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# BUSINESS PERFORMANCE

## January–December 2017

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# Index

Results

Business Units

Financials

Business Drivers

# Index

## Results

Business Units

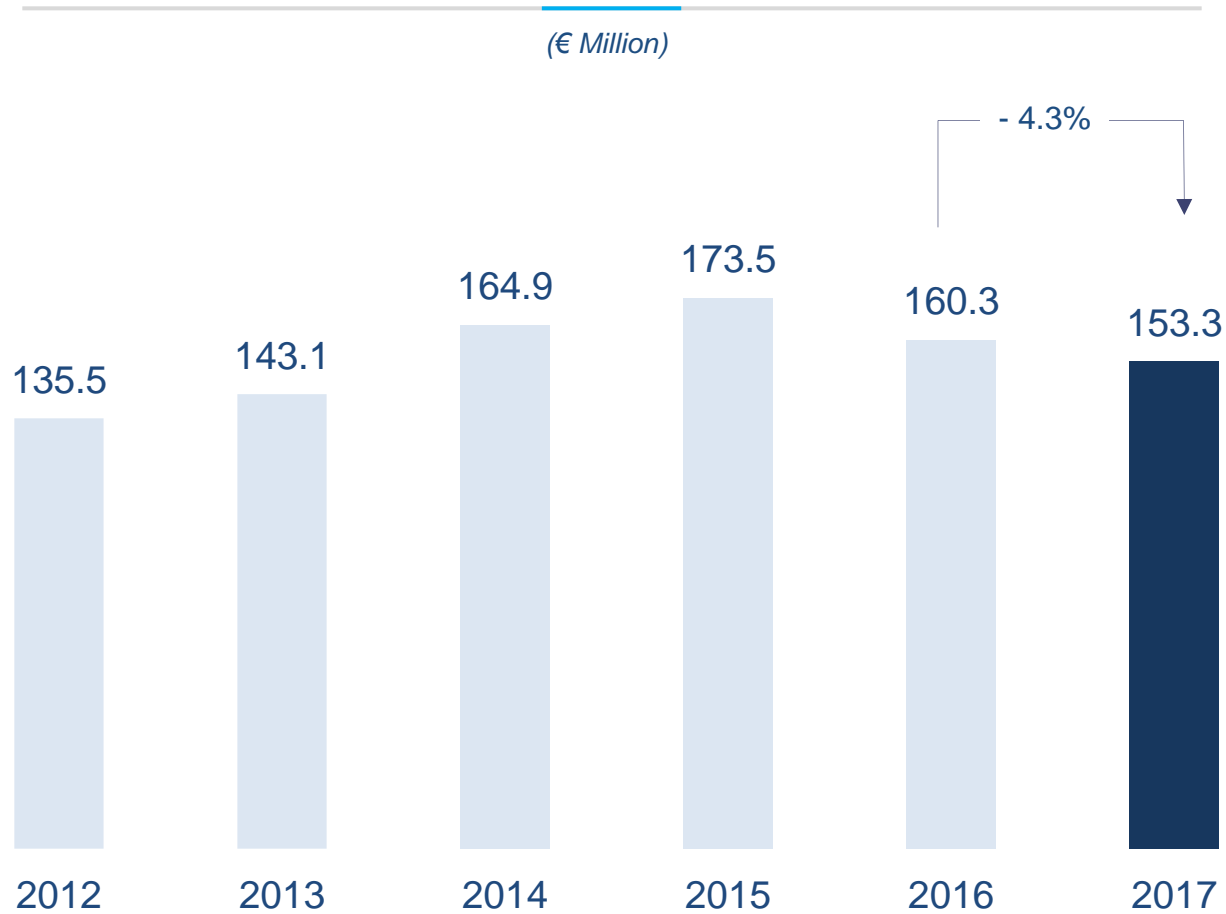
Financials

Business Drivers



RESULTS

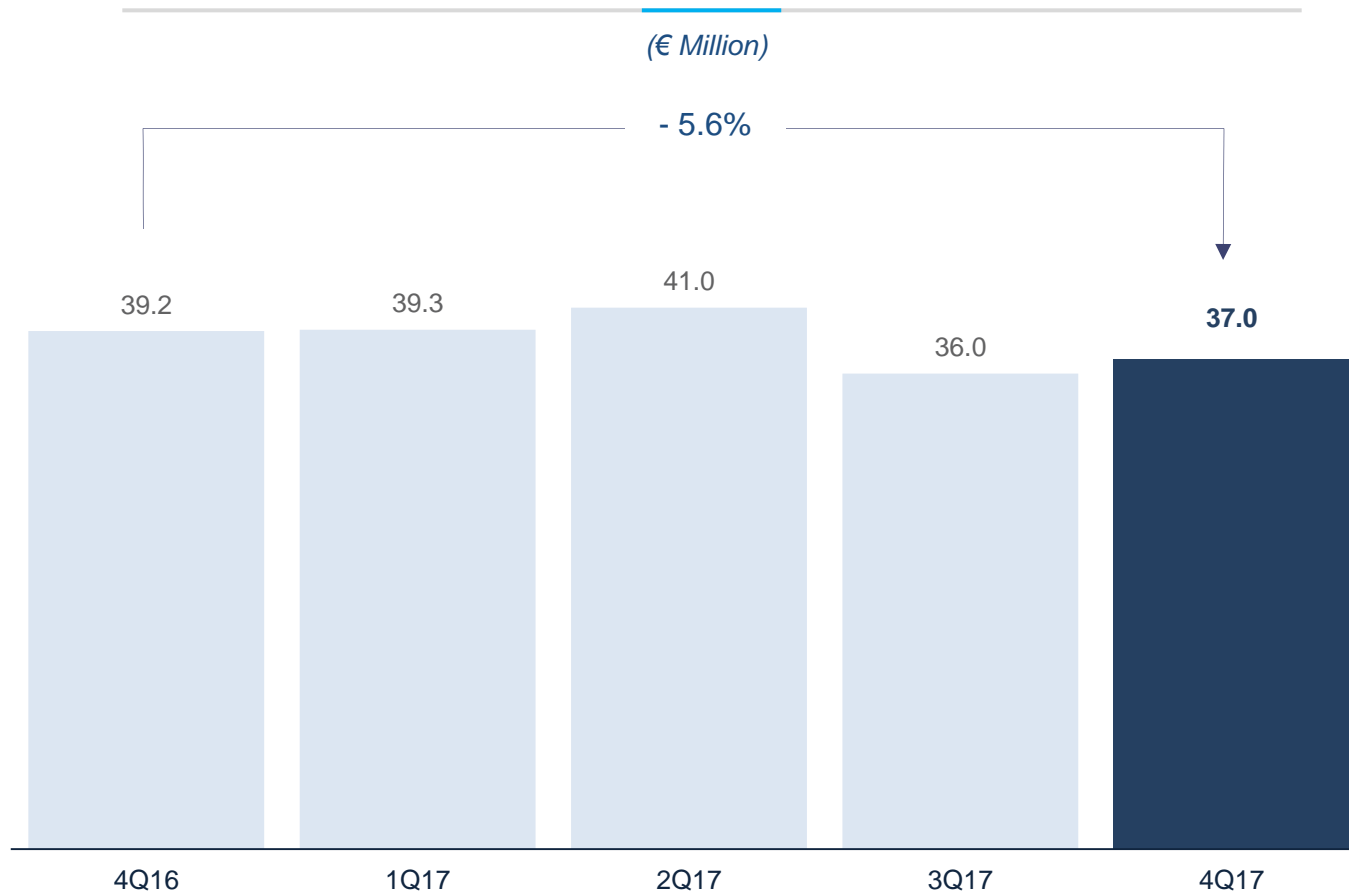
# Net profit





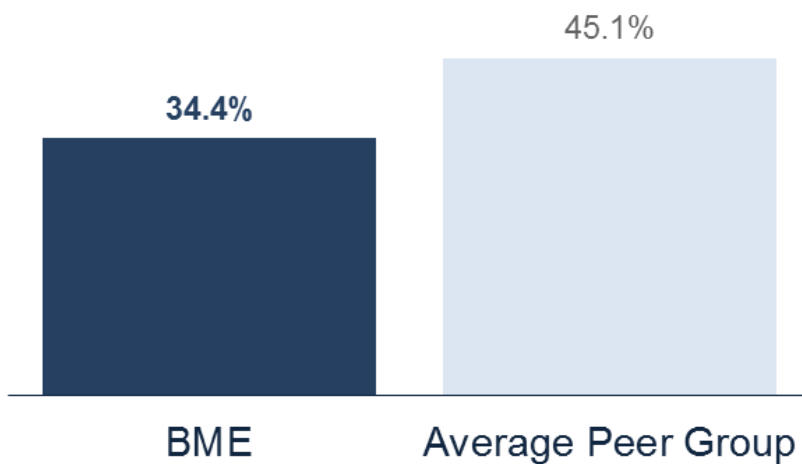
## RESULTS

# Net profit

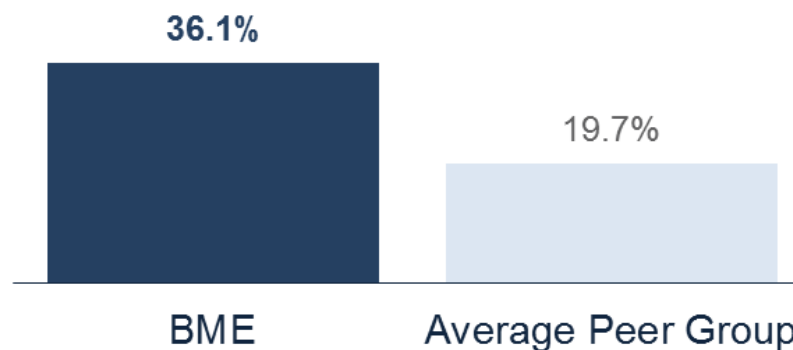


# Key ratios benchmarking

- Efficiency



- ROE



