
BUSINESS PERFORMANCE

January–June 2017

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Results

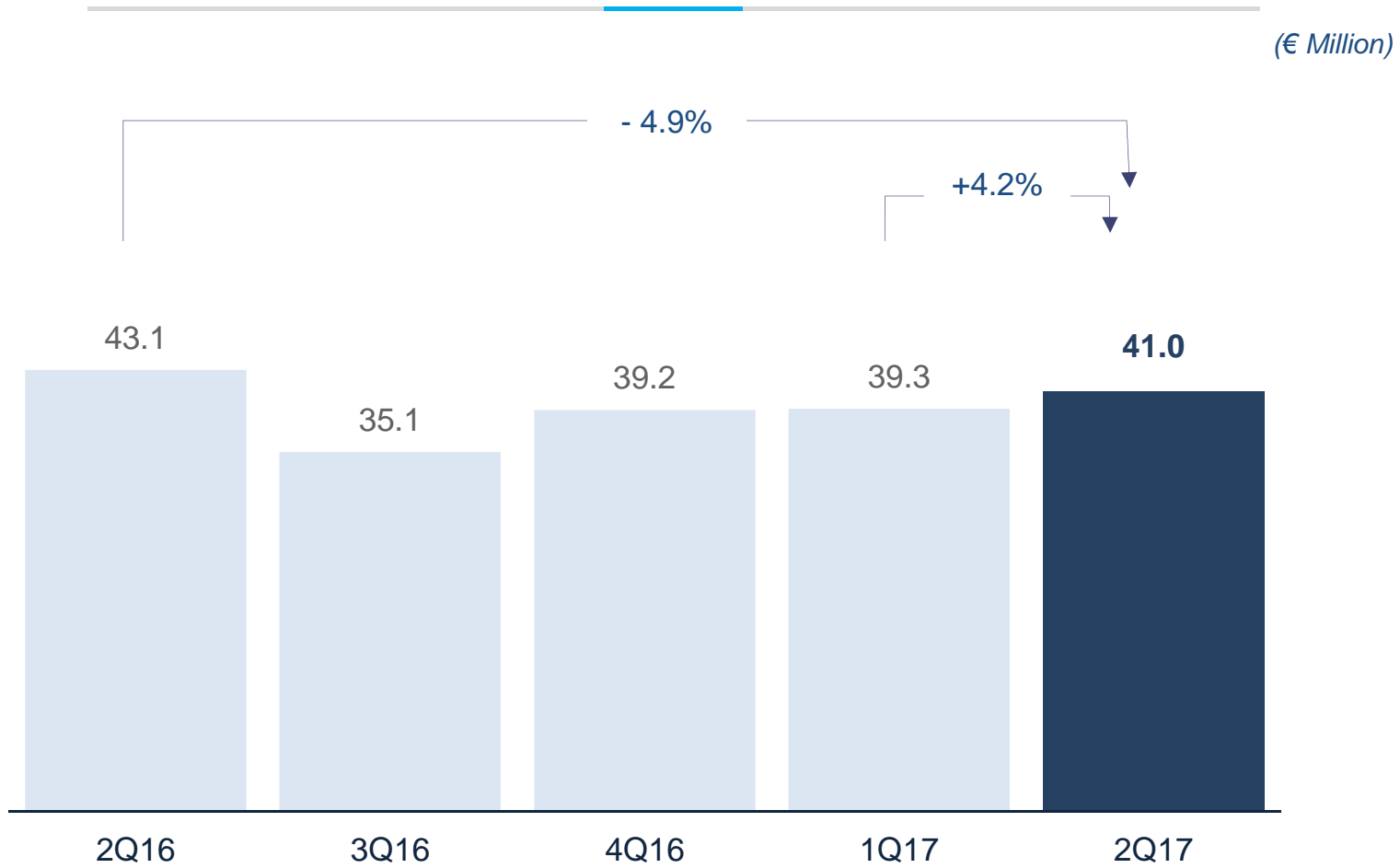
Business Units

Financials

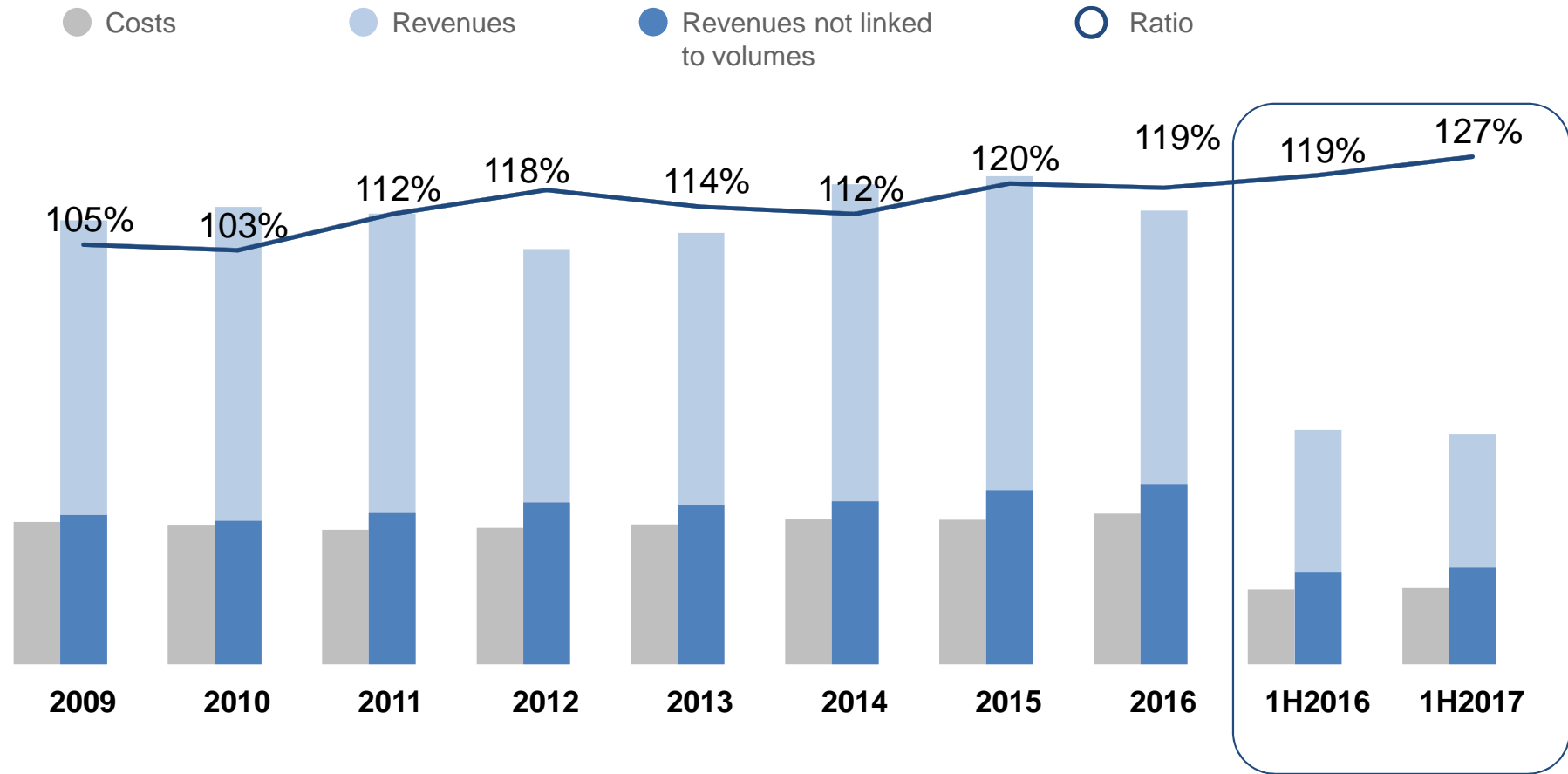
Business Drivers

RESULTS

Net profit

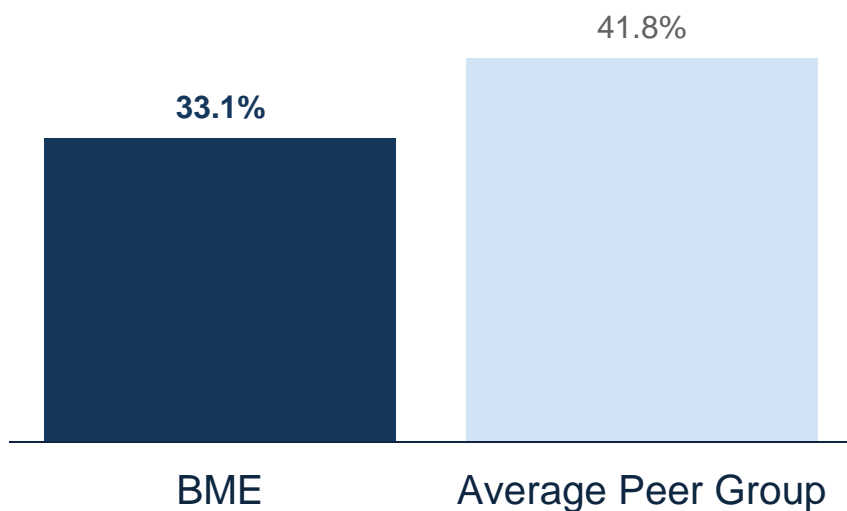


Solid operating leverage

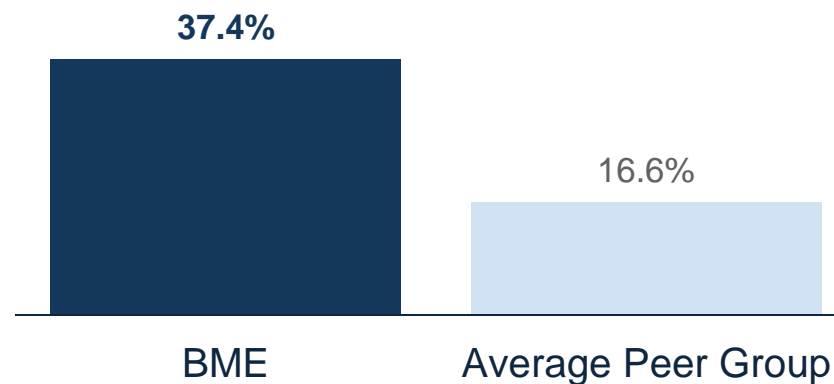


