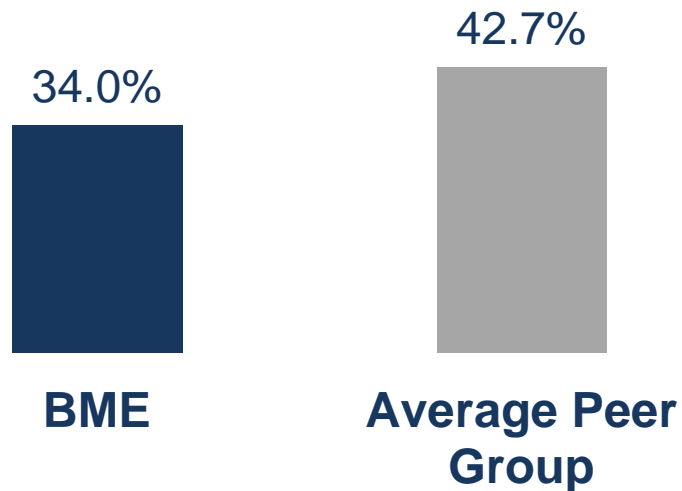
Solid operating leverage



Key ratios benchmarking

- Efficiency

- ROE

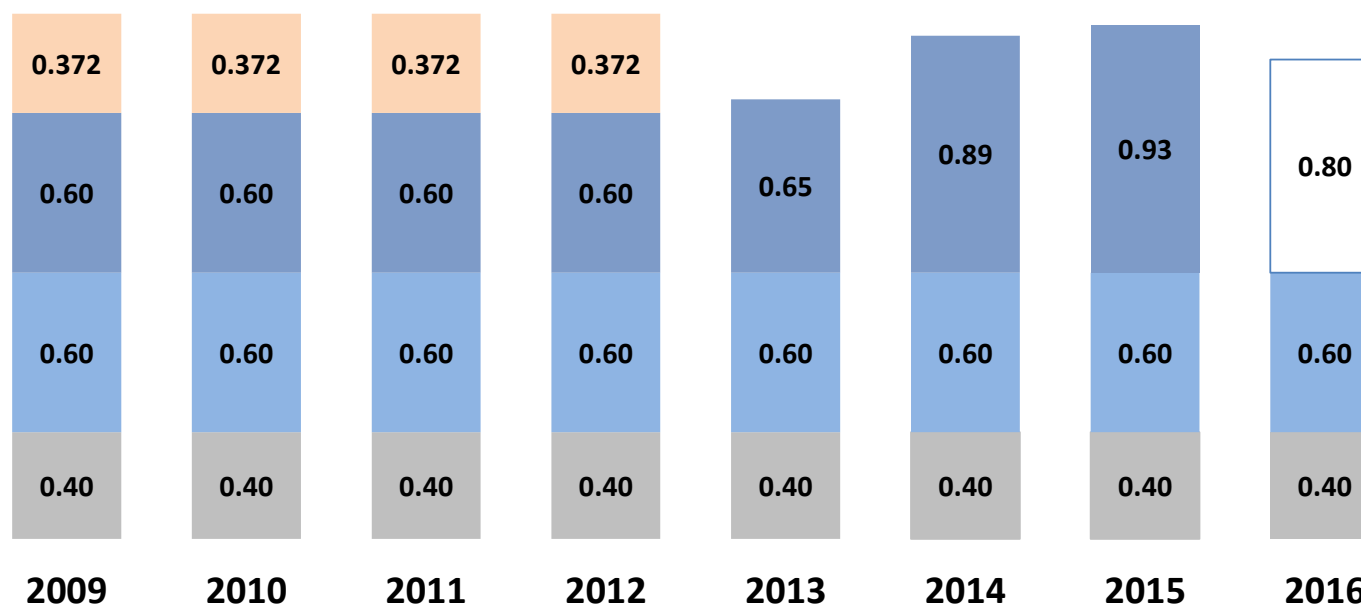


- BME's data as of 31/03/2017

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

Dividends: Maximizing shareholders' returns

Pay Out	89%	86%	86%	98%	96%	96%	93%	93%
Total Dividends	1.972	1.972	1.972	1.972	1.65	1.89	1.93	1.80