*- BME's data as of 31/12/2017*

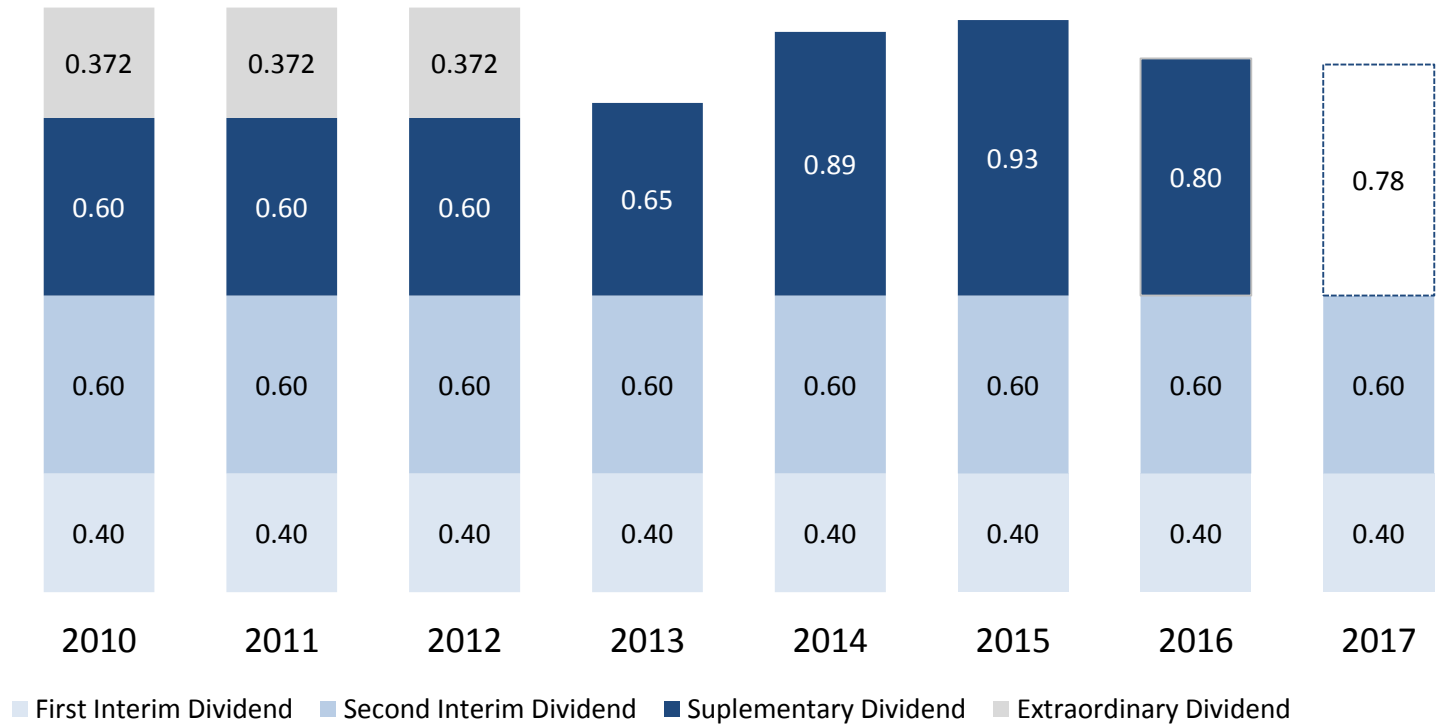
*- Average peer Group figures are calculated using last results published and not taking account of goodwill impairment charges.*





# Dividends: Maximizing shareholders' returns

<b>Pay Out</b>	<b>86%</b>	<b>86%</b>	<b>98%</b>	<b>96%</b>	<b>96%</b>	<b>93%</b>	<b>93%</b>	<b>96%</b>
<b>Total Dividends</b>	<b>1.972</b>	<b>1.972</b>	<b>1.972</b>	<b>1.65</b>	<b>1.89</b>	<b>1.93</b>	<b>1.80</b>	<b>1.78</b>



## Sustainability of Pay-Out

Supplementary dividend proposal: 0.78 €/share (11<sup>th</sup> May 2018)