Key ratios benchmarking

- Efficiency



- ROE

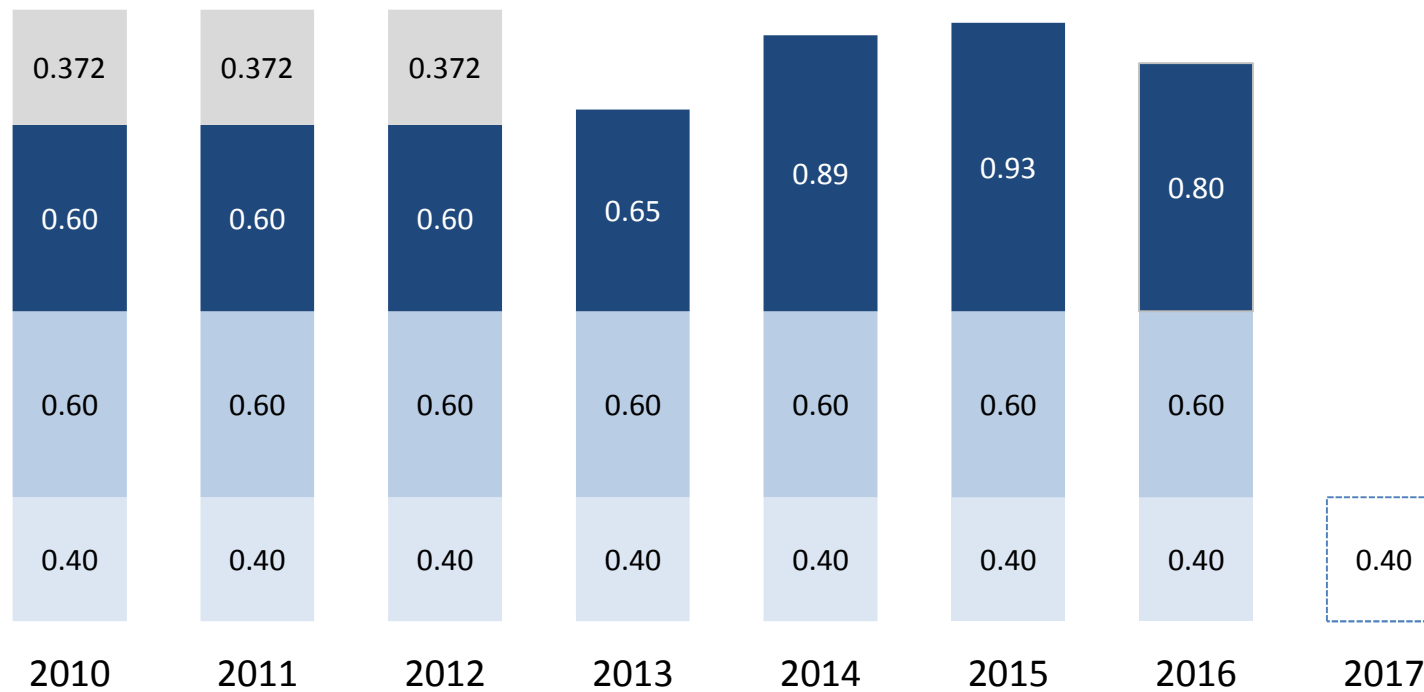


- BME's data as of 30/06/2017

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

Dividends: Maximizing shareholders' returns

Pay Out	86%	86%	98%	96%	96%	93%	93%
Total Dividends	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