■ First Interim Dividend ■ Second Interim Dividend ■ Supplementary Dividend ■ Extraordinary Dividend

Sustainability of Pay-out

- Supplementary dividend proposal: 0.80€/ share (May, 5th)

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A. Results

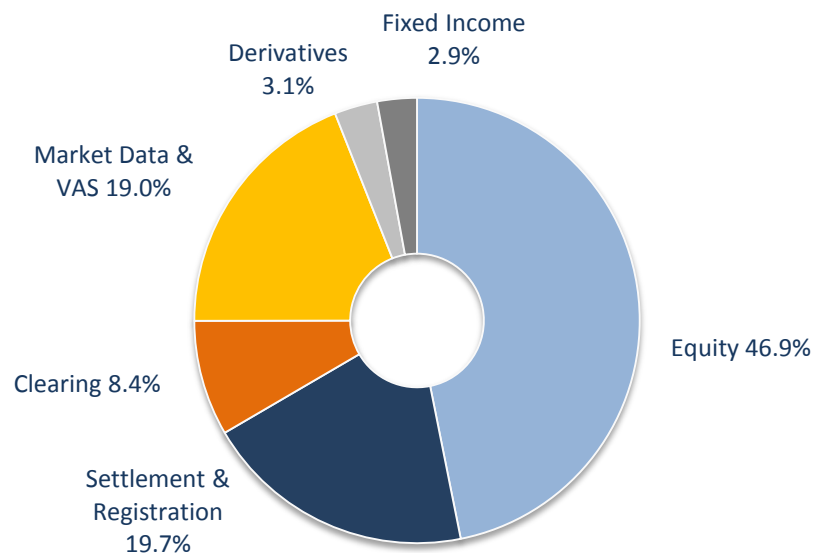
B. Business Units

C. Financials

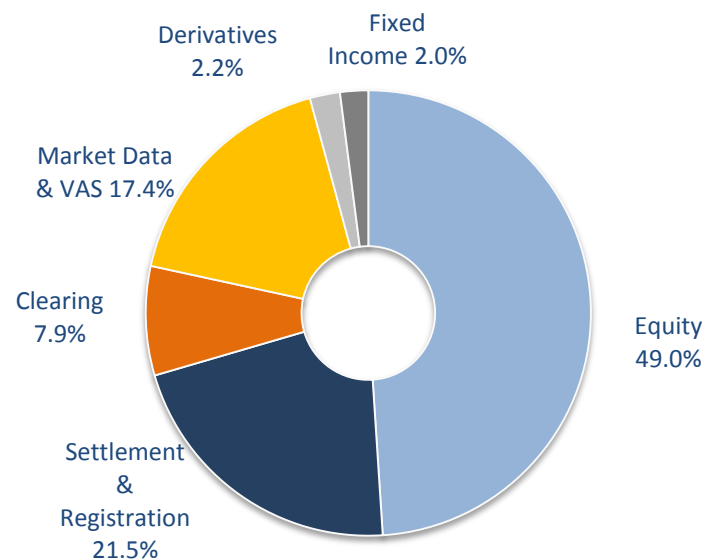
D. Business Drivers

Business Areas

Consolidated Net Revenues 1Q 2017 - %