# Index

Results

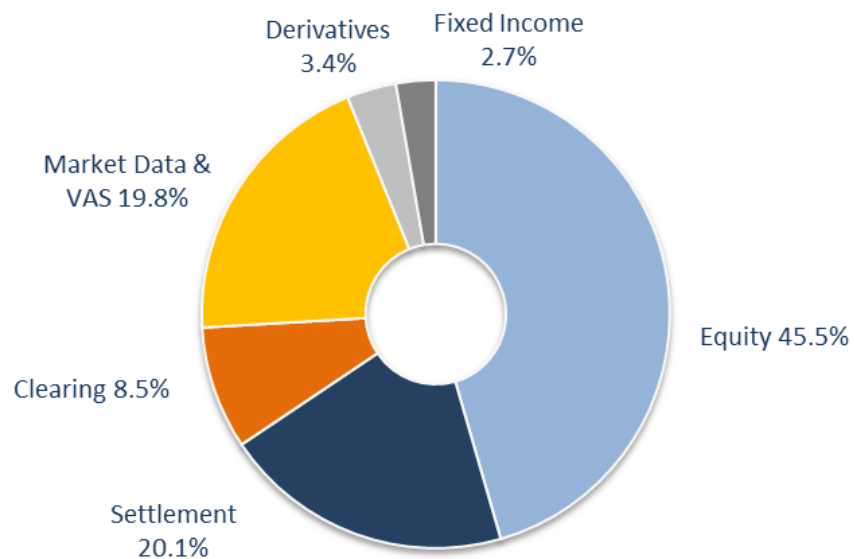
**Business Units**

Financials

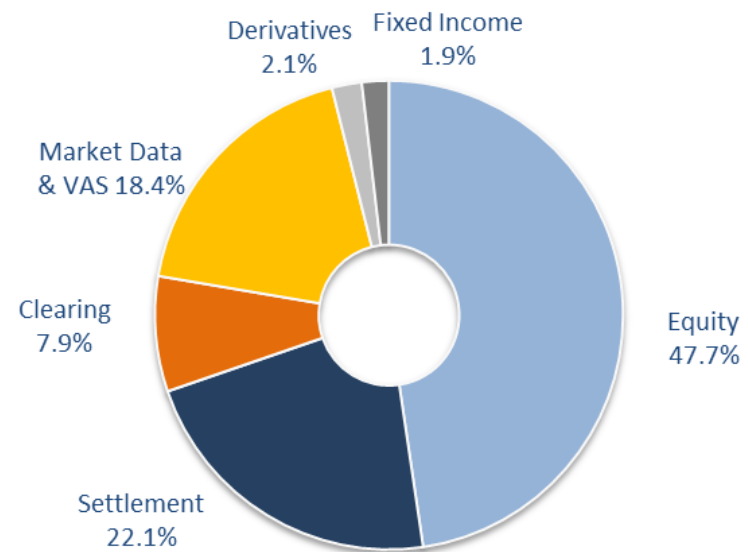
Business Drivers

# Business Areas

## Consolidated Net Revenues FY 2017 - %



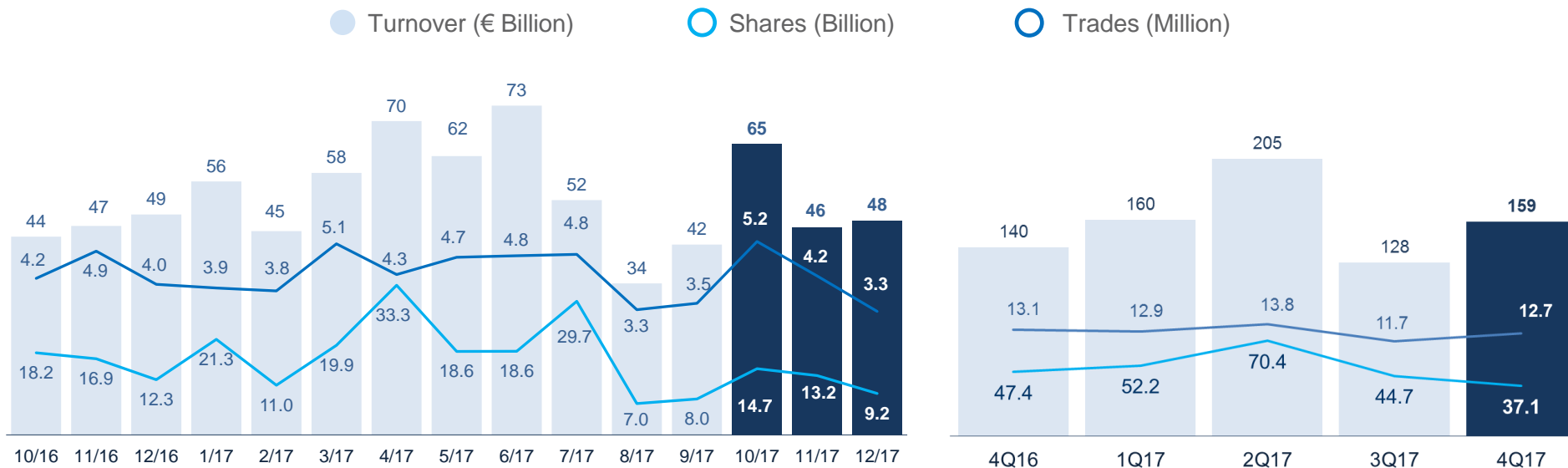
## EBITDA FY 2017 - %



# Equity Market

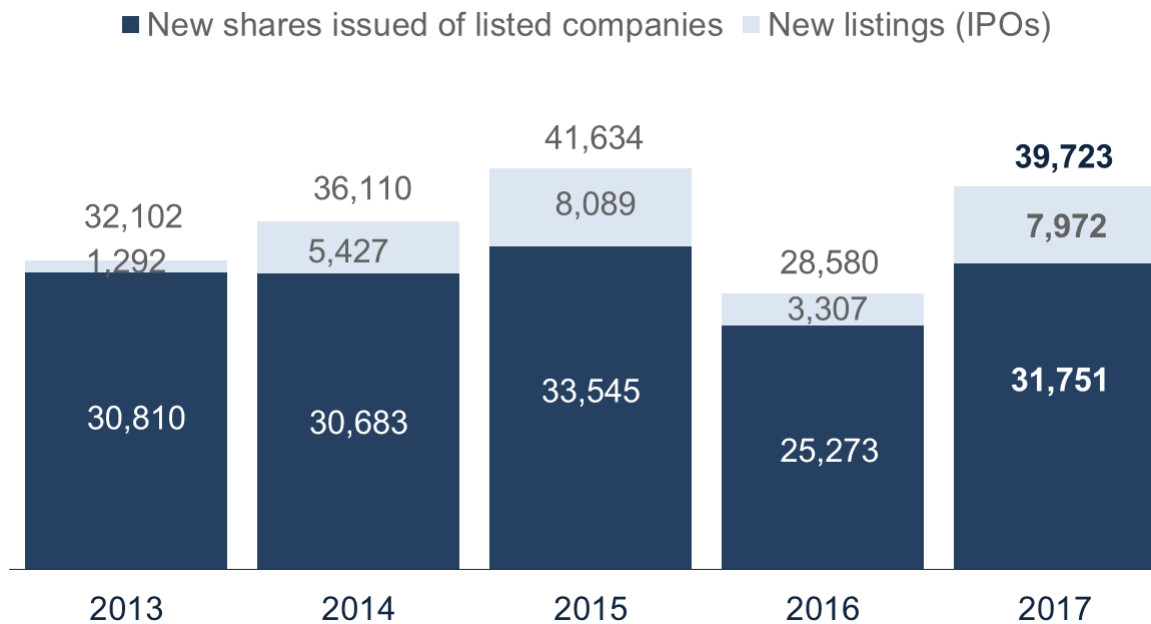
Thousands of €	4Q 2017	4Q 2016	%	FY 2017	FY 2016	%
<b>Net Revenue</b>	34,909	37,778	-7.6%	144,456	145,505	-0.7%
<b>Operating Costs</b>	(10,893)	(11,159)	-2.4%	(41,866)	(42,088)	-0.5%
<b>EBITDA</b>	<b>24,016</b>	<b>26,619</b>	<b>-9.8%</b>	<b>102,590</b>	<b>103,417</b>	<b>-0.8%</b>

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



# Equity Market

## Listing activity



- Total investment flows channeled to the Exchange of €39.7 billion (+39.0%).
- The total amount of IPOs for 2017 reached €8.0 billion (+141.1%), making BME one of the leader markets in Europe.
- The financing of listed companies reached €31.8 billion (+25.6%).

Source: FESE (Federation of European Stock Exchanges)

# Fixed income

<i>Thousands of €</i>	<b>4Q 2017</b>	<b>4Q 2016</b>	<b>%</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>%</b>
<b>Net Revenue</b>	2,152	2,288	-5.9%	8,683	9,242	-6.0%
<b>Operating Costs</b>	(1,175)	(1,225)	-4.1%	(4,682)	(4,916)	-4.8%
<b>EBITDA</b>	<b>977</b>	<b>1,063</b>	<b>-8.1%</b>	<b>4,001</b>	<b>4,326</b>	<b>-7.5%</b>

## AIAF. Volume admitted



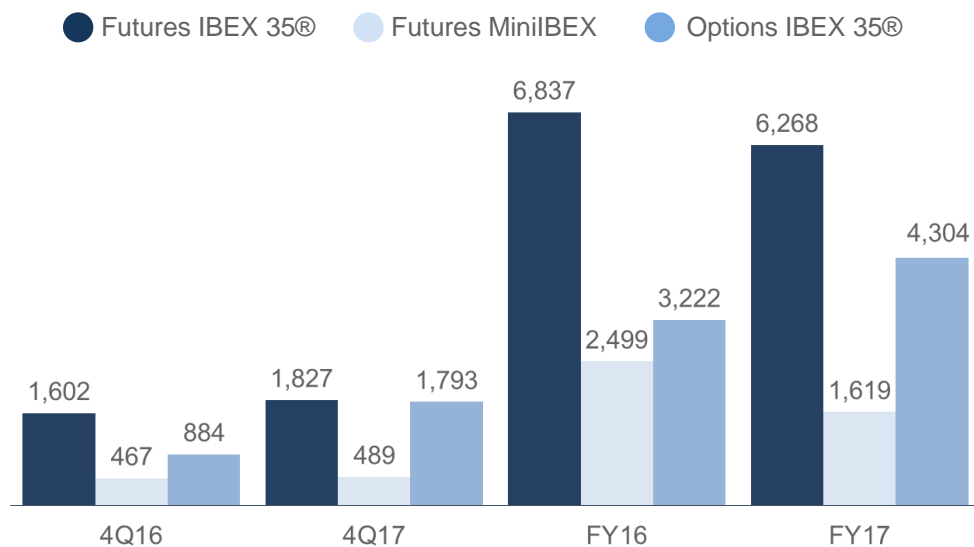
- The primary Fixed Income market shows signs of recovery: Private Fixed Income issuance for the fourth quarter increased by 23.6% with respect to 2016, Public Debt by 79.3% and MARF by 27.8% .
- Positive year for the Alternative Fixed Income Market (MARF) with an increase in the issuance of 74.1% over 2016, for an amount of €4.0 billion.

# Derivatives

<i>Thousands of €</i>	<b>4Q 2017</b>	<b>4Q 2016</b>	<b>%</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>%</b>
<b>Net Revenue</b>	3,369	2,635	27.9%	10,841	10,870	-0.3%
<b>Operating Costs</b>	(2,494)	(1,501)	66.2%	(6,392)	(5,680)	12.5%
<b>EBITDA</b>	<b>875</b>	<b>1,134</b>	<b>-22.8%</b>	<b>4,449</b>	<b>5,190</b>	<b>-14.3%</b>

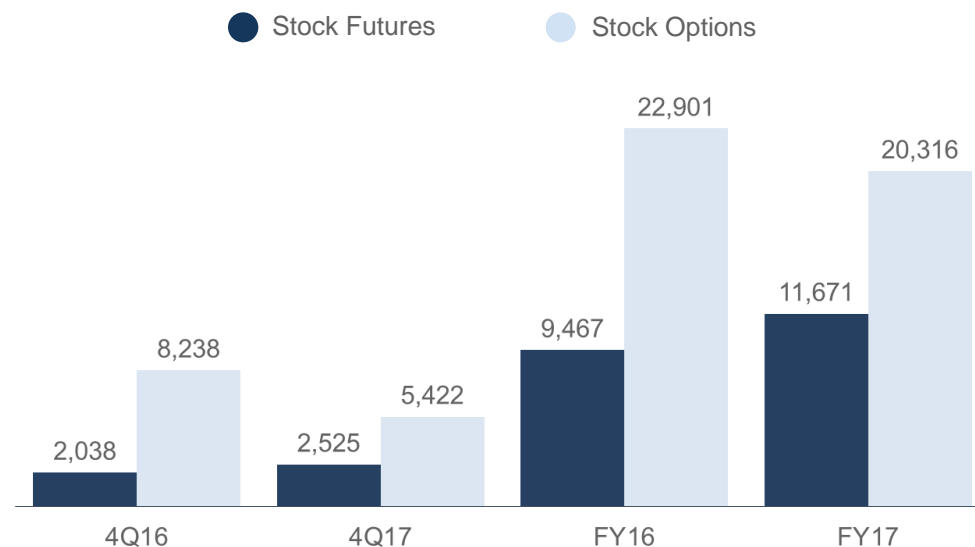
## Index derivatives contracts traded

(Thousand of contracts)



## Stock derivatives contracts traded

(Thousand of contracts)