Interim dividend proposal: 0.40 €/share (8th september 2017)

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Results

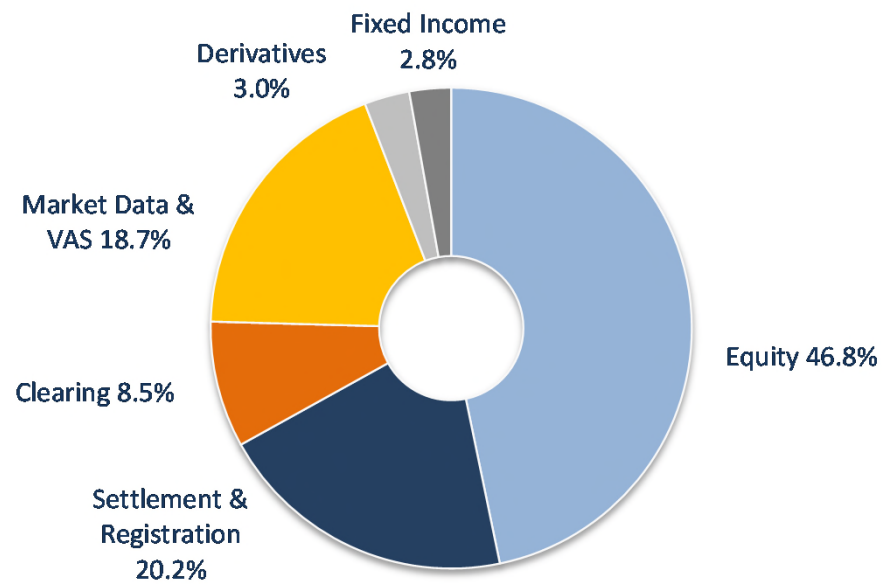
Business Units

Financials

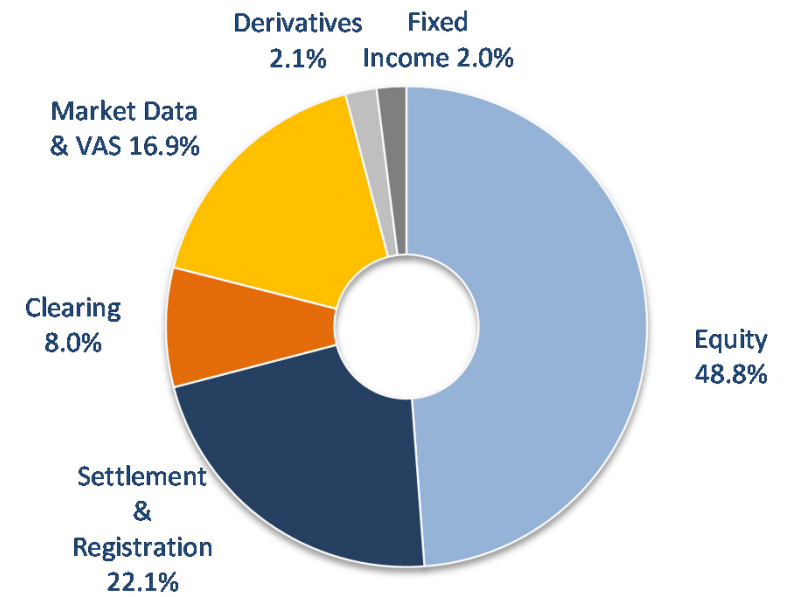
Business Drivers

Business Areas

Consolidated Net Revenues 1H 2017 - %



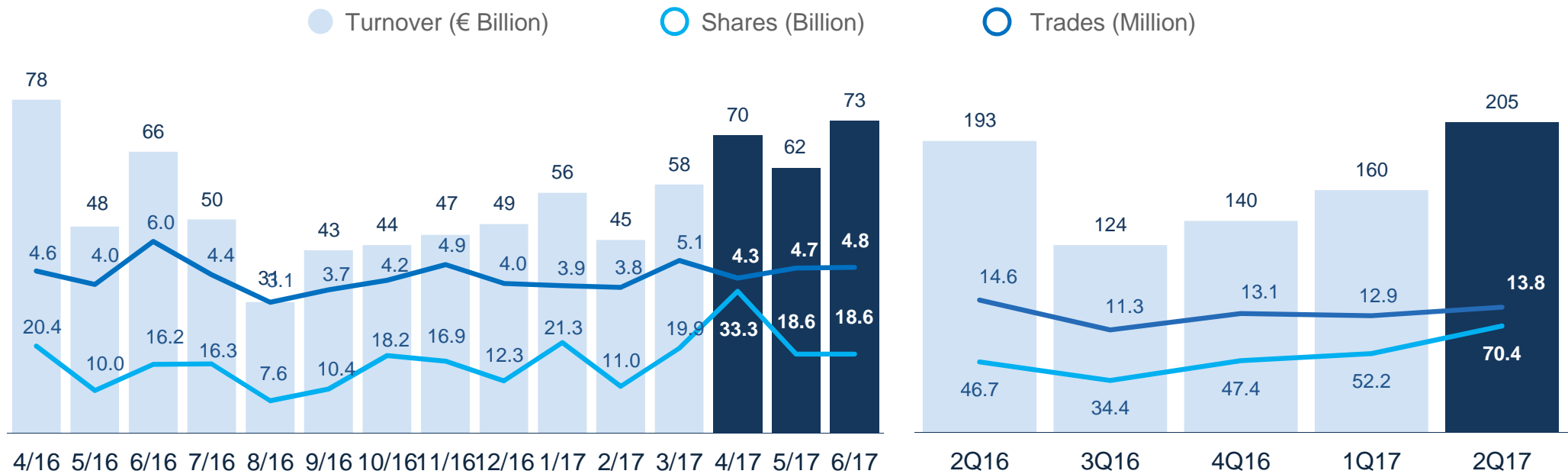
EBITDA 1H 2017 - %



Equity Market

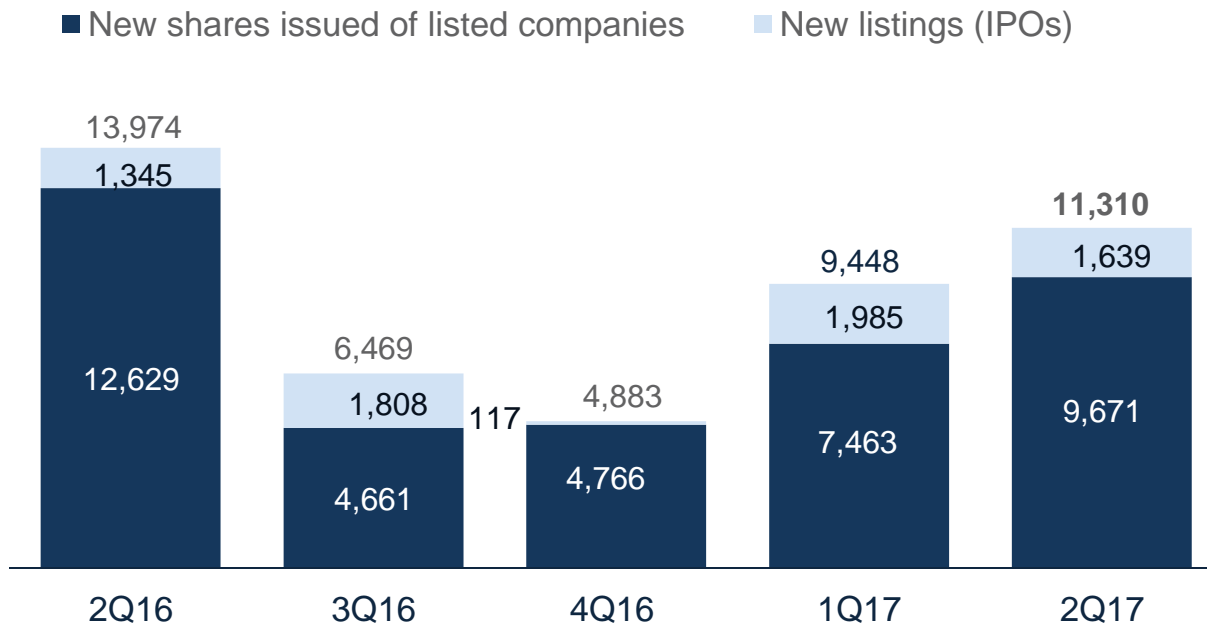
Thousands of €	2Q 2017	2Q 2016	%	1H 2017	1H 2016	%
Net Revenue	38,366	38,224	0.4%	76,087	74,899	1.6%
Operating Costs	(10,239)	(10,502)	-2.5%	(20,574)	(20,744)	-0.8%
EBITDA	28,127	27,722	1.5%	55,513	54,155	2.5%

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