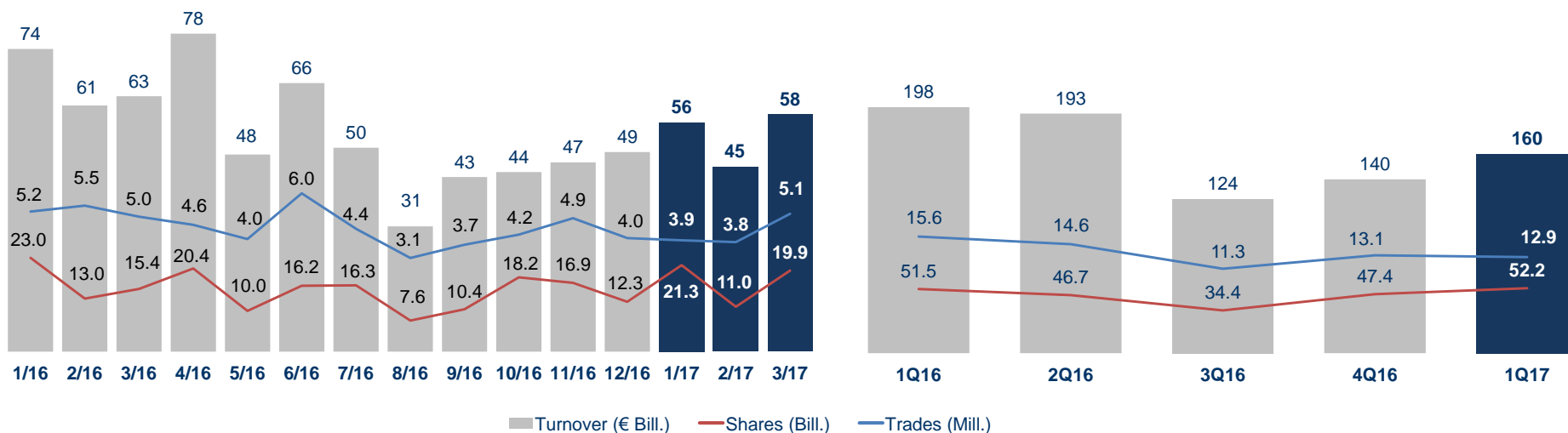
EBITDA 1Q 2017 - %



Equity Market

Thousands of €	1Q 2017	1Q 2016	%
Net Revenue	37,721	36,675	2.9%
Operating Costs	(10,335)	(10,242)	0.9%
EBITDA	27,386	26,433	3.6%

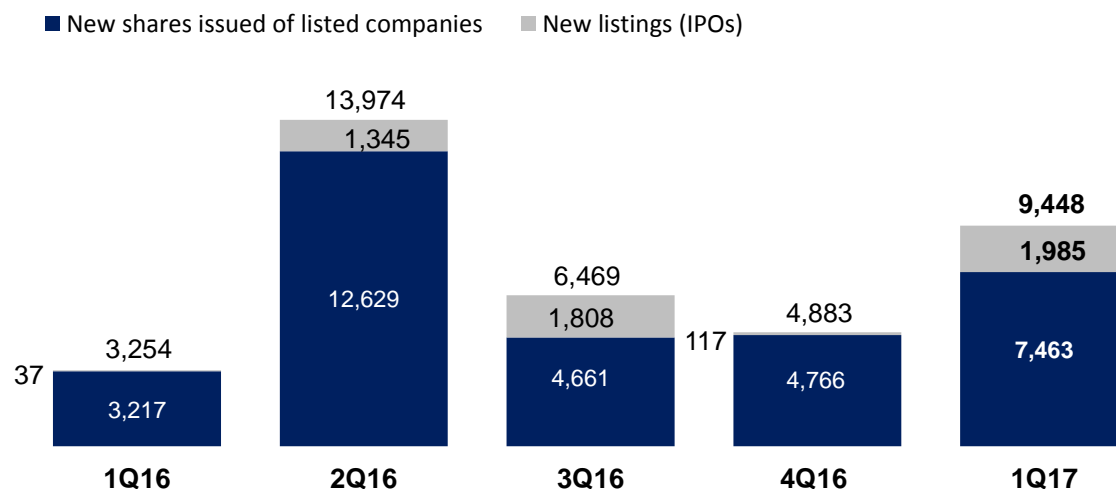
Equity (Turnover, number of trades and number of shares traded)



Equity Market

- Listing activity

Investment flows channeled through the Exchange (€ Million)