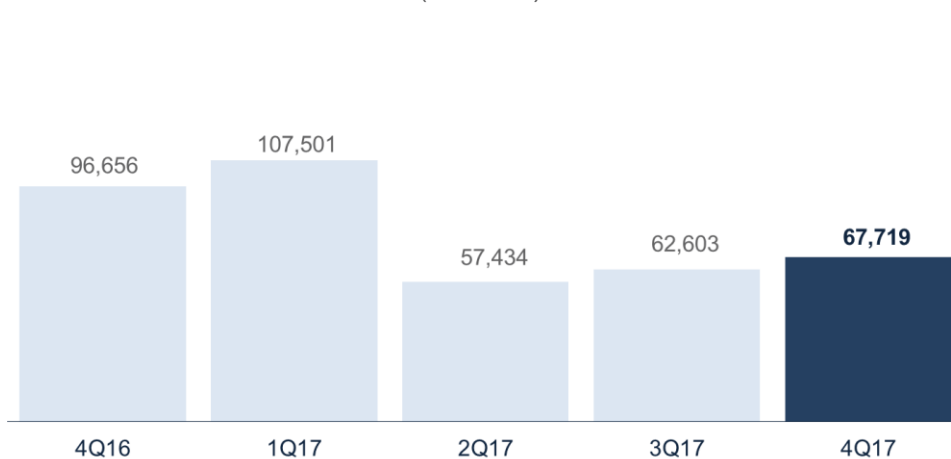


# Clearing

<i>Thousands of €</i>	<b>4Q 2017</b>	<b>4Q 2016</b>	<b>%</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>%</b>
<b>Net Revenue</b>	6,608	7,413	-10.9%	26,961	24,419	10.4%
<b>Operating Costs</b>	(2,607)	(2,691)	-3.1%	(9,868)	(9,608)	2.7%
<b>EBITDA</b>	<b>4,001</b>	<b>4,722</b>	<b>-15.3%</b>	<b>17,093</b>	<b>14,811</b>	<b>15.4%</b>

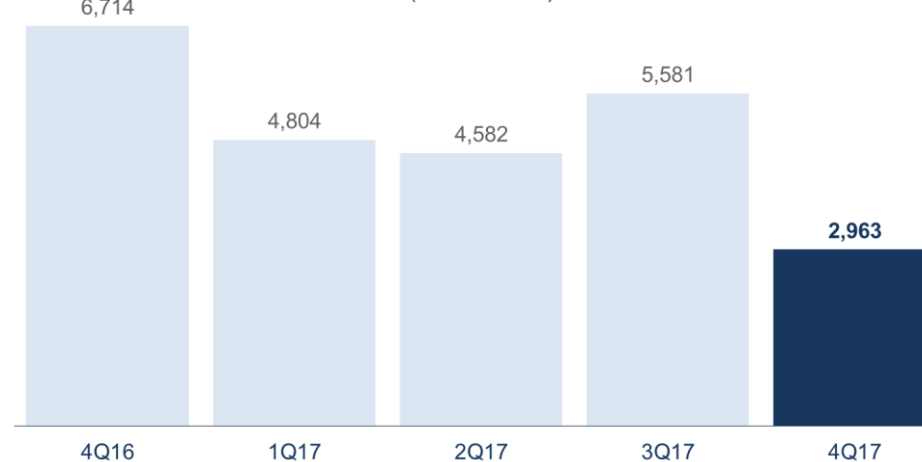
## Turnover BME Clearing REPO

(€ Million)



## Volume (Mwh) traded in Energy market

(Thousand)





# Settlement & Registration

<i>Thousands of €</i>	<b>4Q 2017</b>	<b>4Q 2016</b>	<b>%</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>%</b>
<b>Net Revenue</b>	14,613	16,175	-9.7%	63,675	68,373	-6.9%
<b>Operating Costs</b>	(4,363)	(5,033)	-13.3%	(16,186)	(16,922)	-4.3%
<b>EBITDA</b>	<b>10,250</b>	<b>11,142</b>	<b>-8.0%</b>	<b>47,489</b>	<b>51,451</b>	<b>-7.7%</b>

## Settlement: Number of trades settled

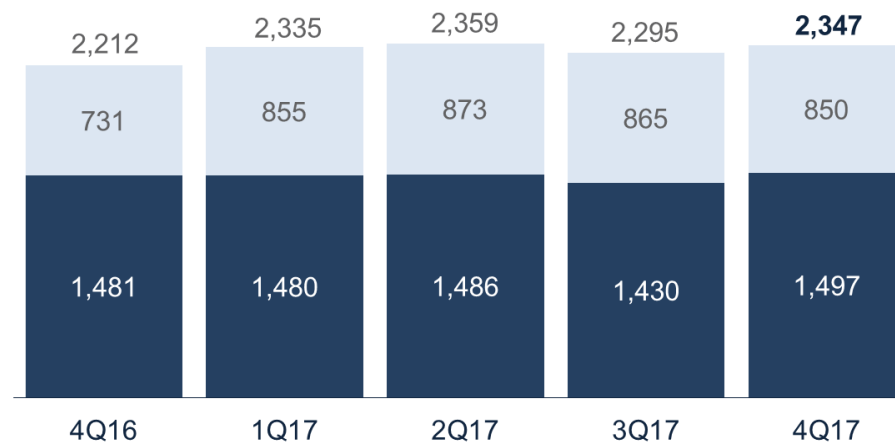
(Million of trades)



## Securities under custody: Volume registered

(€ Billion)

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

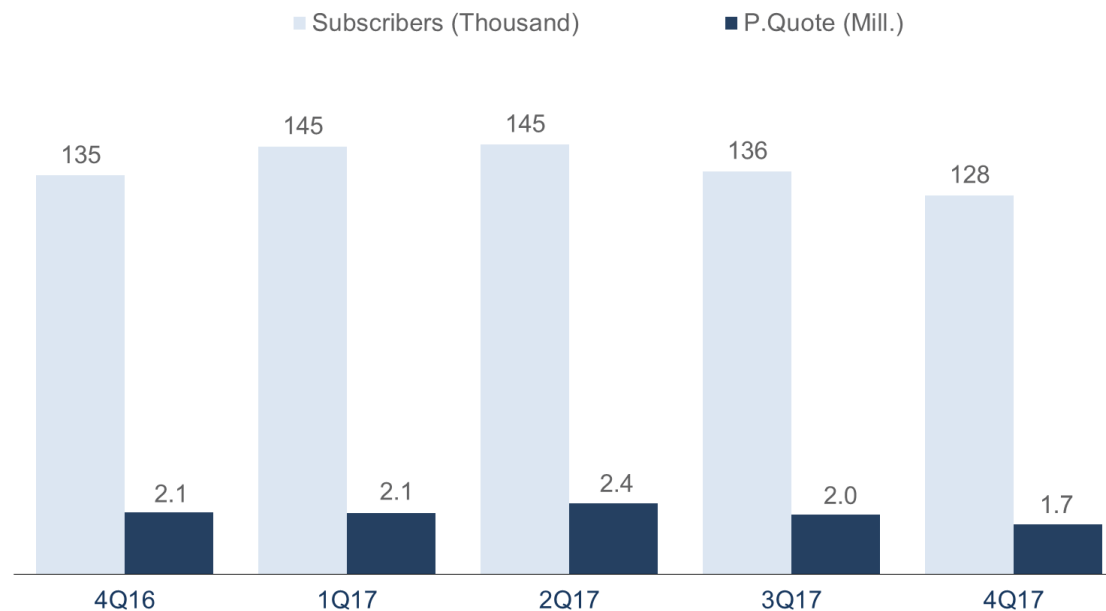


# Market Data & VAS

<i>Thousands of €</i>	<b>4Q 2017</b>	<b>4Q 2016</b>	<b>%</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>%</b>
<b>Net Revenue</b>	17,212	15,125	13.8%	62,731	59,006	6.3%
<b>Operating Costs</b>	(6,427)	(5,172)	24.3%	(23,127)	(18,993)	21.8%
<b>EBITDA</b>	<b>10,785</b>	<b>9,953</b>	<b>8.4%</b>	<b>39,604</b>	<b>40,013</b>	<b>-1.0%</b>

## Information: Subscribers to primary market sources

(Average for the period in thousands of subscribers and millions of accesses per quote)



# Index

Results

Business Units

**Financials**

Business Drivers

# Breakdown by business areas

## Net Revenues

<i>Thousands of €</i>	4Q 2017	4Q 2016	%	FY 2017	FY 2016	%
<b>Equity</b>	34,909	37,778	-7.6%	144,456	145,505	-0.7%
<b>Fixed income</b>	2,152	2,288	-5.9%	8,683	9,242	-6.0%
<b>Derivatives</b>	3,369	2,635	27.9%	10,841	10,870	-0.3%
<b>Clearing</b>	6,608	7,413	-10.9%	26,961	24,419	10.4%
<b>Settlement &amp; Registration</b>	14,613	16,175	-9.7%	63,675	68,373	-6.9%
<b>Market Data &amp; VAS</b>	17,212	15,125	13.8%	62,731	59,006	6.3%

# Breakdown by business areas

## EBITDA

<i>Thousands of €</i>	4Q 2017	4Q 2016	%	FY 2017	FY 2016	%
<b>Equity</b>	24,016	26,619	-9.8%	102,590	103,417	-0.8%
<b>Fixed income</b>	977	1,063	-8.1%	4,001	4,326	-7.5%
<b>Derivatives</b>	875	1,134	-22.8%	4,449	5,190	-14.3%
<b>Clearing</b>	4,001	4,722	-15.3%	17,093	14,811	15.4%
<b>Settlement &amp; Registration</b>	10,250	11,142	-8.0%	47,489	51,451	-7.7%
<b>Market Data &amp; VAS</b>	10,785	9,953	8.4%	39,604	40,013	-1.0%