Equity Market

Listing activity



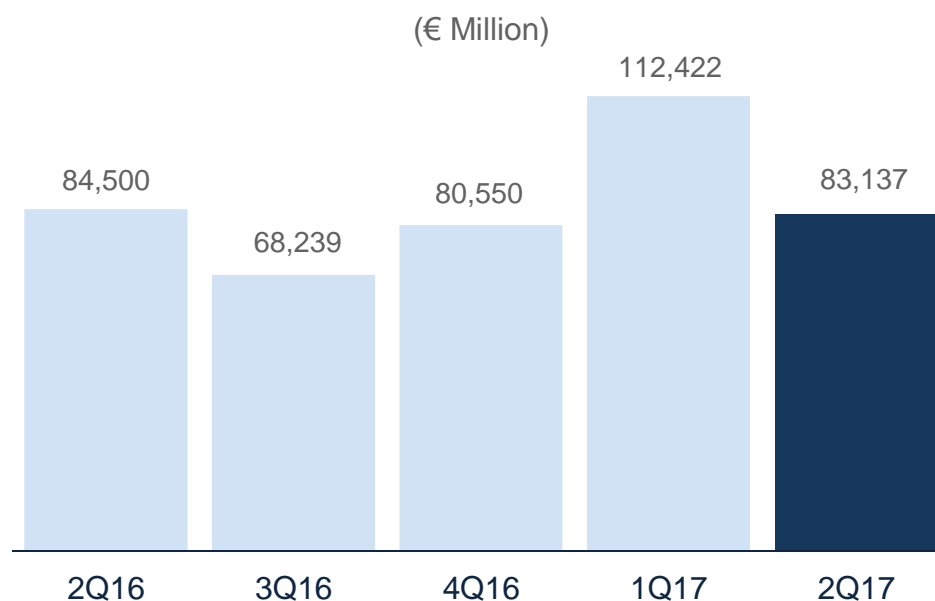
- Flows channeled into the stock market in the first half reached €20,758 million (+ 20.5%).
- The total of admissions so far for the year amounts to a capitalisation of €9.2 billion, placing the Spanish market at the head of IPOs in Europe and sixth globally (EY Global IPO Trends Q2 2017).

Source: FESE (Federation of European Stock Exchanges)

Fixed income

<i>Thousands of €</i>	2Q 2017	2Q 2016	%	1H 2017	1H 2016	%
Net Revenue	2,242	2,722	-17.6%	4,556	5,047	-9.7%
Operating Costs	(1,115)	(1,242)	-10.2%	(2,289)	(2,516)	-9.0%
EBITDA	1,127	1,480	-23.9%	2,267	2,531	-10.4%