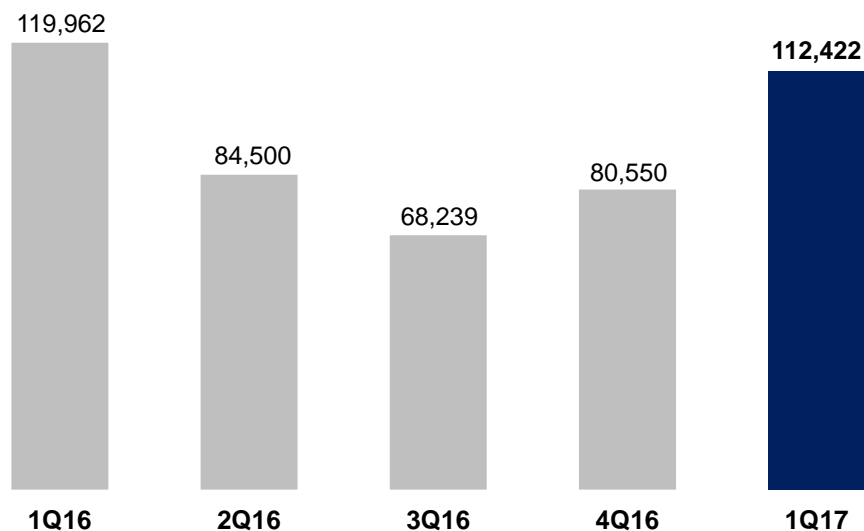
- Flows channeled into the stock market in the first quarter reached 9,448 million euros (+ 190.4%).
- Admissions from Prosegur Cash, Neinor and Gestamp reached a combined capitalization of € 7,523 million and placed BME as the second largest market by volume of secondary public offerings and the most active European market in the first quarter by market capital inflows in IPOs.

Source: FESE (Federation of European Stock Exchanges)

Fixed income

<i>Thousands of €</i>	1Q 2017	1Q 2016	%
Net Revenue	2,314	2,325	-0.5%
Operating Costs	(1,174)	(1,274)	-7.8%
EBITDA	1,140	1,051	8.5%

AIAF – Volume admitted (Million €)



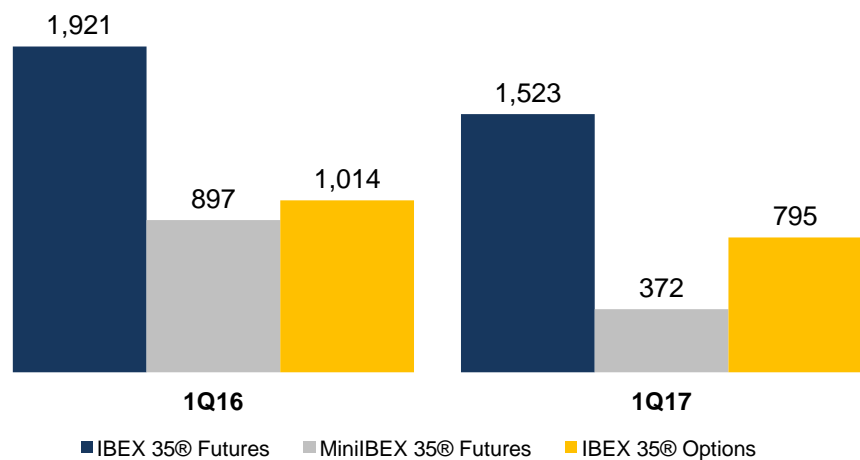
- First-quarter issues of 112.4 billion euros, improved 39.6% the previous quarter, even though they are lower than 1Q16 at 6.3%.
- The MARF ended the quarter with an issued volume of 883 million euros (+ 83.2%) and an outstanding balance of 2.1 billion euros (+ 51.5%).
- In the Public Debt segment, a total of € 49.8 billion was traded (+ 41.1%).

Derivatives

<i>Thousands of €</i>	1Q 2017	1Q 2016	%
Net Revenue	2,514	3,020	-16.8%
Operating Costs	(1,290)	(1,361)	-5.2%
EBITDA	1,224	1,659	-26.2%

