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# BUSINESS PERFORMANCE

## January–March 2018

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# Index

Results

Business Units

Financials

Business Drivers

# Index

## Results

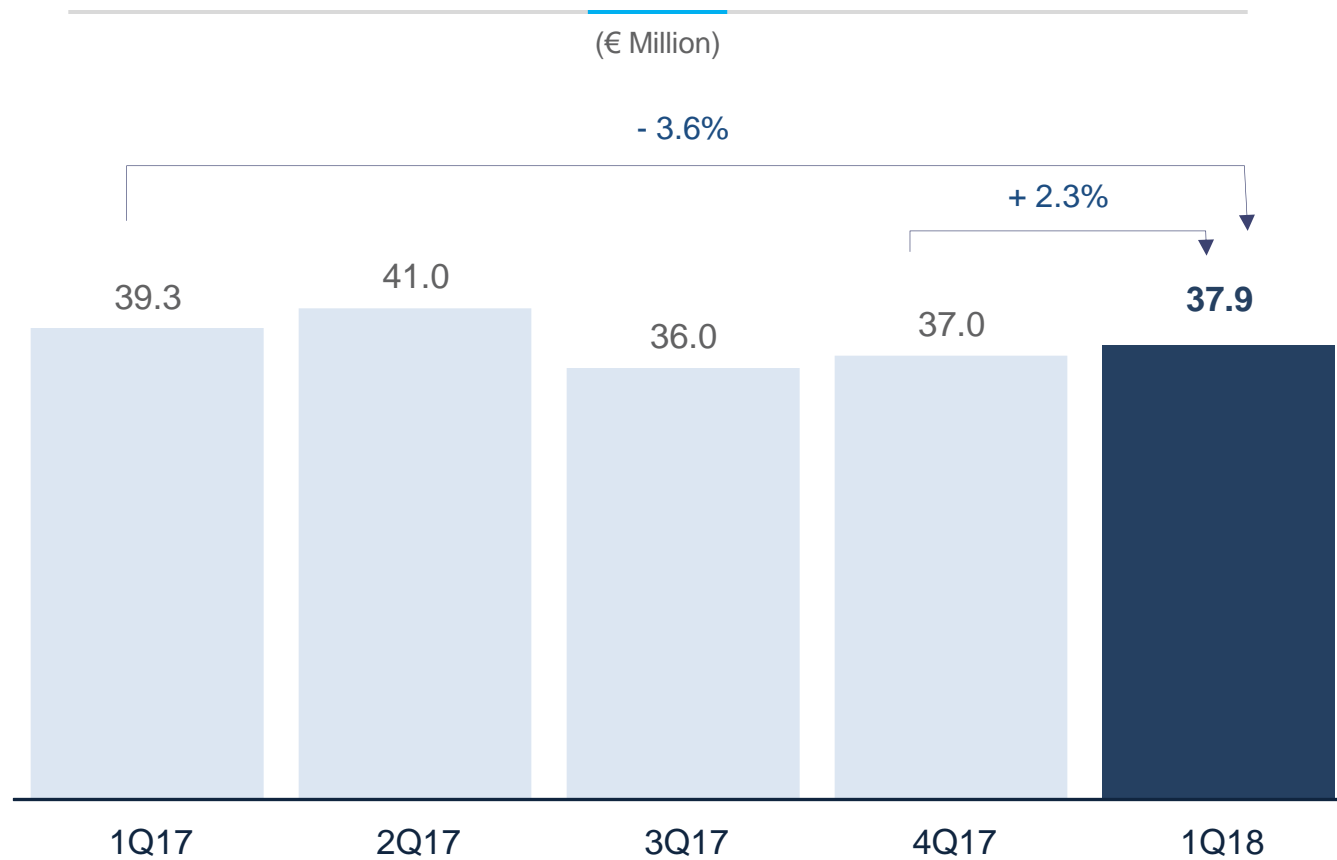
Business Units

Financials

Business Drivers

## RESULTS

# Net Profit

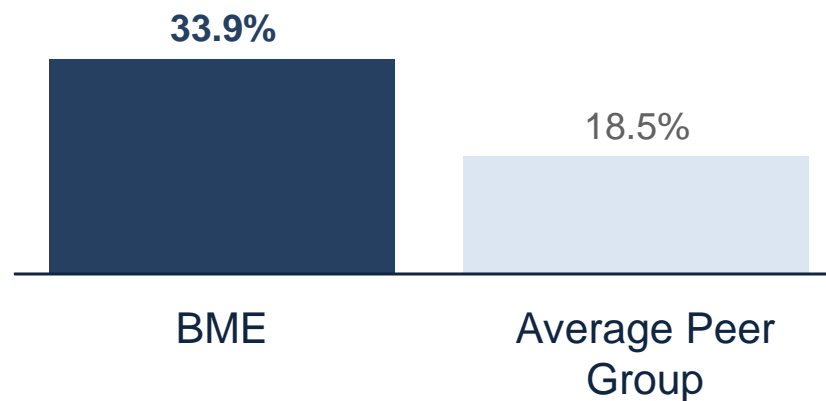
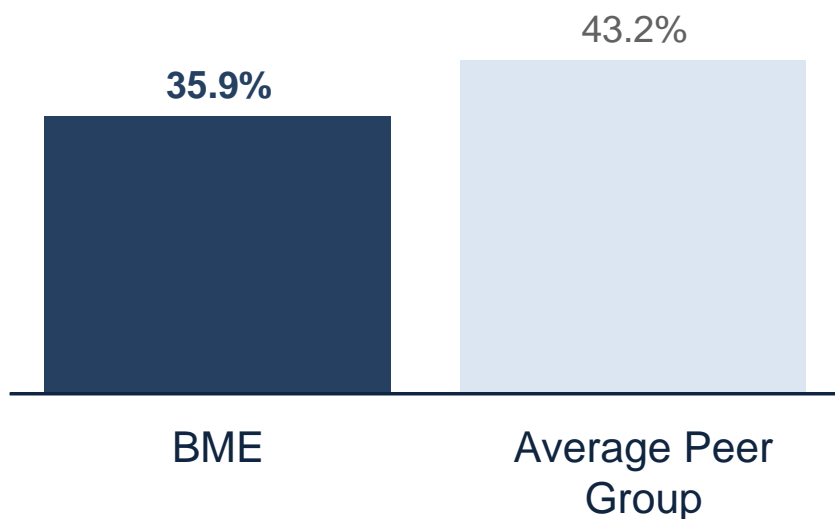