AIAF. Volume admitted

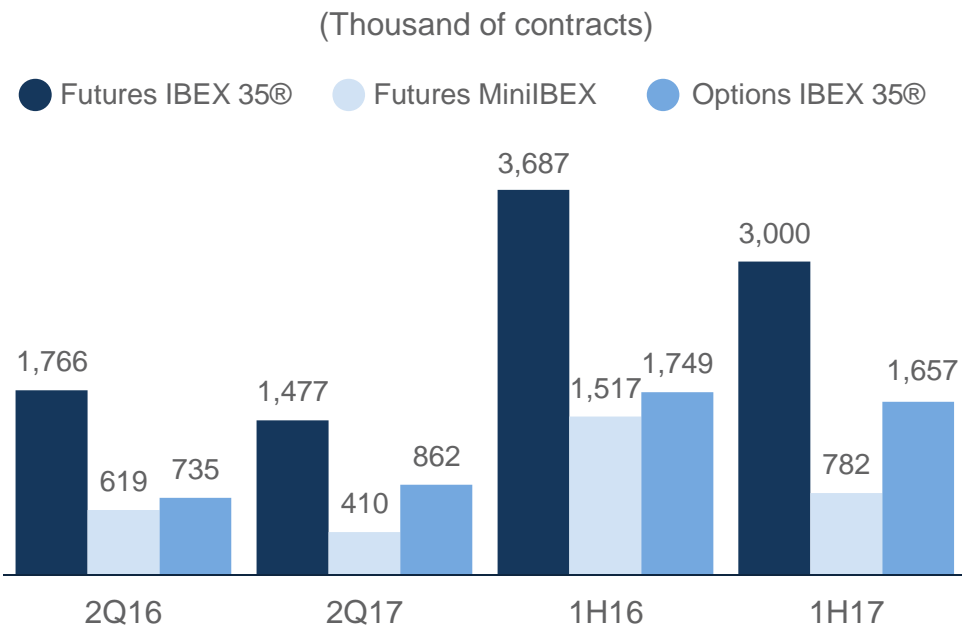


The Alternative Fixed Income Market (MARF) closed the quarter with an issue volume of €1.2 billion, which is 106.7% more than the previous year. The cumulative half-yearly figure was €2.1 billion (+95.9%). The outstanding balance at 30 June was €2.3 billion, 58.7% more than the previous year.

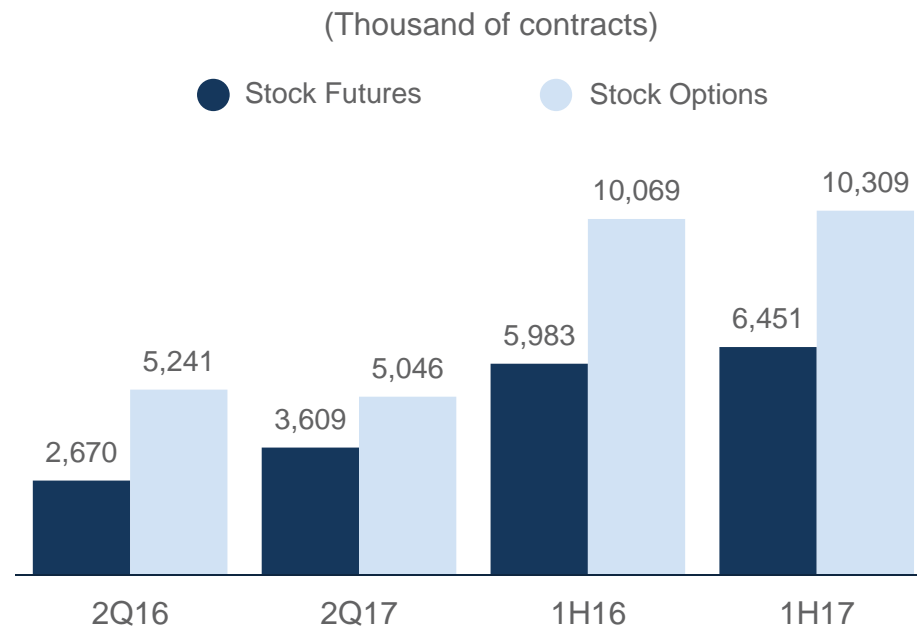
Derivatives

Thousands of €	2Q 2017	2Q 2016	%	1H 2017	1H 2016	%
Net Revenue	2,429	2,739	-11.3%	4,943	5,759	-14.2%
Operating Costs	(1,268)	(1,441)	-12.0%	(2,558)	(2,802)	-8.7%
EBITDA	1,161	1,298	-10.6%	2,385	2,957	-19.3%

Index derivatives contracts traded



Stock derivatives contracts traded



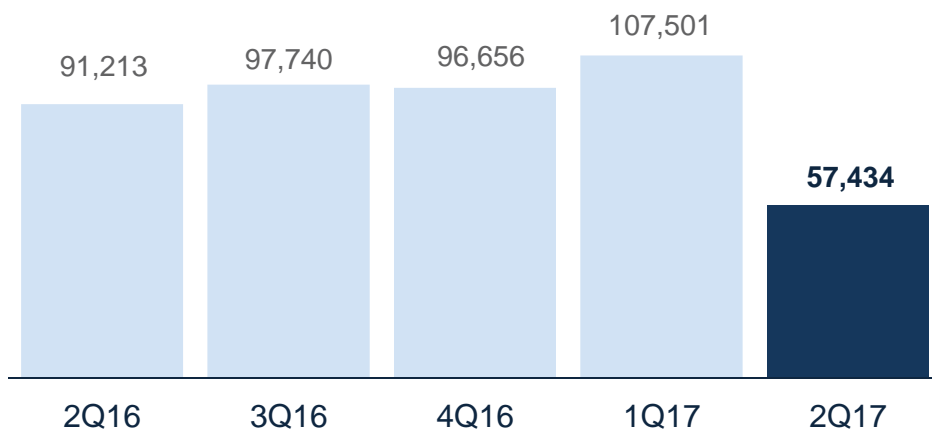


Clearing

<i>Thousands of €</i>	2Q 2017	2Q 2016	%	1H 2017	1H 2016	%
Net Revenue	7,058	6,588	7.1%	13,812	10,629	29.9%
Operating Costs	(2,354)	(2,494)	-5.6%	(4,677)	(4,731)	-1.1%
EBITDA	4,704	4,094	14.9%	9,135	5,898	54.9%

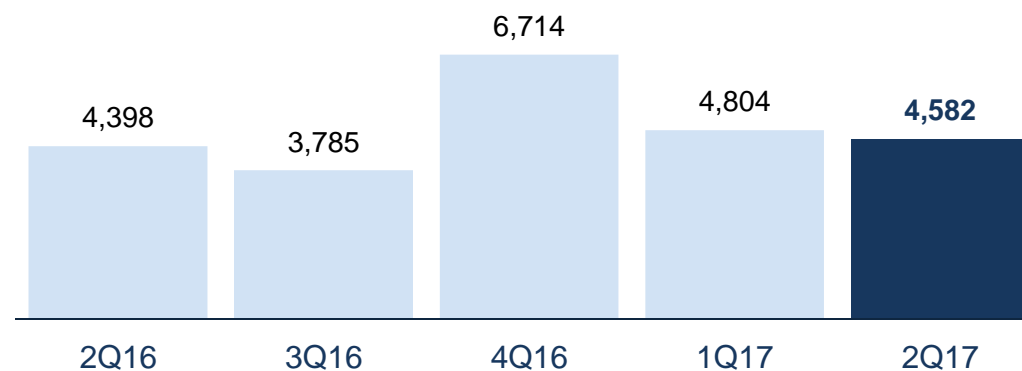
Turnover BME Clearing REPO

(€ Million)



Volume (Mwh) traded in Energy market

(Thousand)