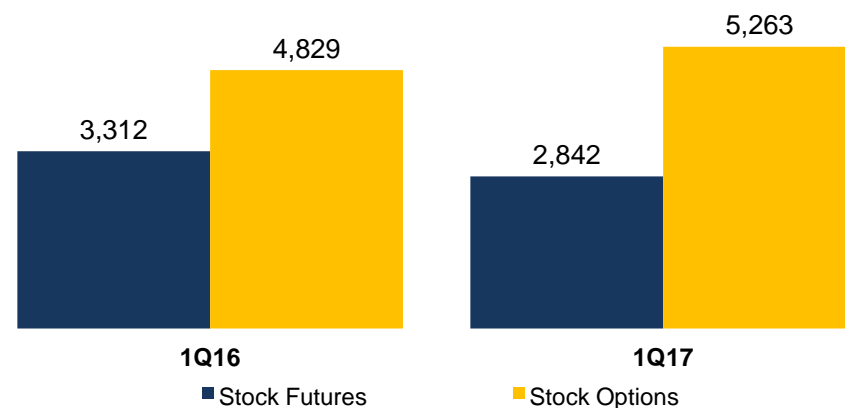
Index derivatives contracts traded

(Thousand of contracts)



Stock derivatives contracts traded

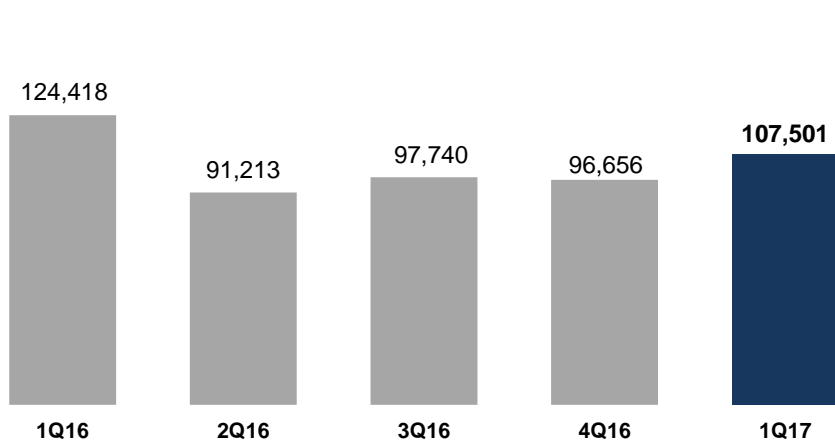
(Thousand of contracts)



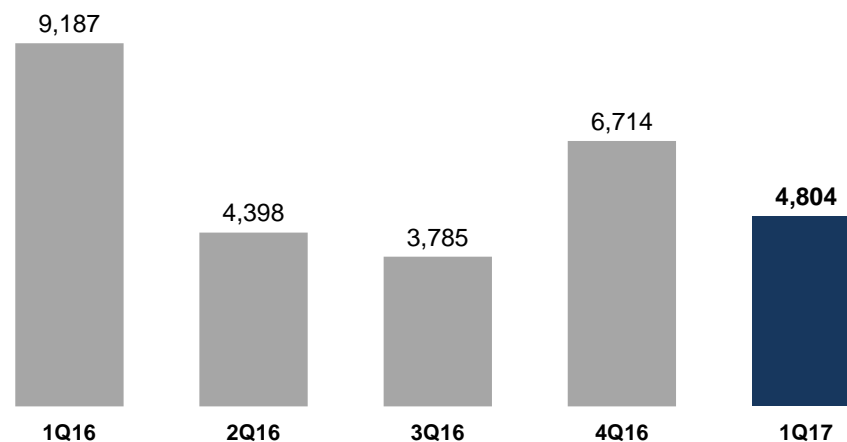
Clearing

<i>Thousands of €</i>	1Q 2017	1Q 2016	%
Net Revenue	6,754	4,041	67.1%
Operating Costs	(2,323)	(2,237)	3.8%
EBITDA	4,431	1,804	145.6%

Turnover BME Clearing REPO (€ Million)



