

31 October 2019

BME POSTS €29.9 MILLION NET PROFIT IN THE THIRD QUARTER

- **The result is 1.8% down on the same period a year earlier**
- **Net profit to the end of September came in at €93.3 million, down 8.9% yoy**
- **Net income for the first nine months totaled €212.6 million, down 6.1% yoy**
- **Operating costs to the end of September decrease 3.9% to €84.2 million yoy**
- **The ratio of the revenue not linked to trading volume for the first 9 months reaches 128% and ROE is 12 bps better than the sector average**
- **BME is assigned A- rating by S&P a result of the low level of debt, the strong operational efficiency, the vertical integration of the business value chain and the solid liquidity position**

The net result obtained by BME in the third quarter reached €29.9 million, 1.8% less than that obtained in the same period of the previous year. The accumulated result during the first nine months of the year reached €93.3 million, 8.9% less than in 2018.

Net income for the first nine months totaled €212.6 million, down 6.1% on a year earlier. Total net revenue for the third quarter amounted to €70.1 million, down 2.4% on the same period last year. Total operating costs for the third quarter decreased by 5.8% to €28.1 million compared to the previous year and also 3.9% for the first nine months to €84.2 million.

The earnings per share for the third quarter amounted to €0.36 and €1.13 for the first nine months of the year.

The ratio of revenue not linked to volumes over costs stood at 128% at the end of September, up 4 points from the same period last year. The efficiency ratio in the third quarter also decreased slightly by 1.5 points year on year, to 40.1% whereas the return on equity (ROE) increased from 29.3% to 29.8%. For the year 2019 up until September, the value of the ratio stood at 31.2%. The difference with regard to the average value of comparables in the sector exceeds 12% in favour of BME.

One of the most outstanding milestones attained by BME was the A- credit rating, with stable outlook recently assigned by S&P Global Rating. The risk rating agency has assigned the Company this rating, placing it in investment grade, as a result of the low level of debt, the strong operational efficiency, the vertical integration of the business value chain and the solid liquidity position.

Highlights for the third quarter by business area

EQUITY

The new investment and financing flows channelled to the Exchange in the form of new shares of companies already listed during the first nine months of 2019 reached €9.7 billion with a growth of 14.6% compared to the same period of the previous year. They correspond to 86 capital increases, an increase of 10%.

During the third quarter, 11 new REITs started trading on BME's markets, bringing the total number of REITs admitted in both the main market and the MAB to 82 companies by the end of September 2019.

Scrip dividend payments increased by more than 8% in the year to €4.2 billion in terms of value of the new shares delivered.

FIXED INCOME

For the year up until September, Fixed Income trading reached €270 billion, up 81.4% compared to the same period of the previous year while admissions to trading in Private Fixed Income grew 64.6% for the year up until September, compared to the same period of the previous year.

The MARF market continued growing and has become a benchmark in financing through the capital markets for small and medium-sized companies, with issues of 74 companies since its creation in 2013, four of which are Portuguese (five if the issue launched by Vista Alegre Atlantis last October is also included). Issuances in the amount of €7.4 billion were admitted for the year up until September, an increase of 67.7% year on year.

Bond issues that meet the criteria of sustainability and the fight against climate change also continued to increase at a good pace. In the first nine months of 2019 the total issued by Spanish companies was over €5 billion.

DERIVATIVES

The total volume traded in the BME derivatives market for the first nine months of 2019 increased 4.1% in contrast with a 1% decrease in the trading volume of options and futures in Europe, according to data from the Futures Industry Association (FIA). Net income in BME's Derivatives unit increased 9.2% in the third quarter and 1.5% in the first nine months of the year.

In the first nine months of the year trading in Equity dividend Futures grew 89.2% and 155.2% in IBEX 35® Impact Div Futures.

CLEARING

EBITDA posted by the BME Clearing unit for the third quarter of 2019 grew by 8.3% to €3.6 million while total net income for increased 9.5% to €6.4 million.

In the first nine months of 2019, 32.6 million financial derivatives contracts, both index-linked and individual shares, were cleared, up 4.1% year on year. Worth of note is the volume cleared in energy derivatives (electricity and gas) in 2019, which was up 107.7% from the same period the previous year.

SETTLEMENT & REGISTRATION

In September, Iberclear obtained the licence from the regulator allowing it to continue providing its services in accordance with the requirements established in the Regulation on improving securities settlement in the European Union, also known as the CSD Regulation. It is a key step towards delivering BME's Strategic Plan.

In the third quarter 2019, 4.4% more trades were settled than in the same quarter of the previous year and that has resulted in revenues of €2.6 million in the period, an increase of 11% year on year.

MARKET DATA & VALUE-ADDED SERVICES

Primary Information Services contributed 57.5% of the unit's total net income during the first nine months of 2019. The remainder came from products and services offered under the umbrella of Value Added Services, whose net income for the nine-month period grew 5.1%.

In the third quarter, work began to develop and include retail services in information dissemination products through BME Data Feed. Within the Value Added Services area progress was made in the implementation and improvement of services in Chile, Colombia, Costa Rica and Mexico.

INCOME STATEMENT

Data in million euros

	Jan-Sept 2018 ⁽¹⁾	Jan-Sept 2019	%
Net Revenue	226.5	212.6	-6.1%
Operating costs	87.6	84.2	-3.9%
EBITDA	138.9	128.4	-7.6%
Net profit	102.4	93.3	-8.9%

Note: The information presented for 1H2018 corresponds to proforma data in which the effects derived from the first application of IFRS 15 have been reflected, as if it had occurred since January 1, 2018. Therefore, the information corresponding to 1H2018 differs from the public information presented the first half of 2018. The recording and impacts of the application of IFRS 15 were described in 4Q 2018."

Further information on the results posted by BME on:

<https://www.bolsasymercados.es/ing/Shareholders-Investors/Financial-information/Results/2019>

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