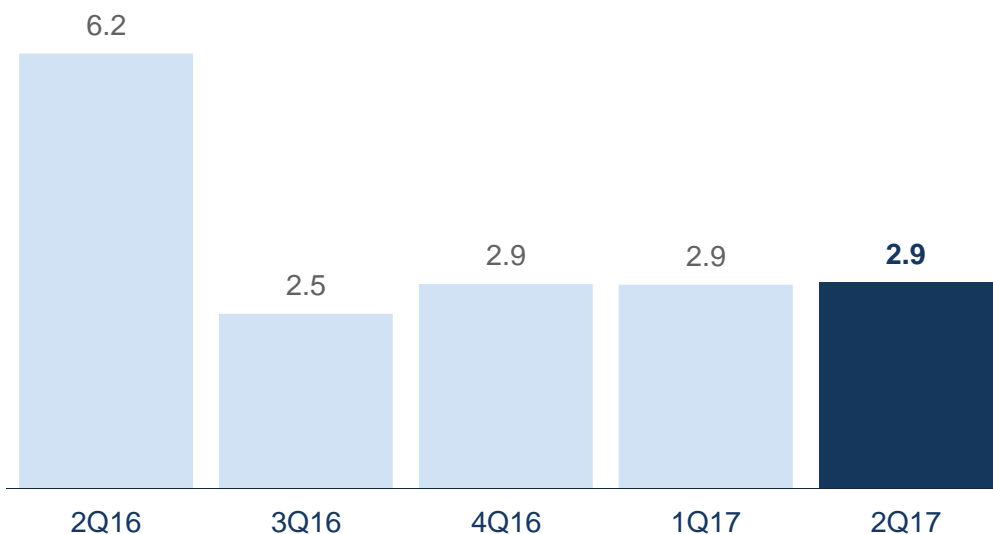


Settlement & Registration

<i>Thousands of €</i>	2Q 2017	2Q 2016	%	1H 2017	1H 2016	%
Net Revenue	16,955	17,576	-3.5%	32,845	36,931	-11.1%
Operating Costs	(3,817)	(3,685)	3.6%	(7,677)	(8,013)	-4.2%
EBITDA	13,138	13,891	-5.4%	25,168	28,918	-13.0%

Settlement: Number of trades settled

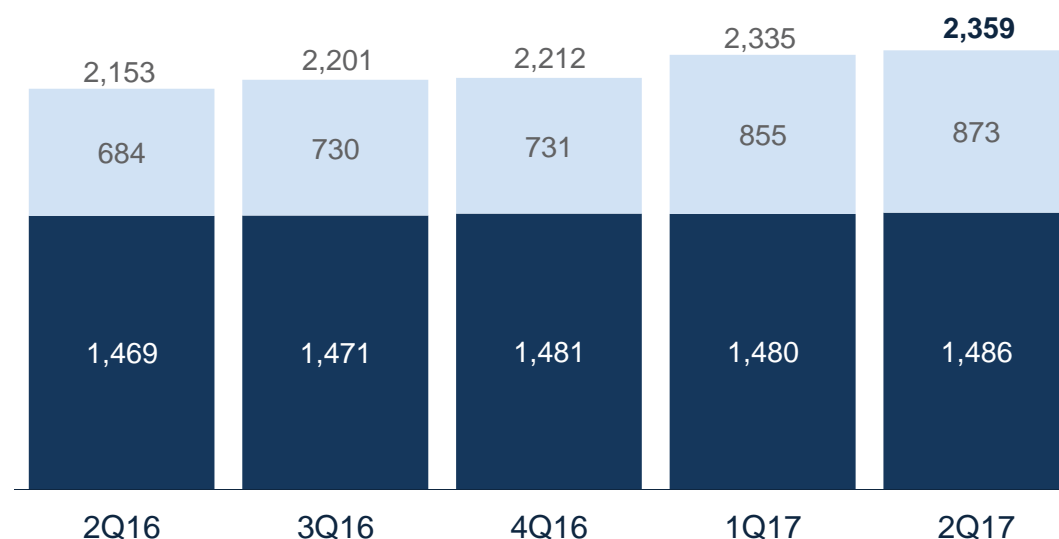
(Million of trades)



Securities under custody: Volume registered

(€ Billion)

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

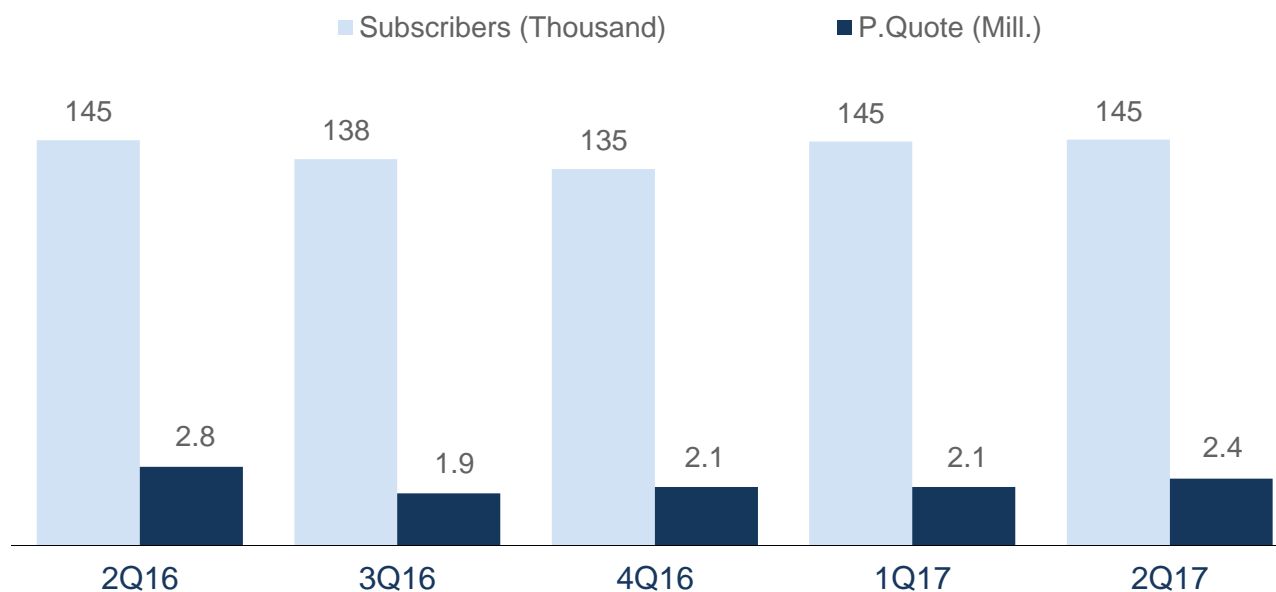


Market Data & VAS

<i>Thousands of €</i>	2Q 2017	2Q 2016	%	1H 2017	1H 2016	%
Net Revenue	15,157	15,148	0.1%	30,478	29,523	3.2%
Operating Costs	(5,609)	(5,382)	4.2%	(11,212)	(8,971)	25.0%
EBITDA	9,548	9,766	-2.2%	19,266	20,552	-6.3%