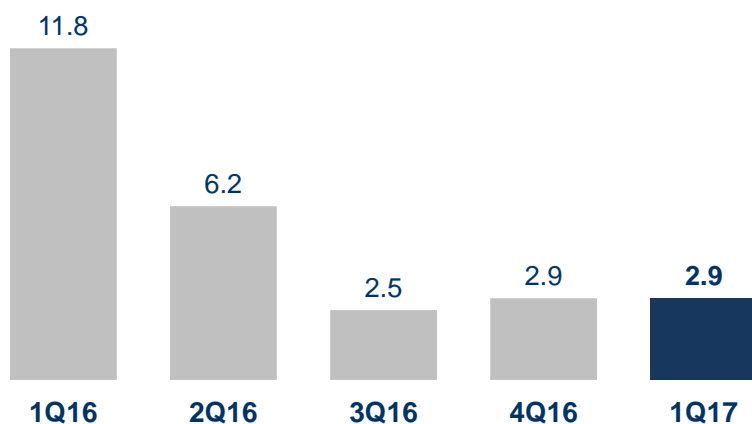
Volume (Mwh) traded in Energy market (Thousand)



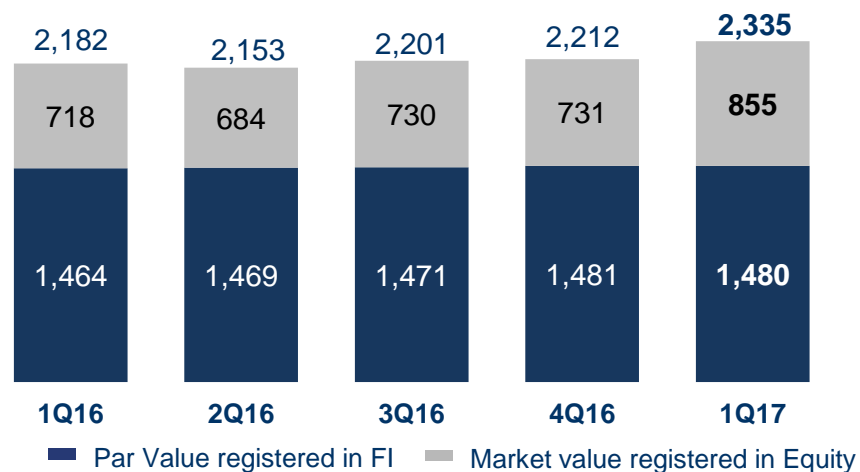
Settlement & Registration

<i>Thousands of €</i>	1Q 2017	1Q 2016	%
Net Revenue	15,890	19,355	-17.9%
Operating Costs	(3,860)	(4,328)	-10.8%
EBITDA	12,030	15,027	-19.9%

*Settlement: Number of trades settled
(Million of trades)*



*Securities under custody: Volumes
(€ Billion)*



Market Data & VAS



Services portfolio diversification



Primary Source information services



Value Added Services (VAS)



Real Time Data

- By product
- By market depth

End-of-Day products

- Index data
- Prices & volumes
- Master data
- Relevant facts
- Tickdata

Index Licensing

Infrastructure technology

London Hub, Proximity, Co-location

BME InnTech

Financial Informaton services

(NetStation, Web InfoBolsa, Web Terminal Retail, HTML Terminal, Broker on line, InfoBolsa Net@, WIF, Movility)

Advisory and portfolio management

(Openworkplace®, OpenPortfolio, Compliance reporting)

Markets access

DMA OMS, FAST, SMART-X, NanoDriver, FixDriver; Front-Office (MaX, PATS); Middle-Office (VisualRisk, FOE), Tec. (Supertrack, MS, OBRE, Visual TCA, Visual Flow, Visual CCP Risk, SOR)

BME Regulatory Services

- Authorised Reporting Mechanism (ARM)
- Approved Publication Arrangement (APA)
- Market Abuse communication service
- Integrated reporting system
- Internal code of conduct monitor

Servicios Contingencia (Alternative)

