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BME POSTS €39.3 MILLION NET PROFIT IN THE FIRST QUARTER

- Revenue for the first quarter stood at €82.3 million
- EBITDA for the first three months reached €53.8 million
- The cost base coverage ratio with revenue not linked to volumes closed the first quarter at 124% of costs covered
- The efficiency ratio and ROE remain stable, ranking among the best in the sector
- Investment flows channelled through the Exchange in the first quarter of 2017 almost triple those in the same period in 2016, at €9.4 billion

BME reported a net profit of €39.3 million in the first quarter of 2017. The result is 8.3% lower than in the first quarter of 2016. In more homogeneous terms – stripping out non-recurring operations – this percentage change decreases to 4.3%. The result is in line with that obtained in the previous quarter (€39.2 million).

Revenue for the first quarter amounted to €82.3 million, up 0.2% on the same period of the previous year. After deducting the service provision costs, the resulting net revenue was €81.5 million.

Operating costs for the first quarter were up 1.7% year-on-year, excluding the effects of the integration of Infobolsa. EBITDA was €53.8 million in the first quarter of 2017, a year-on-year decrease of 2.9%.

Earnings per share corresponding to this first quarter of the year decreased to €0.47, a decrease of €0.04 compared to that reached for the same quarter in 2016.

The cost base coverage ratio with revenue not linked to volumes closed the first quarter at 124% of costs covered.

The financial management tracking ratios in terms of ROE and efficiency have reached values at the end of the quarter of 35.5% and 34%, respectively. These ratios presented values of 37.8% and 32.3%, respectively, a year earlier. The difference with respect to the average of peers maintained above 19 points for return on equity (ROE), and more than 8 points in terms of efficiency, presenting levels of strength in both indicators, which maintain BME as a benchmark of the sector in terms of profitability and discipline in cost management.

EQUITY

The net revenue obtained by the Equity business unit for the first quarter of 2017 has risen to €37.7 million, 2.9% more than that obtained for the same period in 2016. The resulting EBITDA, after deducting the unit's operating costs, was up 3.6% totalling €27.4 million.

The total amount of investment flows channelled through the Exchange for the quarter totalled €9.4 billion, nearly 3 times the €3.3 billion of the previous year.

The admission of Gestamp to the Exchange at the beginning of April should also be added to those of Prosegur Cash and Neinor. The joint capitalisation of these companies reached the amount of €7.5 billion, and has placed BME, for this period, as the second international market by volume of secondary public offerings (after NYSE), and the most active European market in the first quarter by market capital inflows in IPOs.

FIXED INCOME

Trading in Fixed Income has continued the trend of previous quarters, a growing trading in Public Debt and a decrease in the volumes in Private Debt as result of the high liquidity in the system and the lack of mobility of the institutional portfolios, which have yields greater than those for repositioning and which maintain their positions until maturity.

Trading in Public Debt throughout the quarter totalled €49.8 billion, representing an increase of 41.1% compared to the same period in 2016.

The Mercado Alternativo de Renta Fija (MARF) ended the quarter with an issued volume of €883 million, 83.2% up on the previous year, and with an outstanding balance of €2.1 billion, 51.5% higher than at 31 March the previous year.

Net revenues totalled €2.3 million in the first quarter, down 0.5% compared to 2016. EBITDA for the first quarter was €1.1 million, up 8.5% year-on-year.

DERIVATIVES

The total volume of contracts traded in Financial Derivatives in the first quarter of 2017 was 10.2% lower than in same period of the previous year. Trading has been lower for both indices as well as shares, but with better trading in equity derivatives than in index derivatives.

The net revenue for the quarter amounts to €2.5 million, 16.8% lower than the previous year. EBITDA reached €1.2 million, down 26.2% on the previous year.

CLEARING

The Clearing unit posted a 67.1% increase in net revenues in the first quarter totalling €6.8 million compared to those of the previous year, driven by the inclusion of the Clearing house for Equities that forms part of the Reform of the Securities Clearing and Settlement System. EBITDA for the quarter totalled €4.4 million and, up 145.6% year-on-year.

In the Equities segment, where activity started at the second quarter of 2016, 25.7 million trades, totalling €317 billion were processed in the first quarter of 2017.

SETTLEMENT & REGISTRATION

Net revenues generated by the Settlement & Registration unit amounted to €15.9 million in the first quarter of 2017, a 17.9% drop compared to the previous year. EBITDA for the period was €12 million, down 19.9% year-on-year.

A total of 2.9 million operations were settled during the first quarter of 2017, representing a drop of 0.3% in the number of operations settled compared to the previous quarter, and 75.4% compared to the same quarter of the previous year. During the first quarter of the previous year, the Reform of the Securities Clearing, Settlement and Registry System had not yet come into force. With its launch, the number of operations settled has dropped substantially due to the netting process that the Clearing House carries out, obtaining, as counterparty, revenues from the clearing of trades. As a result, revenues from settlement activities dropped by 45.6% year-on-year.

MARKET DATA & VALUE-ADDED SERVICES

As a result of the reorganization of the management of BME, market data and value added services activities have been integrated in this new unit, called “Market Data & VAS”. Two types of income within the unit, those from primary information services and those relating to value added services are now broken down.

The unit’s net revenue increased to €15.3 million in the first quarter, an increase of 6.6% compared to the previous year, whereas operating costs have increased 56.1% totalling €5.6 million.

The EBITDA of the unit for the first quarter reached €9.7 million, a drop of 9.9% compared to the previous year.

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