## RESULTS

# Key ratios benchmarking

- Efficiency

- ROE



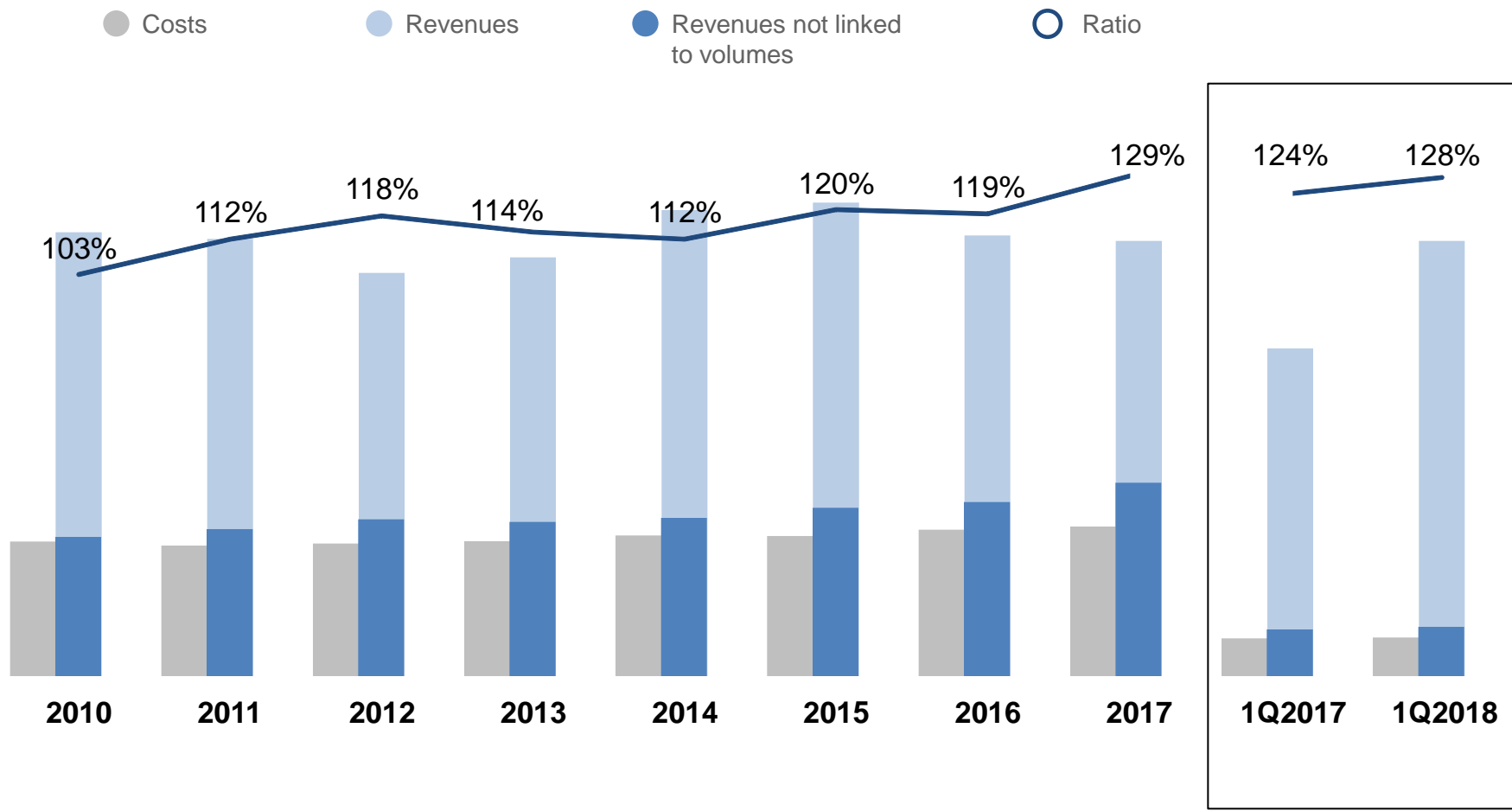
*- BME's data as of 31/03/2018.*

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



RESULTS

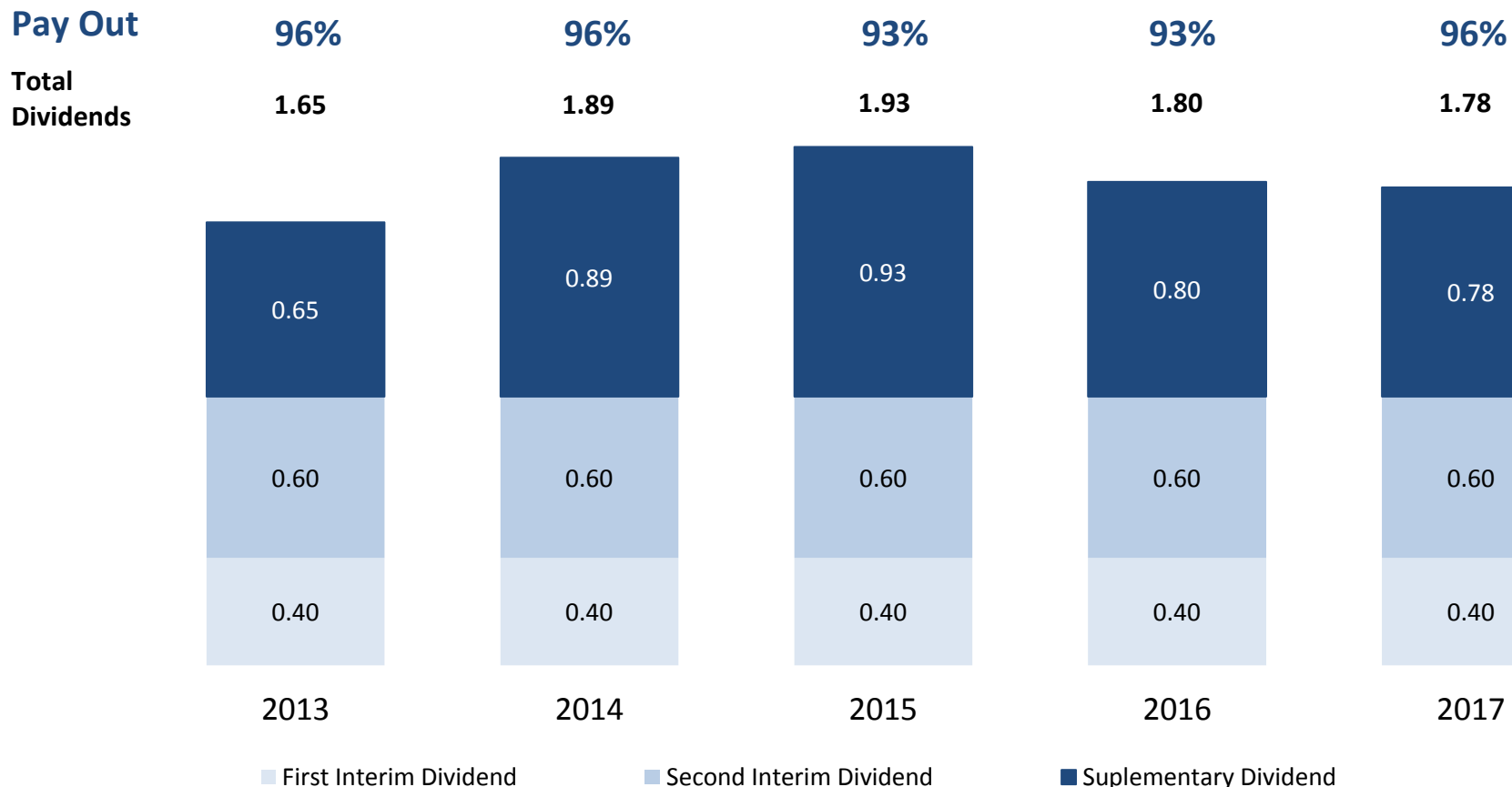
# Solid operating leverage





RESULTS

# Dividends: Maximizing shareholders' returns



## Sustainability of Pay-Out

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



# Index

Results

**Business Units**

Financials

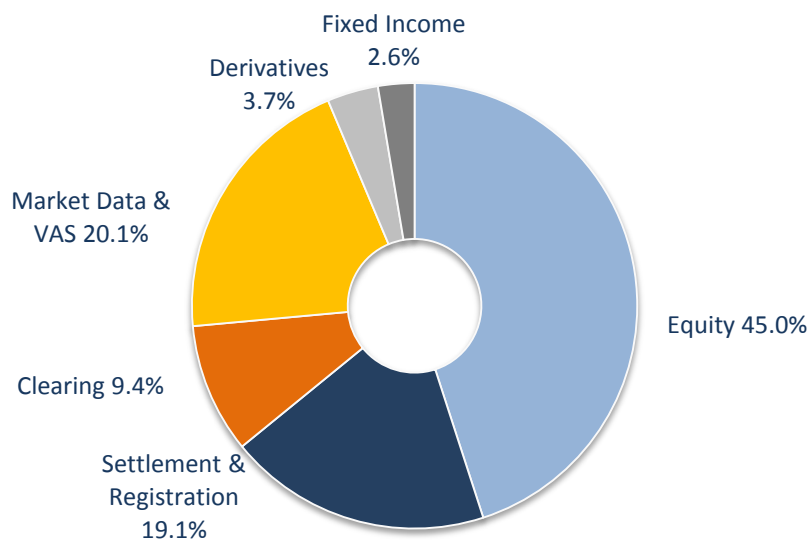
Business Drivers



# Business Areas

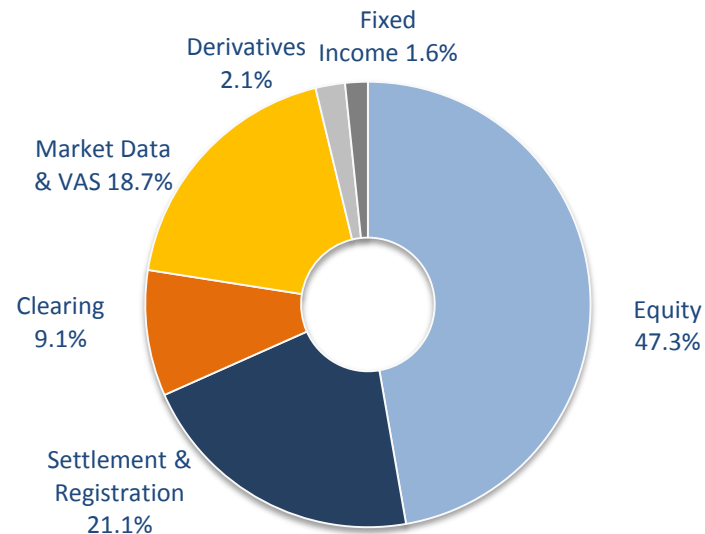
## Consolidated Net Revenues

1Q 2018 - %



## EBITDA

1Q 2018 - %

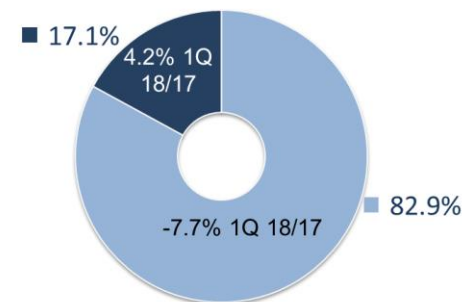




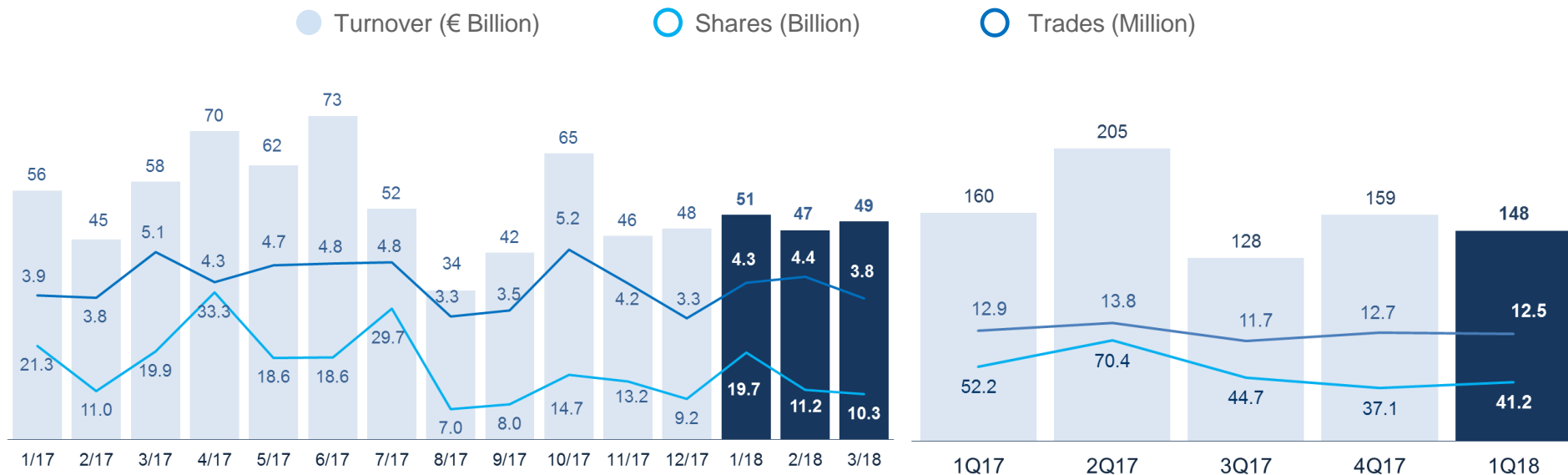
# Equity Market

Thousands of €	1Q 2018	1Q 2017	%
<b>Net Revenue</b>	35,501	37,721	-5.9%
<b>Operating Costs</b>	(10,093)	(10,335)	-2.3%