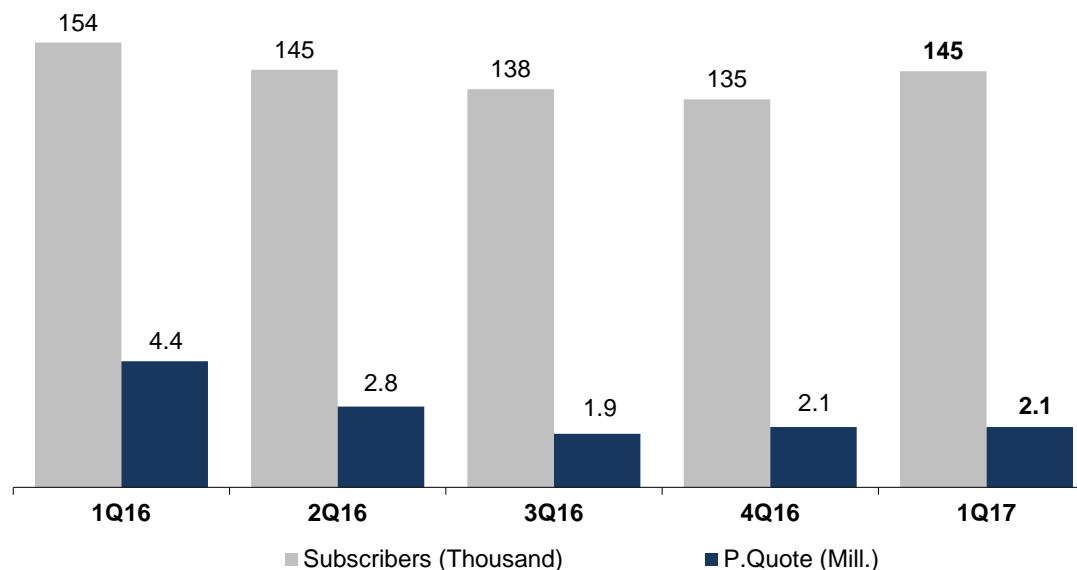
- Immediate Response Service (IRS)
- Customised Continuity Service (CCS)
- BackGuard Service
- BME Highway
- Confidence Net

Consulting

Information & VAS

Thousands of €	1Q 2017	1Q 2016	%
Net Revenue	15,321	14,375	6.6%
Operating Costs	(5,603)	(3,589)	56.1%
EBITDA	9,718	10,786	-9.9%

Information: Subscribers to primary market sources (Average for the period in thousands of subscribers and millions of accesses per quote)



Breakdown by business areas

Net Revenues

<i>Thousands of €</i>	1Q 2017	1Q 2016	%
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Market Data & VAS	15,321	14,375	6.6%

Breakdown by business areas

EBITDA

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D. Business Drivers

Balance sheet

<i>as of March, 31st</i> <i>(Thousands of €)</i>	2017	2016
Goodwill	88,718	88,718
Other non-current assets	87,129	88,233
Cash and cash equivalents	283,084	229,268
Current financial assets	55,099	121,118
Non-Group current financial assets	22,180,689	23,395,894
Other current assets	93,493	101,035
Total assets	22,788,212	24,024,266
Owners' Equity	465,364	478,254
External Partners	244	212
Non-current liabilities	20,449	20,215
Current liabilities	22,302,155	23,525,585
Total equity and liabilities	22,788,212	24,024,266

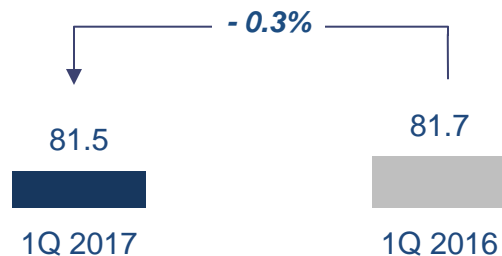
P/L

<i>Thousands of €</i>	1Q 2017	1Q 2016	%
Net Revenue	81,490	81,722	-0.3%
Expenses	(27,726)	(26,378)	5.1%
EBITDA	53,764	55,344	-2.9%
EBIT	51,732	53,865	-4.0%
Financial results	0	2,534	-100.0%
Share of profit (loss) of associates	444	111	300.0%
EBT	52,176	56,510	-7.7%
Net Profit	39,319	42,864	-8.3%

Comparison with 1Q 2016

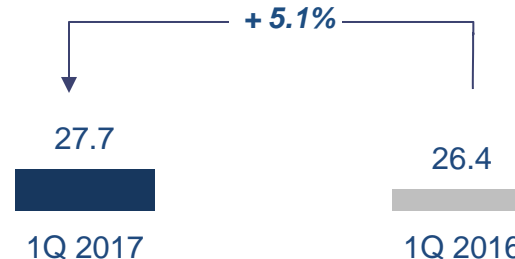
Net Revenue 1Q 2017/2016

[€ Mill.]