## FINANCIALS

## Balance sheet

<i>as of December, 30<sup>th</sup></i> <i>(Thousands of €)</i>	<b>2017</b>	<b>2016</b>
<b>Goodwill</b>	88,718	88,718
<b>Other non-current assets</b>	84,979	86,845
<b>Cash and cash equivalents</b>	275,739	224,429
<b>Current financial assets</b>	16,221	59,011
<b>Non-Group current financial assets</b>	22,135,164	22,539,024
<b>Other current assets</b>	82,367	83,438
<b>Total assets</b>	<b>22,683,188</b>	<b>23,081,465</b>
<b>Owners' Equity</b>	430,147	423,792
<b>External Partners</b>	279	258
<b>Non-current liabilities</b>	20,138	20,351
<b>Current liabilities</b>	22,232,624	22,637,064
<b>Total equity and liabilities</b>	<b>22,683,188</b>	<b>23,081,465</b>

## FINANCIALS

## P/L

<i>Thousands of €</i>	<b>4Q 2017</b>	<b>4Q 2016</b>	<b>%</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>%</b>
<b>Net Revenue</b>	79,221	82,927	-4.5%	319,768	323,695	-1.2%
<b>Expenses</b>	(28,459)	(28,446)	0.0%	(109,980)	(107,611)	2.2%
<b>EBITDA</b>	50,762	54,481	-6.8%	209,788	216,084	-2.9%
<b>EBIT</b>	48,790	52,467	-7.0%	201,709	208,433	-3.2%
<b>Financial results</b>	(264)	(126)	109.5%	65	2,872	-97.7%
<b>Share of profit (loss) of associates</b>	230	(218)	-205.5%	1,094	63	1,636.5%
<b>EBT</b>	48,756	52,123	-6.5%	202,868	211,368	-4.0%
<b>Net Profit</b>	<b>37,027</b>	<b>39,219</b>	<b>-5.6%</b>	<b>153,319</b>	<b>160,260</b>	<b>-4.3%</b>



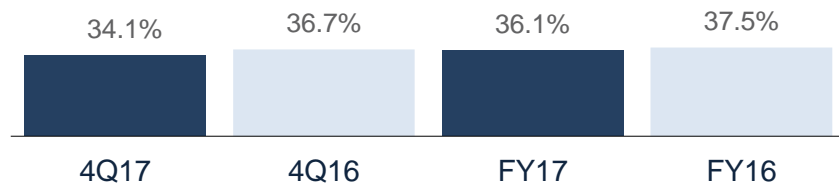


FINANCIALS

# Efficiency & Profitability

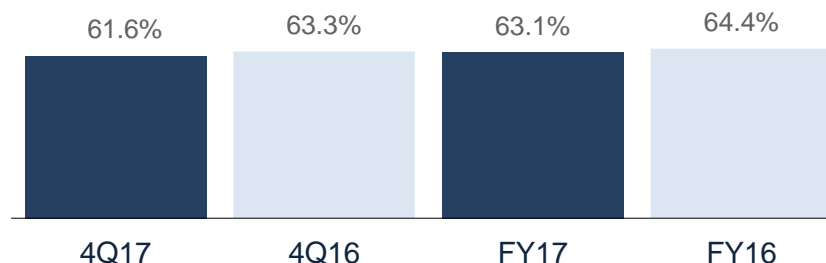
ROE Evolution

(% ROE)



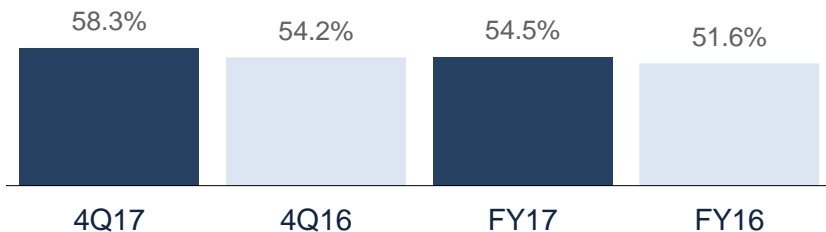
EBIT/Net Revenues Ratio Evolution

(% EBIT/Net Revenues)



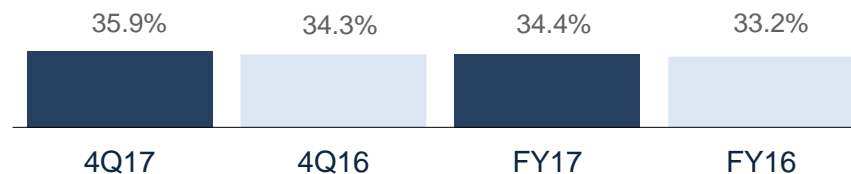
Cost/EBIT Ratio Evolution

(% Cost/EBIT)



Efficiency Ratio Evolution

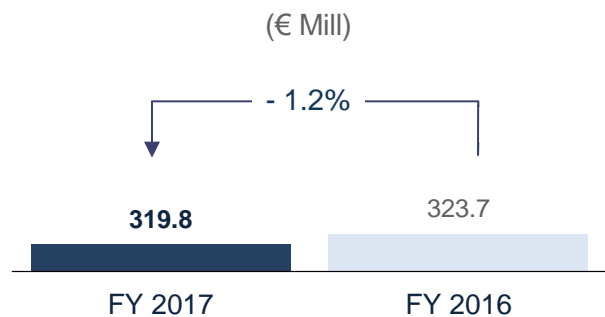
(% Efficiency)



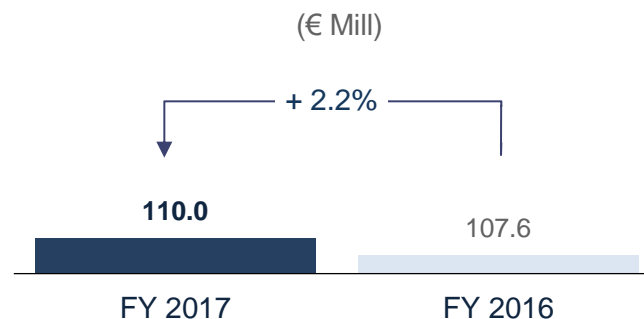
FINANCIALS

# Comparison with FY 2016

## Net Revenue FY 2017/2016

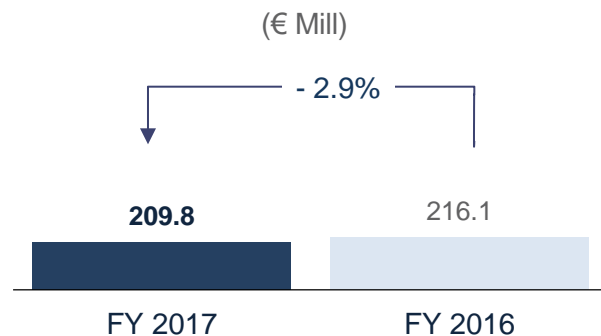


## Costs FY 2017/2016

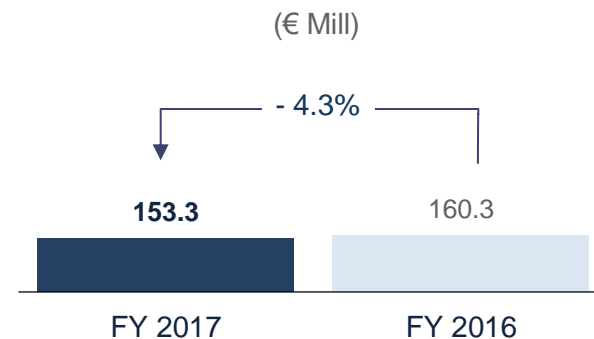


## Margins

## EBITDA FY 2017/2016



## Net Profit FY 2017/2016



# 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	FY17	Daily avg. FY17	Relative weight at EuroStoxx50 (%) <sup>1)</sup>
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	154.3	0.60	3.55%
2	 INTESA SANPAOLO	106.8	0.42	1.53%
3	 TOTAL	102.2	0.40	4.57%
4	 BNP PARIBAS	99.2	0.39	2.89%
5	 SIEMENS	97.1	0.39	4.40%
6	 DAIMLER	90.8	0.36	2.70%
7	 BBVA	88.5	0.35	2.00%
8	 ING	86.9	0.34	2.44%
9	 Allianz	84.0	0.33	3.32%
10	 Bayer	83.5	0.33	4.22%
11	 Telefonica	82.5	0.32	1.79%
21	 INDITEX	60.5	0.24	1.63%
31	 IBERDROLA	52.2	0.20	1.74%

Source: Bloomberg

1) As of 31/12/17

## Business drivers

## Highly liquid market

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

Year/Month	IBEX35 Avg. Spread (%)	IBEX Medium Cap Avg. Spread (%)	IBEX SmallCap Avg. Spread (%)
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%
201704	0.050%	0.252%	0.502%
201705	0.050%	0.248%	0.454%
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%