<b>EBITDA</b>	<b>25,408</b>	<b>27,386</b>	<b>-7.2%</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 Exchange of €4.5 billion in the first quarter, of which, those originating from increases destined for scrip dividends totalled €1.3 billion.

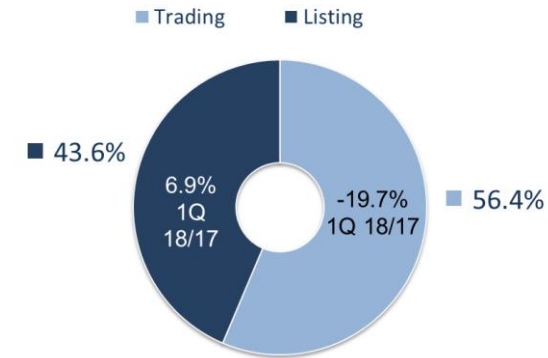
In February shares in Metrovacesa were admitted to trading on the Exchange through a public offering of €645 million. At the close of the quarter there are now 54 REITs in the markets managed by BME, with a capitalisation close to €20 billion.

Source: FESE (Federation of European Stock Exchanges)



# Fixed income

Thousands of €	1Q 2018	1Q 2017	%
<b>Net Revenue</b>	2,084	2,314	-9.9%
<b>Operating Costs</b>	(1,201)	(1,174)	2.3%
<b>EBITDA</b>	<b>883</b>	<b>1,140</b>	<b>-22.5%</b>



## AIAF. Volume admitted



On 1 March more than 80 leading references of the debt from European countries such as Germany, Austria and Holland were already included in the market.