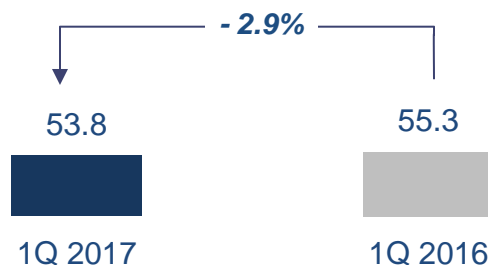
Costs 1Q 2017/2016

[€ Mill.]

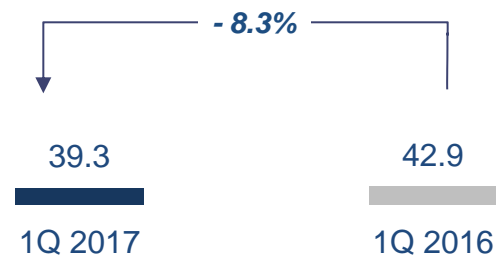


Margins

EBITDA 1Q 2017/2016 [€ Mill.]



Net Profit 1Q 2017/2016 [€ Mill.]



Efficiency & Profitability

ROE Evolution

% ROE



EBIT/Net Revenues Ratio Evolution

% EBIT/Net Revenues



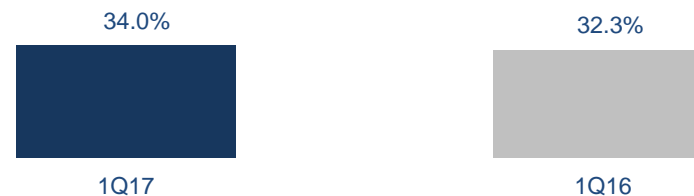
Cost/EBIT Ratio Evolution

% Cost/EBIT



Efficiency Ratio Evolution

% Efficiency



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A. Results













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D. Business Drivers

Business drivers: Highly liquid market

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

RK	Company	1T/17	Daily avg. 1T/17	Relative weight at EuroStoxx50 (%) ¹⁾
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	39.4	0.61	3.31%
2	 INTESA SANPAOLO	27.9	0.43	1.58%
3	 BBVA	27.3	0.42	1.93%
4	 SIEMENS	25.9	0.40	4.22%
5	 TOTAL	25.7	0.40	5.50%
6	DAIMLER	25.0	0.39	3.21%
7	 BNP PARIBAS	24.7	0.38	3.10%
8	 Deutsche Bank	22.8	0.35	1.15%
9	 ING	22.7	0.35	2.40%
10	 Allianz	22.4	0.35	3.26%
19	 Telefonica	16.4	0.25	1.77%
26	 IBERDROLA	12.8	0.20	1.57%
30	 INDITEX	11.2	0.17	1.55%

Source: Bloomberg

1) As of 31/03/17

Business drivers: Highly liquid market

- Quality of spreads and best market impact for Spanish stocks

Year/Month	IBEX ₃₅ Avg. Spread (%)	IBEX Medium Cap Avg. Spread (%)	IBEX Small Cap Avg. Spread (%)
201603	0.064%	0.239%	0.693%
201604	0.059%	0.231%	0.701%
201605	0.060%	0.224%	0.720%
201606	0.066%	0.272%	0.759%
201607	0.068%	0.316%	0.736%
201608	0.064%	0.308%	0.661%
201609	0.061%	0.289%	0.572%
201610	0.056%	0.282%	0.555%
201611	0.062%	0.314%	0.638%
201612	0.062%	0.292%	0.545%
201701	0.055%	0.262%	0.496%
201702	0.054%	0.259%	0.471%
201703	0.051%	0.242%	0.452%



Improved liquidity.

- The IBEX 35® spread narrowed by 1.3 basis points to historical low of 5.1 basis points spread.
- The IBEX® Small Cap bid-ask improved by 24.1 basis points, new historical low.

Source: Market annual and monthly reports

Q&A