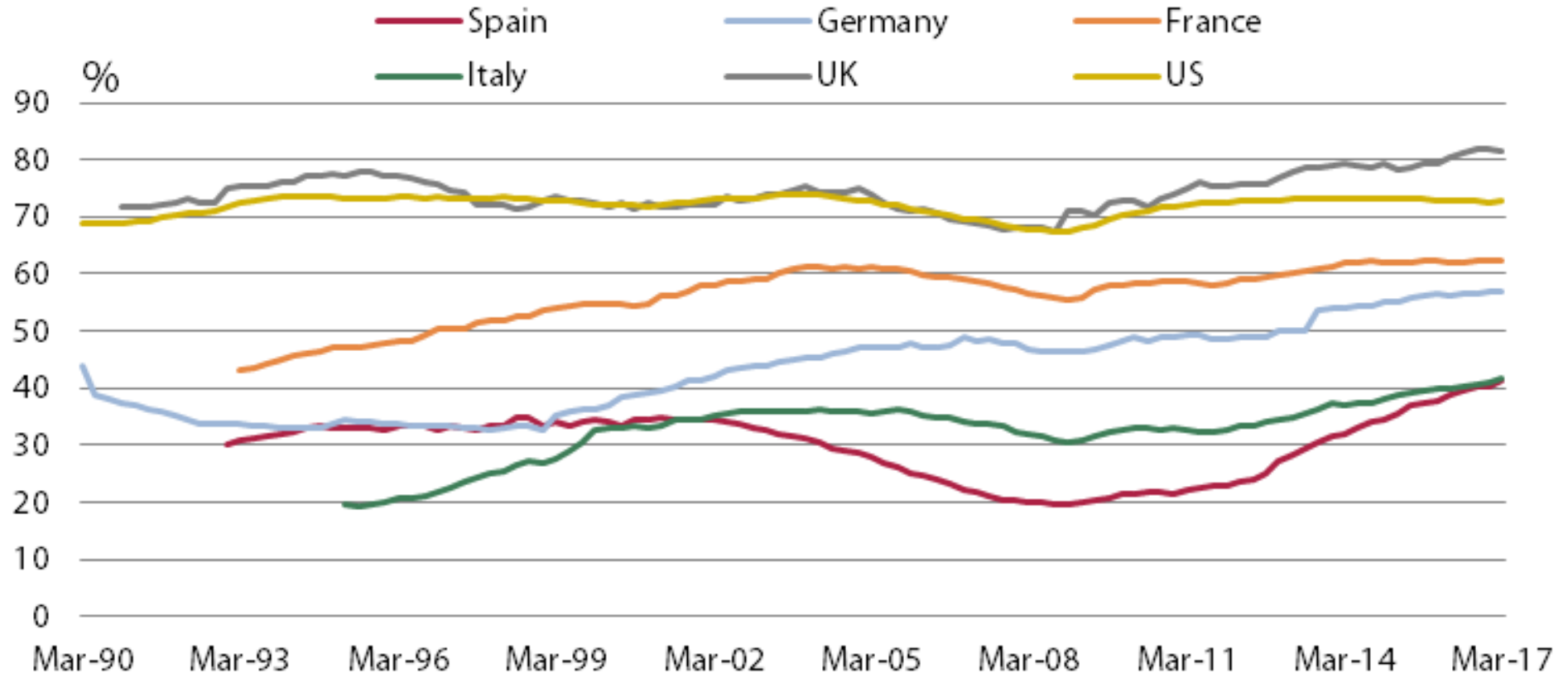
# IBEX

The IBEX 35® spread has narrowed by 1.1 basis points in the last year to 5.1 basis points.

During 2017 the spread of the IBEX® Medium Cap improved by 3.9 basis points, while that of the IBEX® SmallCap, more volatile, ended the year 2.8 basis points below the start of the year.

Structural framework. Market financing

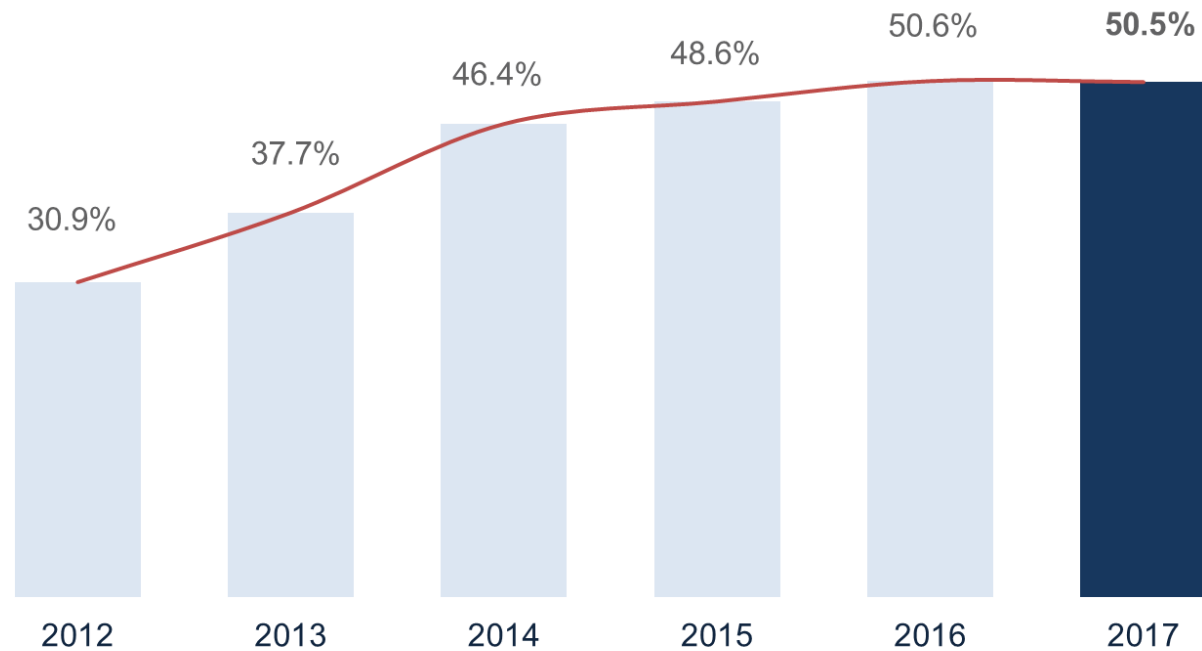
# Market financing (%) vs banking of non financial companies (1990 – 2017)



Source: CNMV with data of Dealogic y Central Banks. Data until the first quarter of 2017

Structural framework. Market financing

## SMCs volume trading. Relative weight (2012-2017)



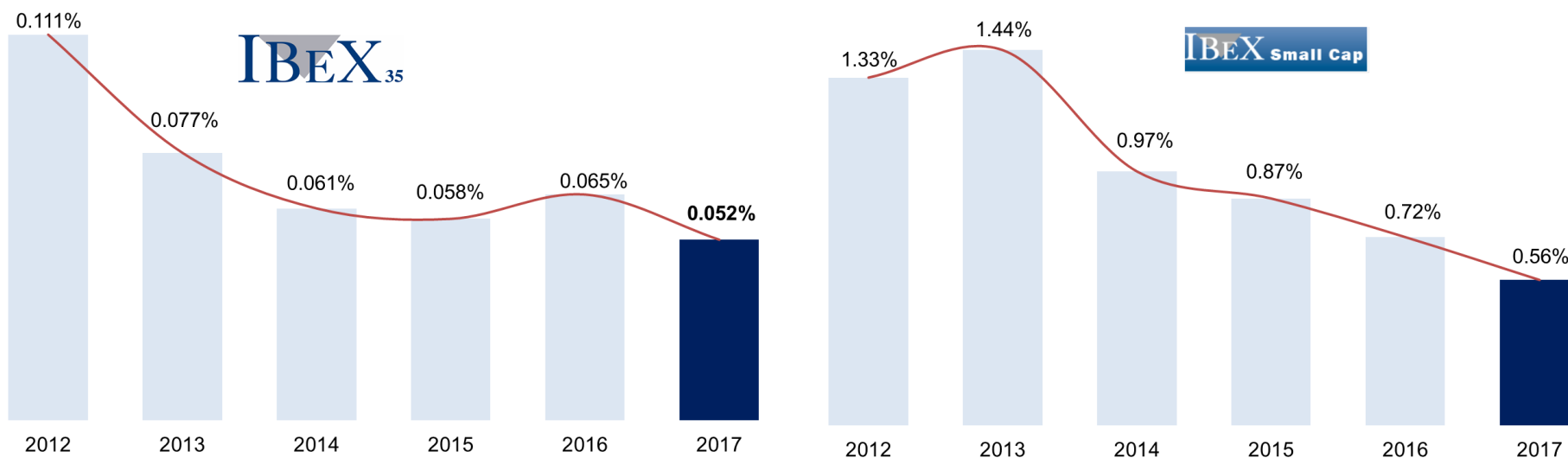
The trading of mid and small capitalisation securities in 2017 maintains a sustained weight in of the total trading, above 50%

Source: Annual Market Report



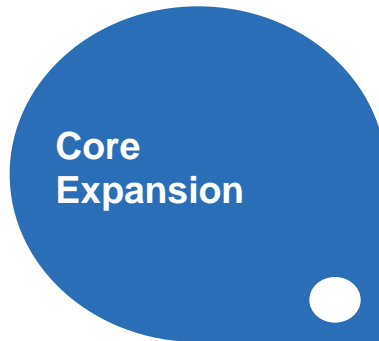
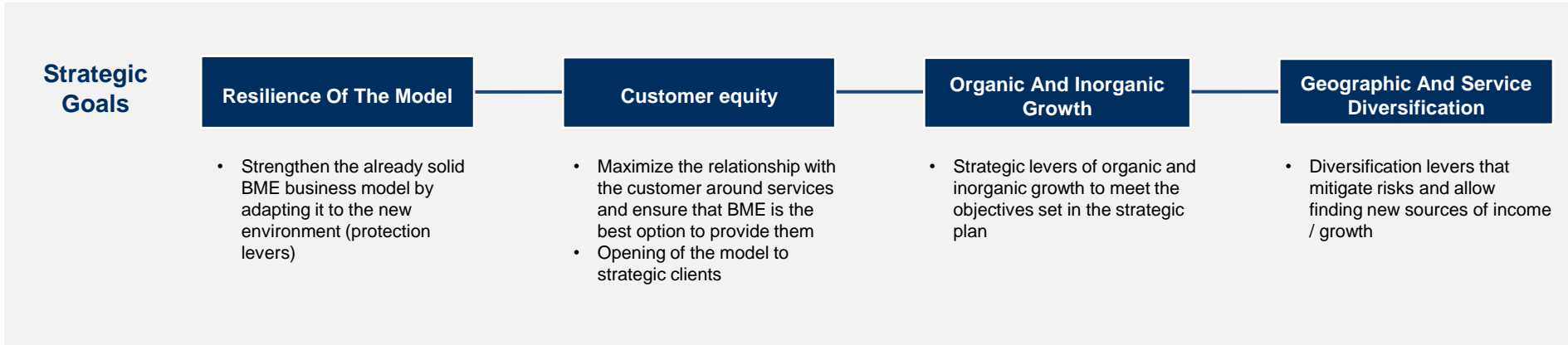
Structural framework. Market financing