The MARF, Alternative Fixed Income Market, continues to consolidate itself as a new source of financing that complements bank lending. During the first quarter of 2018, the volume issued and admitted grew at a rate of 92.5% compared to the same period of 2017, to stand at €1.7 billion. At the close, the outstanding balance was €2.9 billion, up 40.0%.

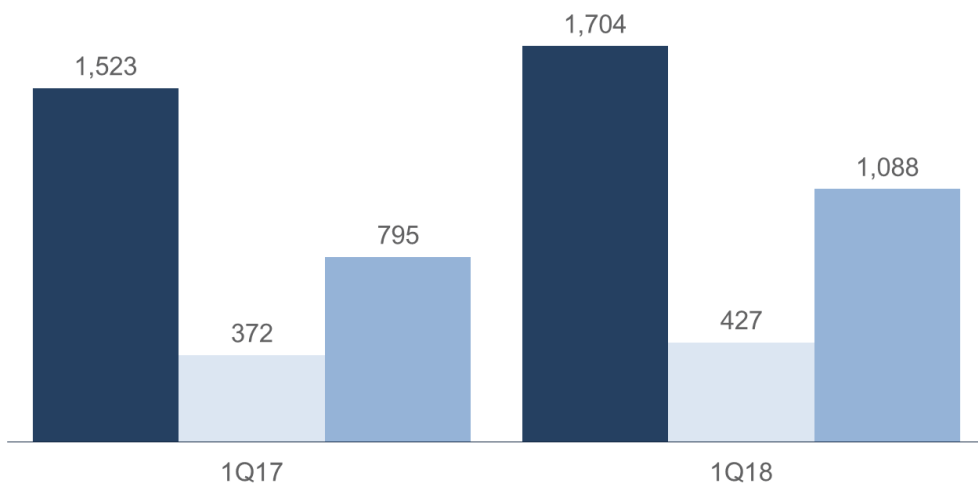
# Derivatives

<i>Thousands of €</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>%</b>
<b>Net Revenue</b>	2,925	2,599	12.5%
<b>Operating Costs</b>	(1,774)	(1,565)	13.4%
<b>EBITDA</b>	<b>1,151</b>	<b>1,034</b>	<b>11.3%</b>

## Index derivatives contracts traded

(Thousand of contracts)

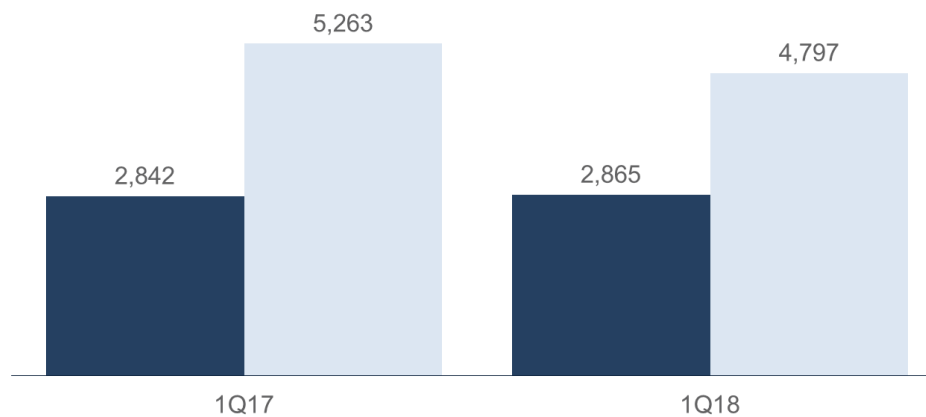
● Futures IBEX 35® ● Futures MiniIBEX ● Options IBEX 35®