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

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EBITDA

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Business Units

Financials

Business Drivers

Balance sheet

<i>as of June, 30th</i> <i>(Thousands of €)</i>	2017	2016
Goodwill	88,718	88,718
Other non-current assets	86,086	87,081
Cash and cash equivalents	274,066	200,204
Current financial assets	47,209	115,538
Non-Group current financial assets	21,567,233	31,360,937
Other current assets	99,394	115,213
Total assets	22,162,706	31,967,691
Owners' Equity	439,492	437,112
External Partners	257	209
Non-current liabilities	20,075	19,000
Current liabilities	21,702,882	31,511,370
Total equity and liabilities	22,162,706	31,967,691

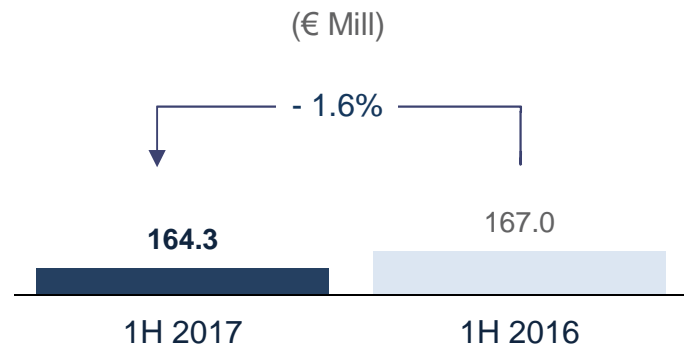
P/L

<i>Thousands of €</i>	2Q 2017	2Q 2016	%	1H 2017	1H 2016	%
Net Revenue	82,811	85,294	-2.9%	164,301	167,016	-1.6%
Expenses	(26,671)	(26,998)	-1.2%	(54,397)	(53,376)	1.9%
EBITDA	56,140	58,296	-3.7%	109,904	113,640	-3.3%
EBIT	54,109	56,218	-3.8%	105,841	110,083	-3.9%
Financial results	370	406	-8.9%	370	2,940	-87.4%
Share of profit (loss) of associates	(22)	24	-191.7%	422	135	212.6%
EBT	54,457	56,648	-3.9%	106,633	113,158	-5.8%
Net Profit	40,977	43,107	-4.9%	80,296	85,971	-6.6%

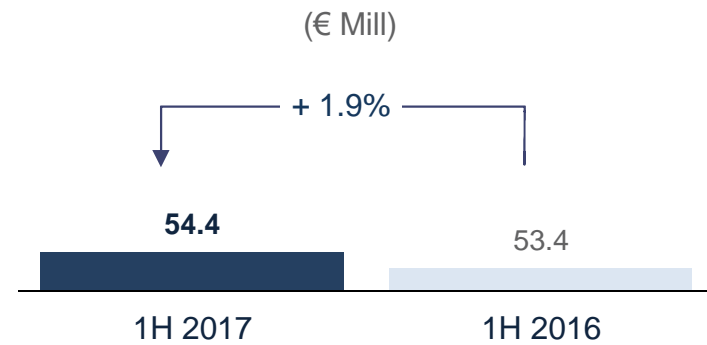
FINANCIALS

Comparison with 1H 2016

Net Revenue 1H 2017/2016

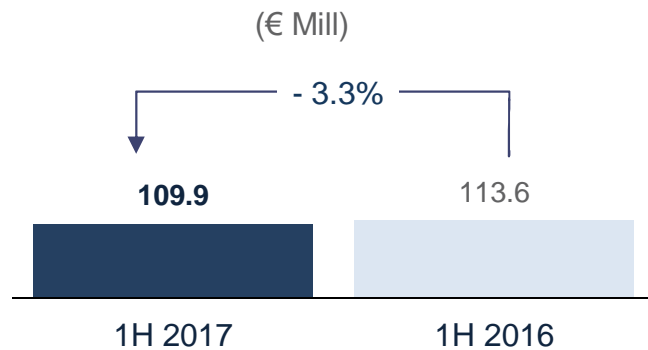


Costs 1H 2017/2016

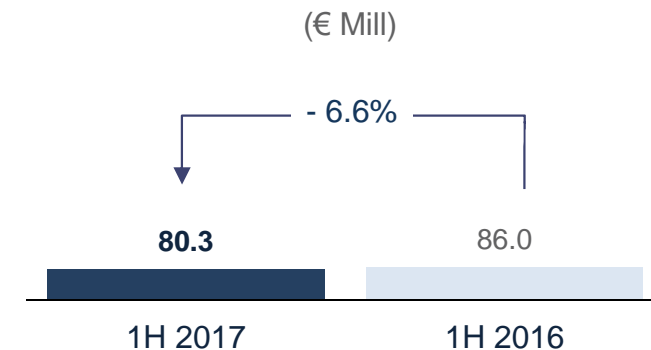


Margins

EBITDA 1H 2017/2016



Net Profit 1H 2017/2016



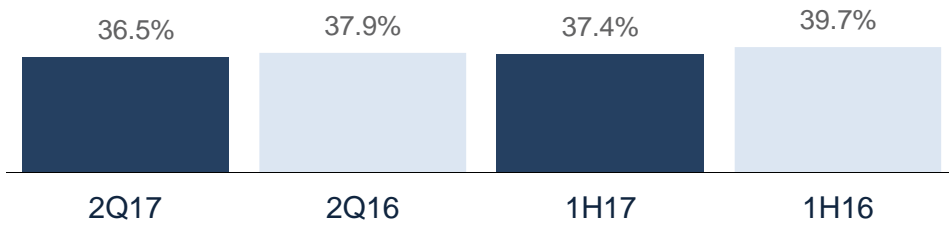


FINANCIALS

Efficiency & Profitability

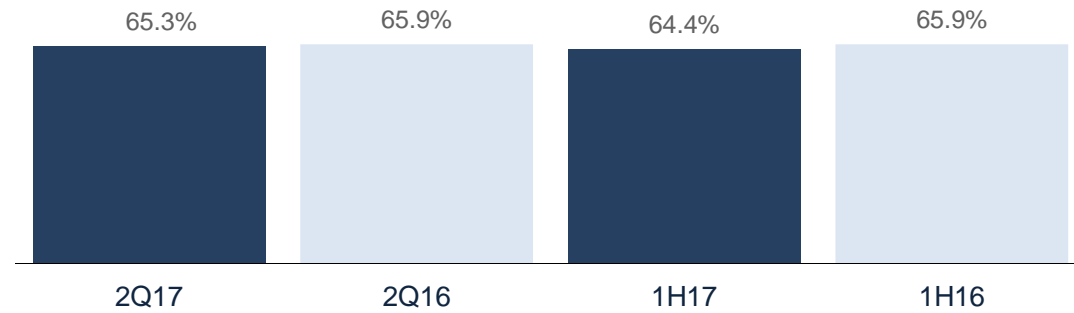
ROE Evolution

(% ROE)