# IBEX® 35 and Small Cap bid-ask spread (2012-2017)



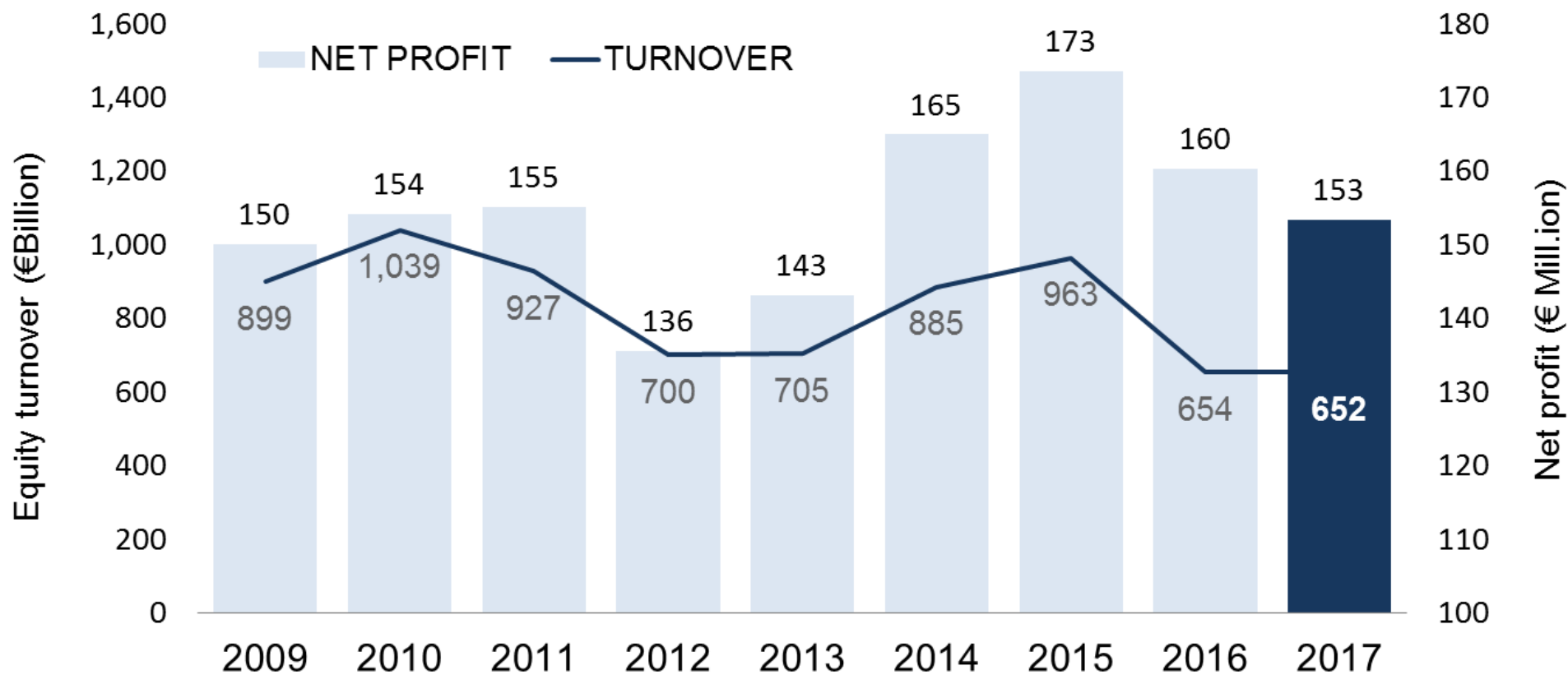
Source: Annual Market Report

# Strategic Goals



RESULTS

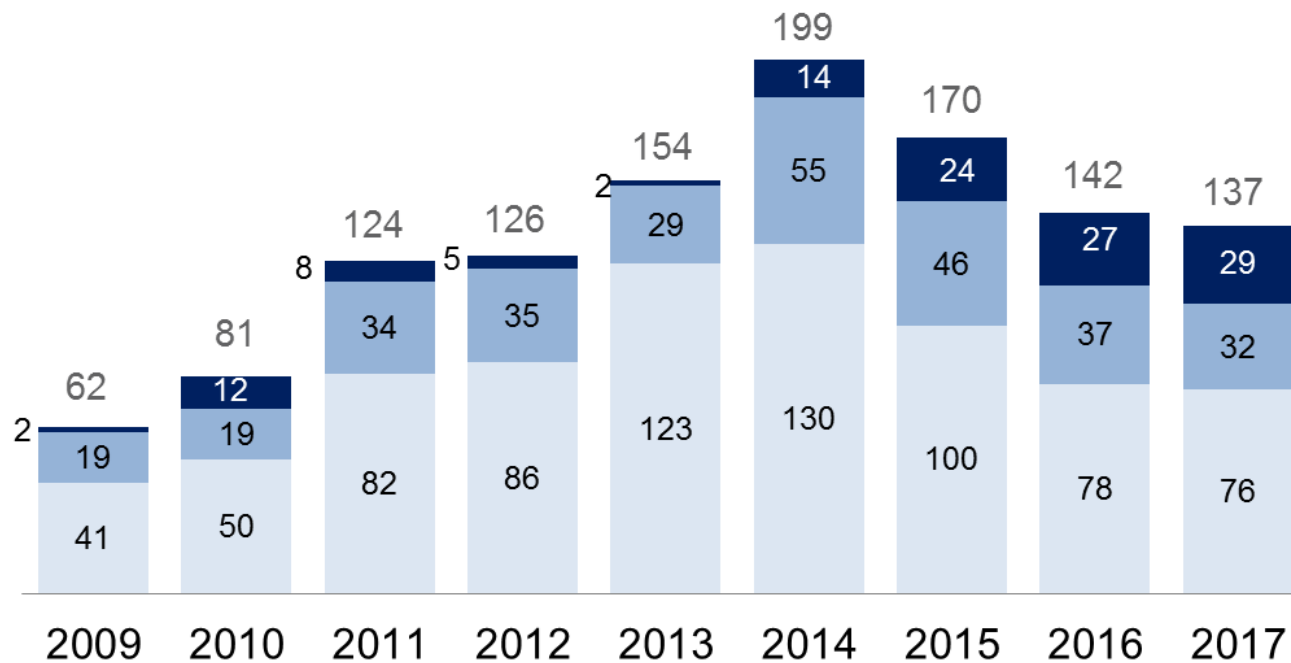
# Net profits and equity turnover evolution



Structural framework. Market financing

# Investment flows channelled through Exchange 2009-2017. Operations breakdown

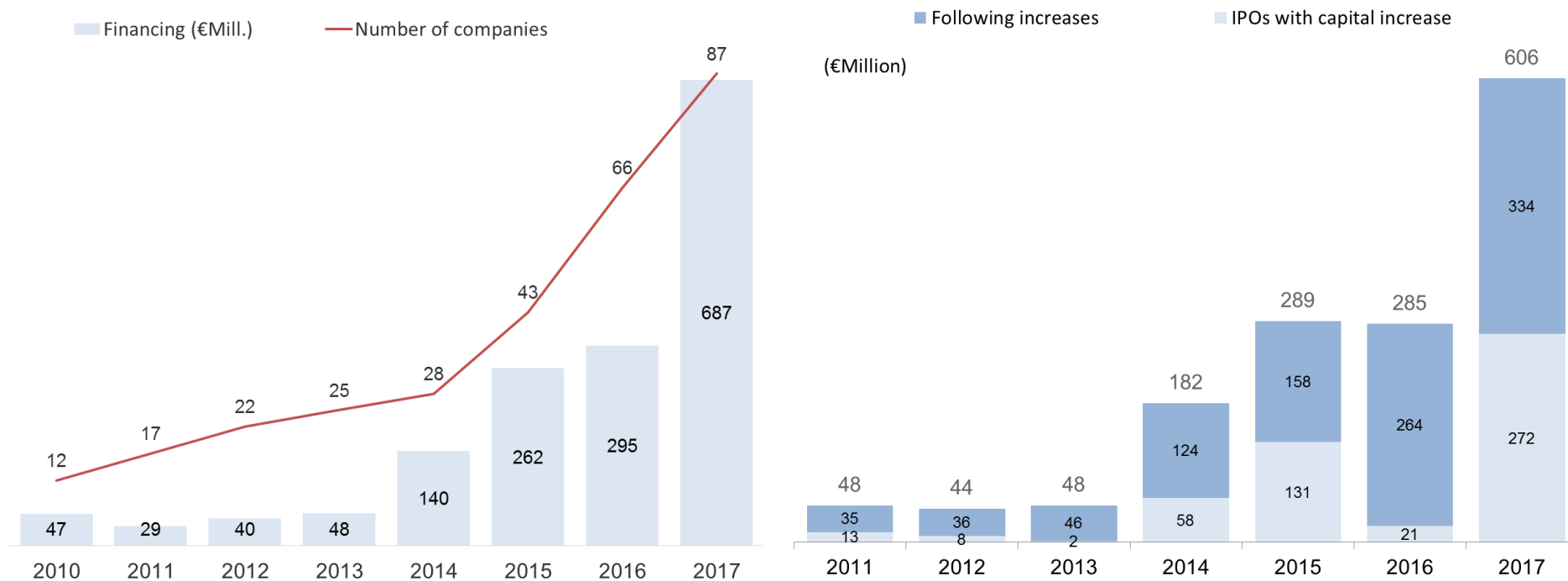
■ Main Market capital increases ■ MAB Capital increases ■ IPO/PSO/LISTING