## Stock derivatives contracts traded

(Thousand of contracts)

● Stock Futures ● Stock Options



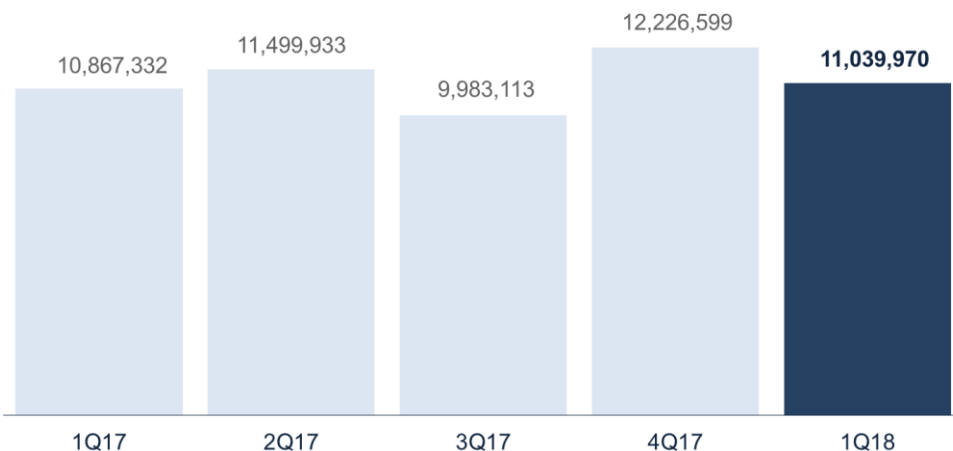


# Clearing

<i>Thousands of €</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>%</b>
<b>Net Revenue</b>	7,436	6,541	13.7%
<b>Operating Costs</b>	(2,524)	(2,323)	8.7%
<b>EBITDA</b>	<b>4,912</b>	<b>4,218</b>	<b>16.5%</b>

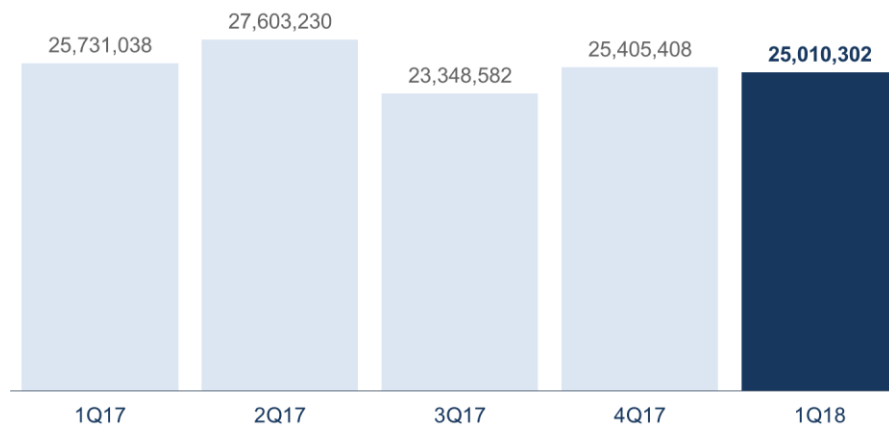
## Financial Derivatives

(Number of contracts)



## Number of equity transactions cleared

(Number of transactions)

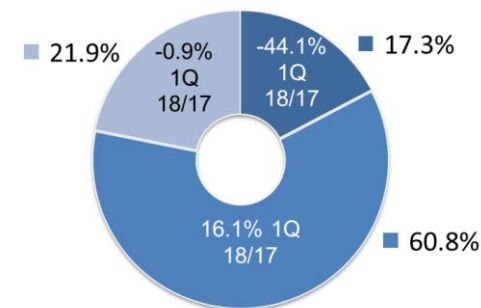




# Settlement & Registration

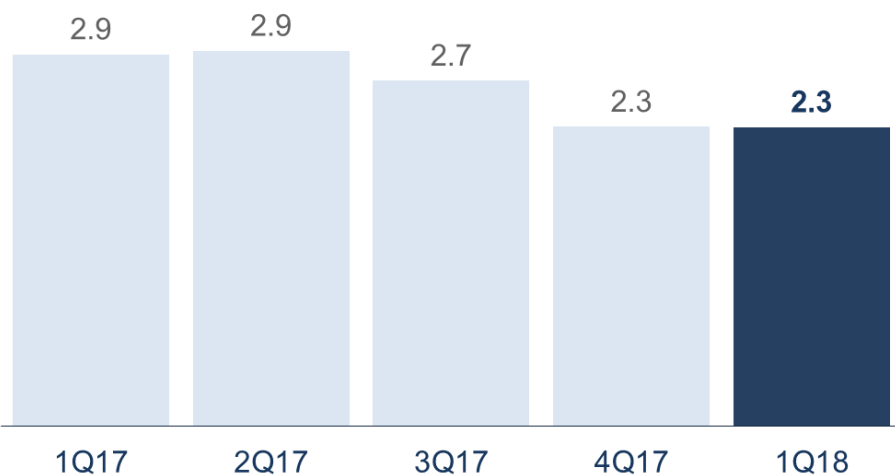
Thousands of €	1Q 2018	1Q 2017	%
<b>Net Revenue</b>	15,071	15,890	-5.2%
<b>Operating Costs</b>	(3,735)	(3,860)	-3.2%
<b>EBITDA</b>	<b>11,336</b>	<b>12,030</b>	<b>-5.8%</b>

■ Settlement ■ Registration ■ Other services



## Settlement: Number of trades settled

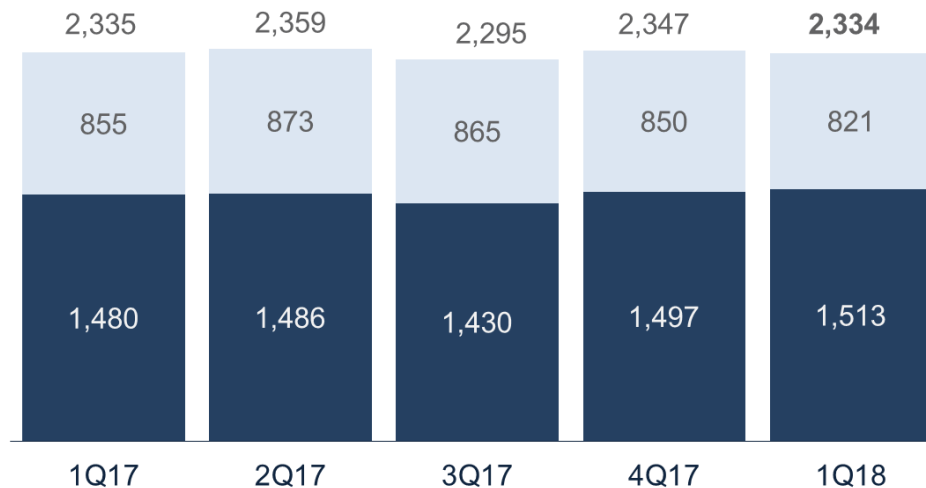
(Million of trades)