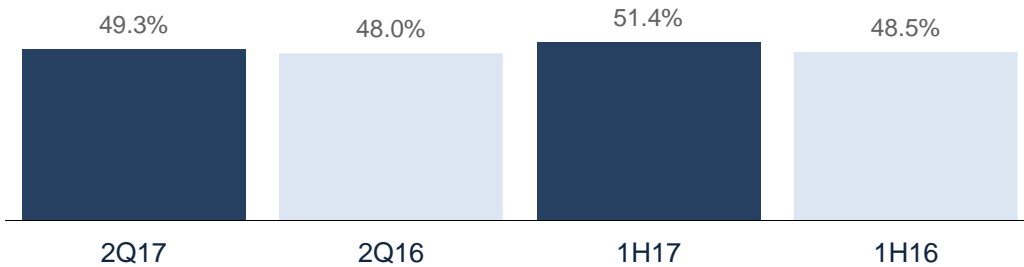
EBIT/Net Revenues Ratio Evolution

(% EBIT/Net Revenues)



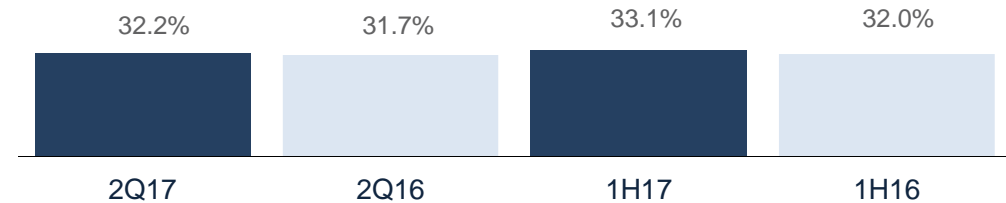
Cost/EBIT Ratio Evolution

(% Cost/EBIT)



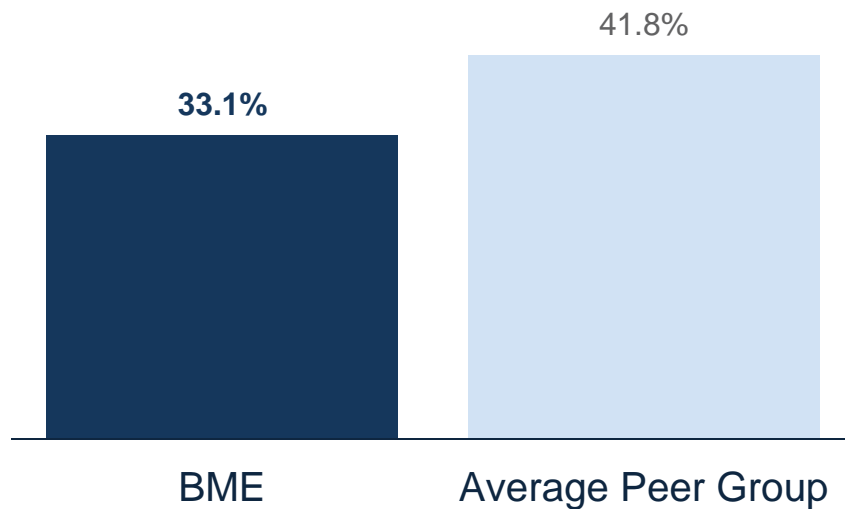
Evolución del ratio de eficiencia

(% Efficiency)

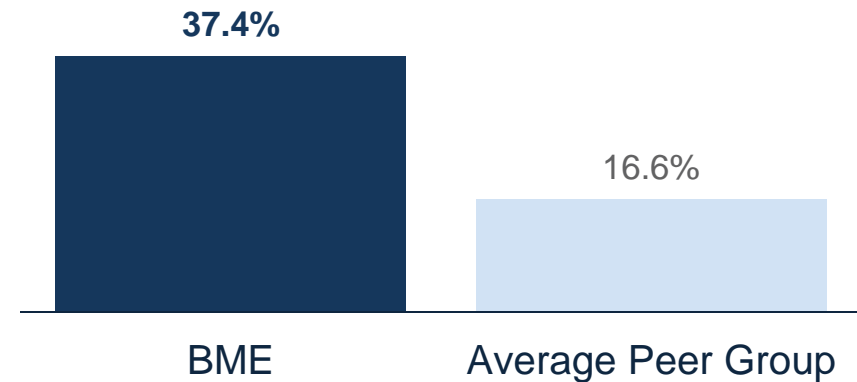


Key ratios benchmarking

- Efficiency



- ROE



- BME's data as of 30/06/2017

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

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Business Units

Financials

Business Drivers

Business drivers: Highly liquid market

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

RK	Company	1H17	Daily avg. 1H17	Relative weight at EuroStoxx50 (%) ¹⁾
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	85.2	0.67	3.31%
2	 INTESA SANPAOLO	61.5	0.48	1.58%
3	 BNP PARIBAS	56.4	0.44	3.10%
4	 TOTAL	54.4	0.43	5.50%
5	 BBVA	49.5	0.39	1.93%
6	 SIEMENS	48.7	0.39	4.22%
7	DAIMLER	47.5	0.38	3.21%
8	 ING	46.5	0.37	2.40%
9	 Deutsche Bank	44.3	0.35	1.15%
10	 Telefonica	44.2	0.35	1.77%
21	 INDITEX	32.4	0.25	1.55%
26	 IBERDROLA	28.8	0.23	1.57%

Source: Bloomberg

1) As of 31/06/17

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 (%)
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%
201704	0.050%	0.252%	0.502%
201705	0.050%	0.248%	0.454%
201706	0.052%	0.261%	0.543%

IBEX

The spread of securities continues to strengthen:

The IBEX 35® average spread narrowed year-on-year by 1.4 basis points to 5.2 bps. During the quarter, the lowest ever implicit cost value was reached for IBEX 35® at 0.50 basis points.

The IBEX® Small Cap spread improved by 21.6 basis points and the IBEX Medium Cap by 1.1 basis points since June 2016.



Q&A