Source: Market Data

Structural framework. Market financing

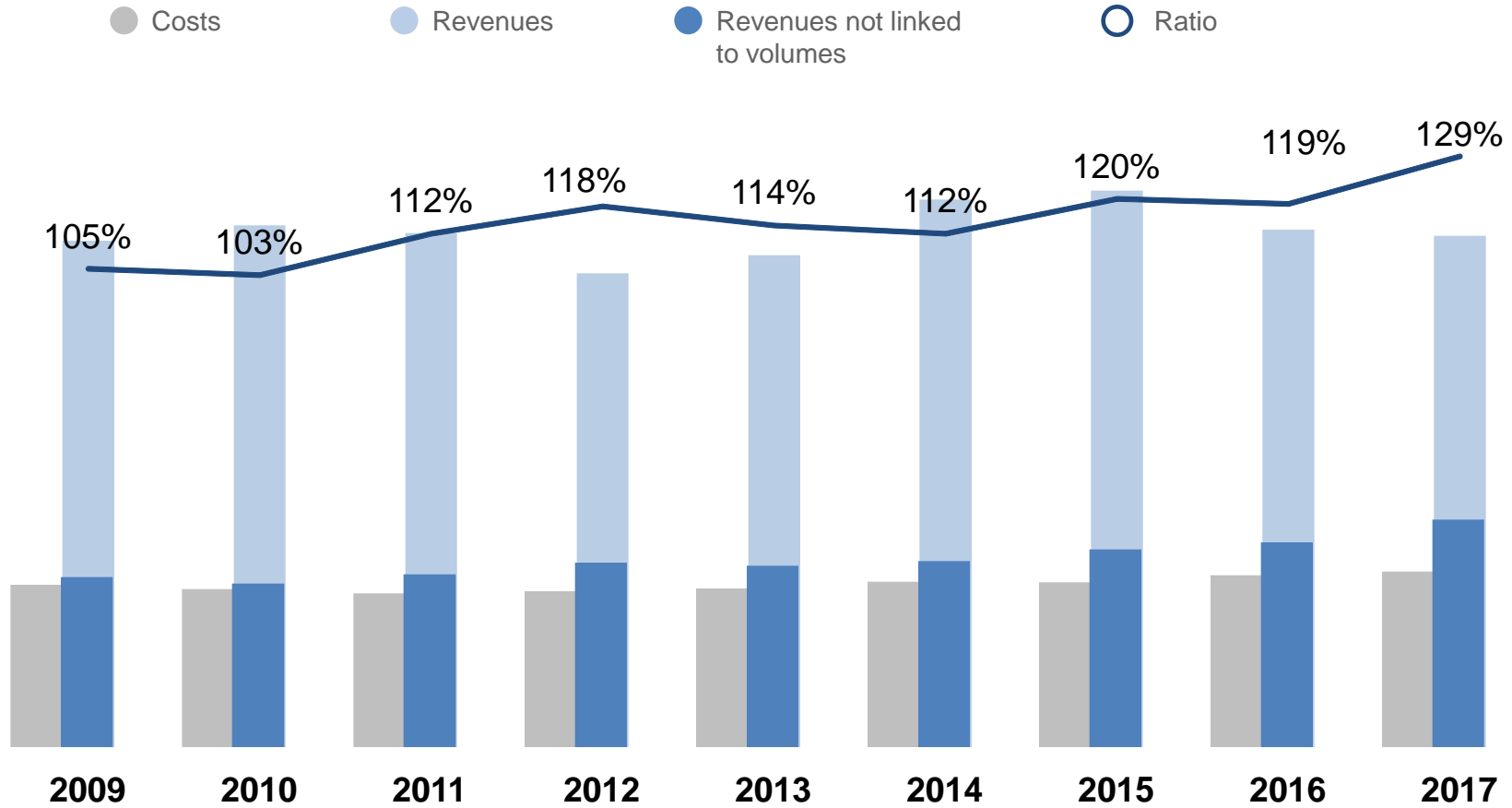
# Alternative Market (MAB): Financing, number of companies and capital increases



Source: Market Data. Growth companies and REITs segments



# Solid operating leverage





# BME 4Companies

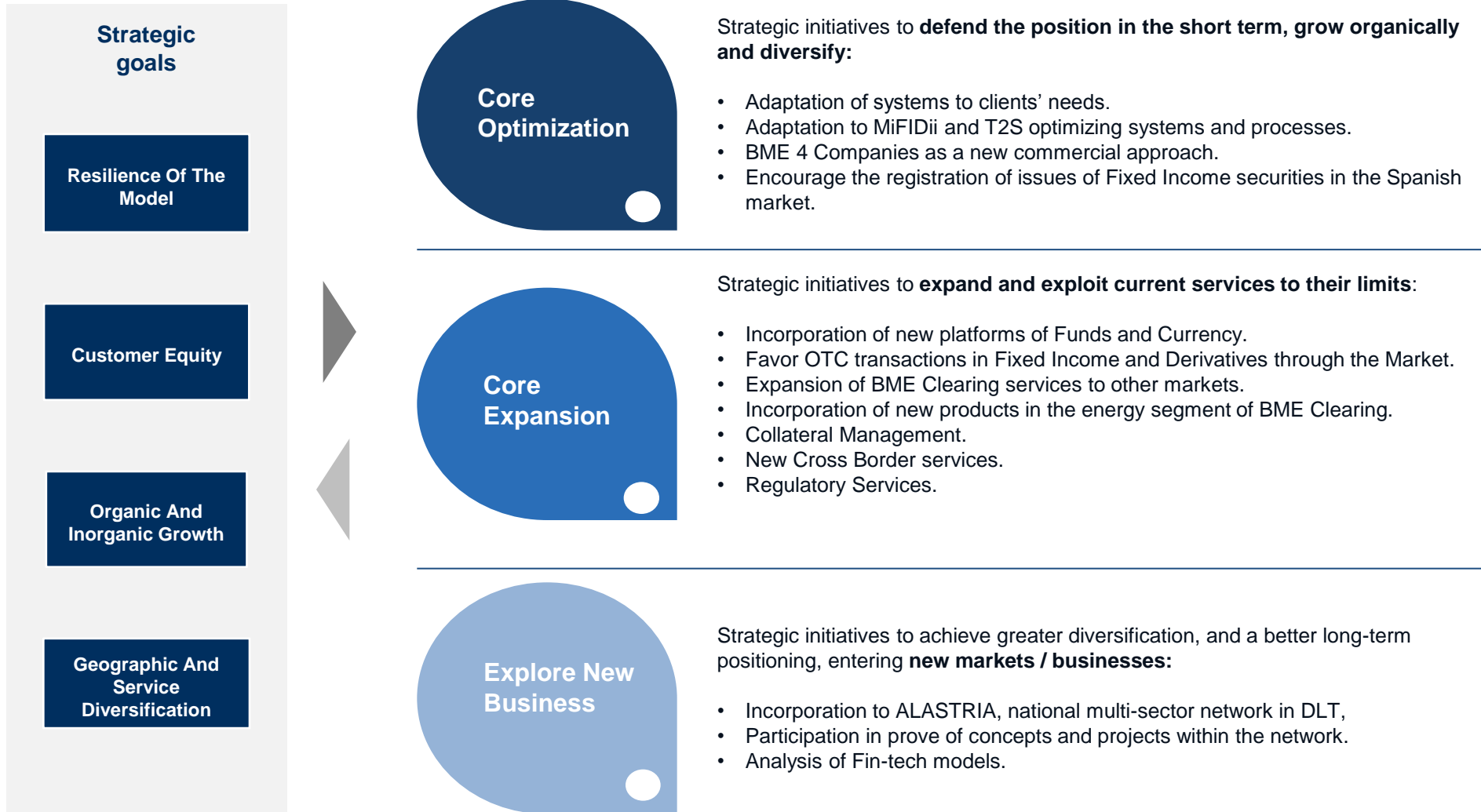
El mercado al servicio de las empresas

A comprehensive solution that Bolsas y Mercados Españoles offers to companies.  
 A broad and competitive range of services and products to enable entrepreneurs to take advantage of all the benefits of securities markets.

**FINANCING**    **VISIBILITY**    **TRANSPARENCY**    **IR SERVICE**    **LIQUIDITY**    **BUSINESS MANAGEMENT**



# Strategic Goals







# Q&A