## Securities under custody: Volume registered

(€ Billion)

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

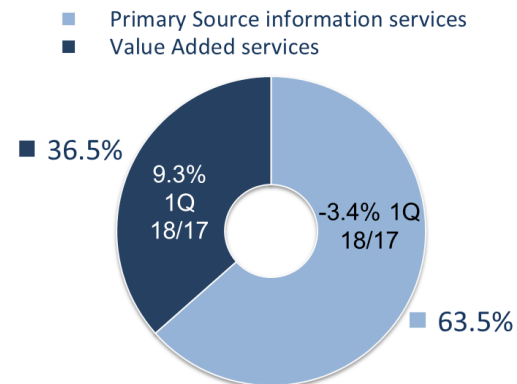






# Market Data & VAS

<i>Thousands of €</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>%</b>
<b>Net Revenue</b>	15,861	15,724	0.9%
<b>Operating Costs</b>	(5,786)	(5,603)	3.3%
<b>EBITDA</b>	<b>10,075</b>	<b>10,121</b>	<b>-0.5%</b>



## Market Data & VAS: Unit Drivers

**Primary Source information services**

Real time: Customers -0.9%; end users -12.6%  
 End of Day: Customers +7.2%; New products MiFID II

**Value Added Services**

Regulatory Services MiFID II: APA. ARM. TCA  
 Consulting: Venezuela, Bolivia. Algeria

# Index

Results

Business Units

**Financials**

Business Drivers

## FINANCIALS

## Net Revenues

<i>Thousands of €</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>%</b>
<b>Equity</b>	35,501	37,721	-5.9%
<b>Fixed income</b>	2,084	2,314	-9.9%
<b>Derivatives</b>	2,925	2,599	12.5%
<b>Clearing</b>	7,436	6,541	13.7%
<b>Settlement &amp; Registration</b>	15,071	15,890	-5.2%
<b>Market Data &amp; VAS</b>	15,861	15,724	0.9%

## FINANCIALS

## EBITDA

<i>Thousands of €</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>%</b>
<b>Equity</b>	25,408	27,386	-7.2%
<b>Fixed income</b>	883	1,140	-22.5%
<b>Derivatives</b>	1,151	1,034	11.3%
<b>Clearing</b>	4,912	4,218	16.5%
<b>Settlement &amp; Registration</b>	11,336	12,030	-5.8%
<b>Market Data &amp; VAS</b>	10,075	10,121	-0.5%

## FINANCIALS

## Balance sheet

<i>as of March, 31<sup>st</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>	86,411	87,129
<b>Cash and cash equivalents</b>	328,394	283,084
<b>Current financial assets</b>	14,706	55,099
<b>Non-Group current financial assets</b>	17,596,564	22,180,689
<b>Other current assets</b>	91,331	93,493
<b>Total assets</b>	<b>18,206,124</b>	<b>22,788,212</b>
<b>Owners' Equity</b>	468,365	465,364
<b>External Partners</b>	139	244
<b>Non-current liabilities</b>	20,202	20,449
<b>Current liabilities</b>	17,717,418	22,302,155
<b>Total equity and liabilities</b>	<b>18,206,124</b>	<b>22,788,212</b>

## FINANCIALS

## P/L

<i>Thousands of €</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>%</b>
<b>Net Revenue</b>	79,014	81,490	-3.0%
<b>Expenses</b>	(28,348)	(27,726)	2.2%
<b>EBITDA</b>	50,666	53,764	-5.8%
<b>EBIT</b>	48,734	51,732	-5.8%
<b>Financial results</b>	21	0	-
<b>Share of profit (loss) of associates</b>	1,282	444	188.7%
<b>EBT</b>	50,037	52,176	-4.1%
<b>Net Profit</b>	<b>37,897</b>	<b>39,319</b>	<b>-3.6%</b>

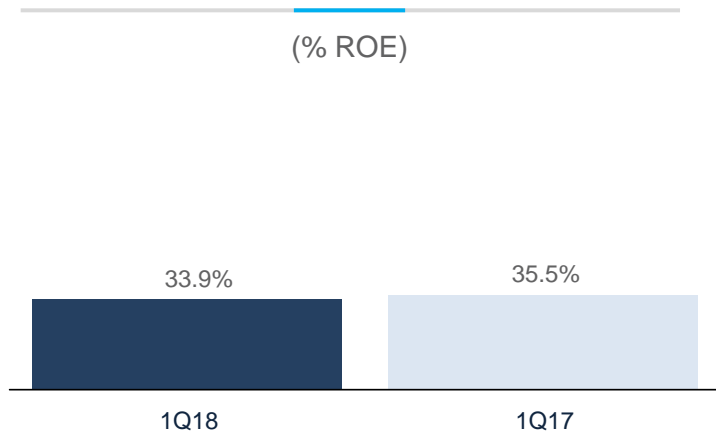


FINANCIALS

# Efficiency & Profitability

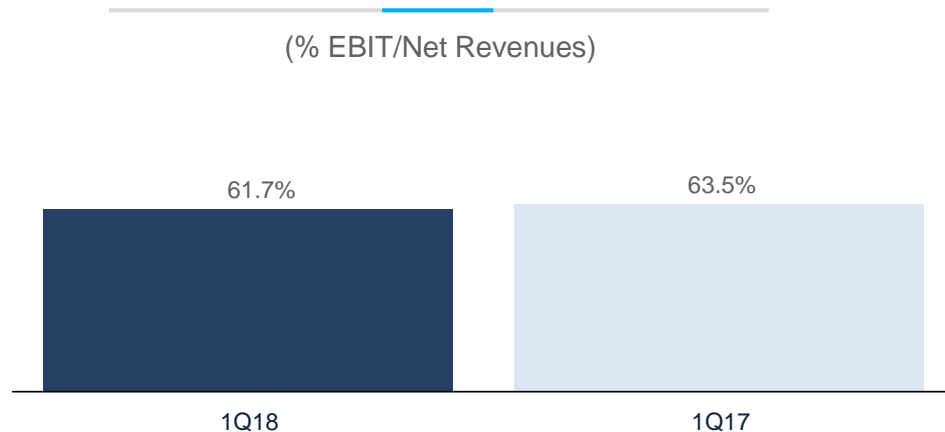
ROE Evolution

(% ROE)



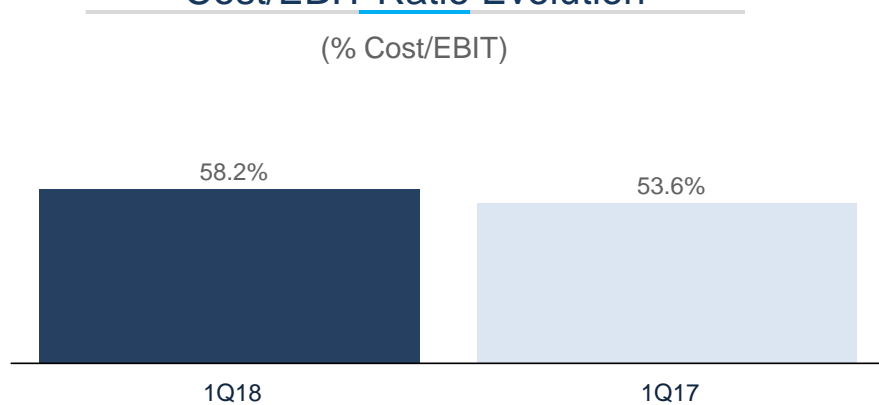
EBIT/Net Revenues Ratio Evolution

(% EBIT/Net Revenues)



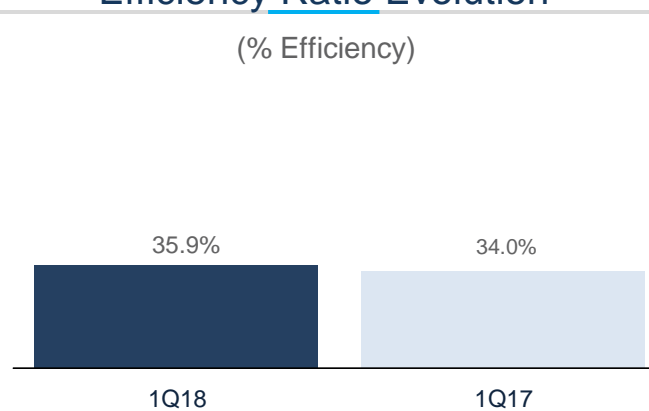
Cost/EBIT Ratio Evolution

(% Cost/EBIT)



Efficiency Ratio Evolution

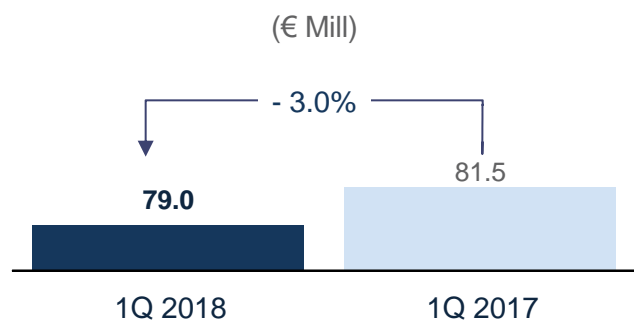
(% Efficiency)



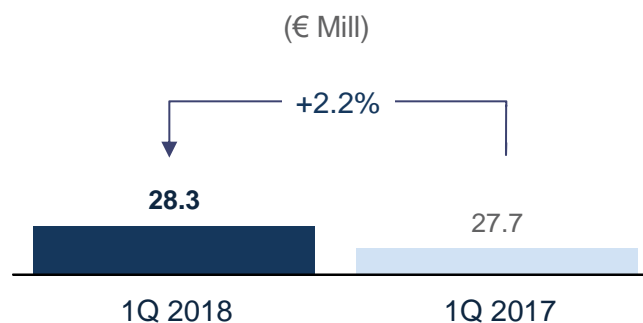
FINANCIALS

# Comparison with 1Q 2017

## Net Revenue 1Q 2018/2017

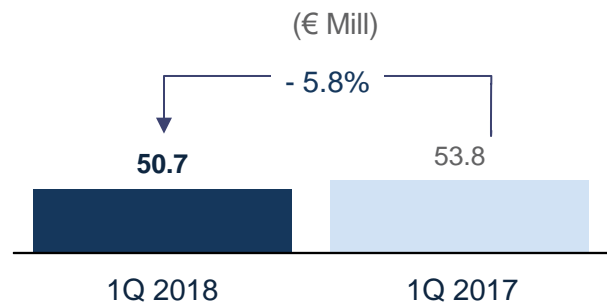


## Costs 1Q 2018/2017

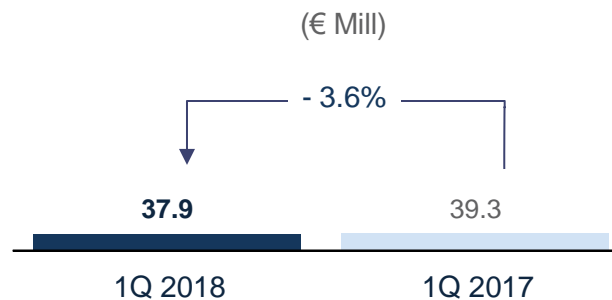


## Margins

## EBITDA 1Q 2018/2017



## Net Profit 1Q 2018/2017





# Index

Results

Business Units

Financials

**Business Drivers**

## Business drivers

## Highly liquid market

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

Year/Month	Top 10 – 0.3 bps	IBEX35	IBEX Medium Cap	IBEX SmallCap
	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)
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%
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%

The IBEX 35® average spread is maintained at the level of 5 basis points, ending the quarter at 5.4 basis points.

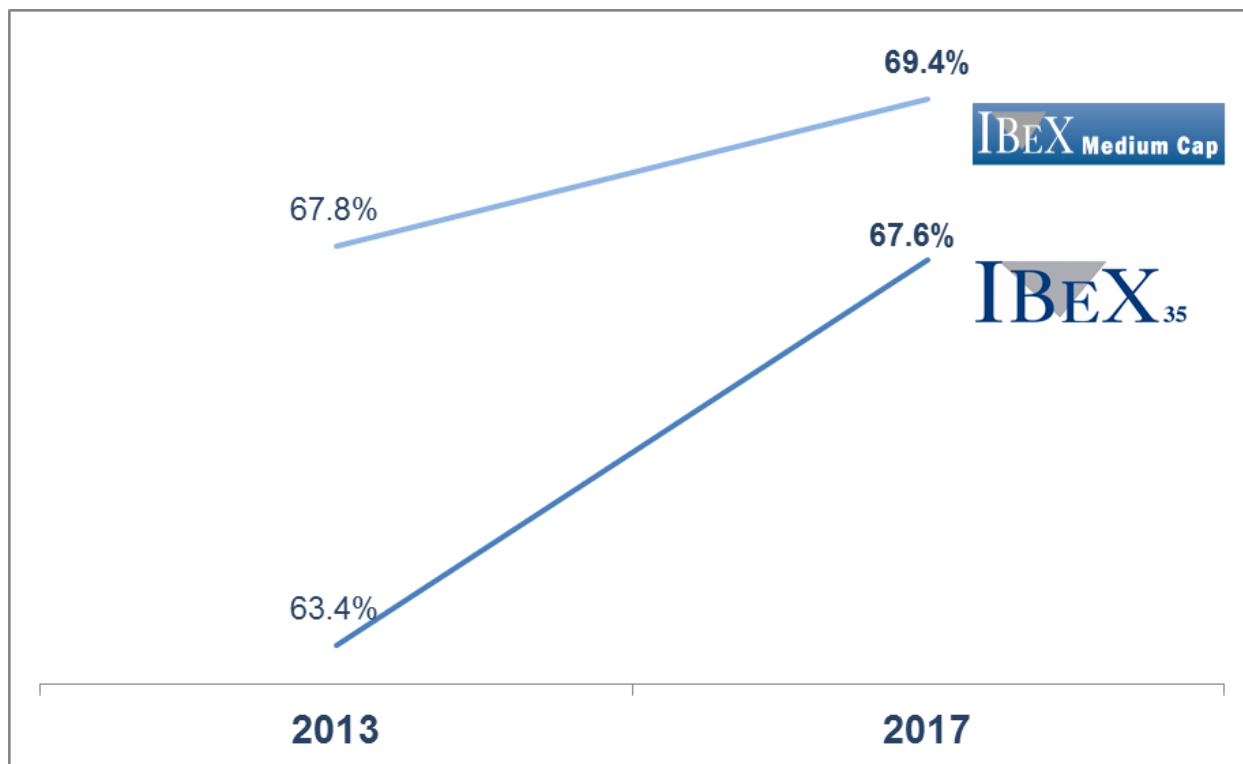
The spread of the IBEX® Medium Cap and IBEX® SmallCap improved by 2.3 and 4.1 basis points, respectively.

The average spread for those values included in the new equity tariff scheme of 0.3 basis points has followed the pattern of the IBEX 35® average spread.

Source: Market monthly reports

Marco estructural. Se fortalecen los fundamentales de las empresas cotizadas

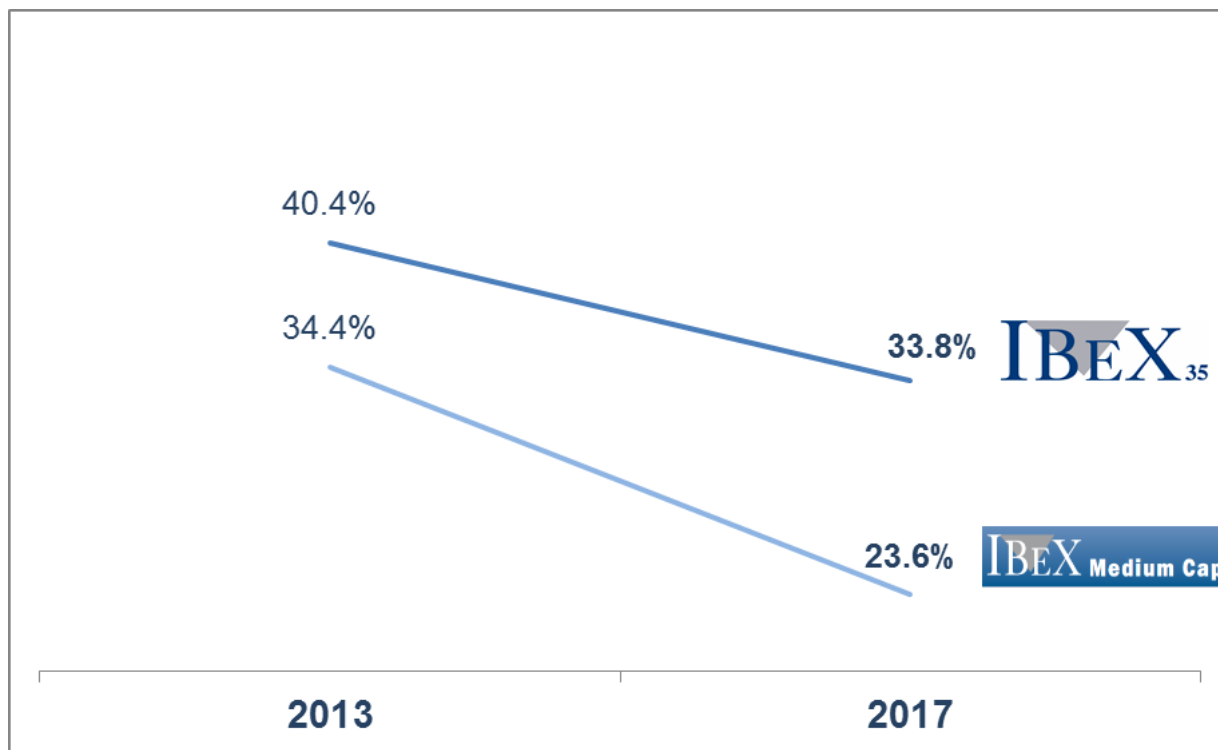
## Aggregate percentage of foreign turnover of the Spanish companies of each Group



Fuente: Servicio de Estudios (BME)

Marco estructural. Se fortalecen los fundamentales de las empresas cotizadas

## Lowering leverage: financial debt on aggregate Assets of the non-financial listed companies of each Group (%)



Fuente: Servicio de Estudios (BME)



# Q&A