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## **BME POSTS A NET PROFIT OF €36 MILLION IN THE THIRD QUARTER, UP 2.6% YOY**

- Revenue for the third quarter increased 3.4% yoy while to the end of September it totalled €240.5 million, equal to that of the previous year
- Operating costs in the third quarter increased by 5.2% yoy and up until September they totalled €81.5 million, a 3% increase on the year
- BME's coverage of its cost base with revenues not linked to volumes stood at 127% at the end of the third quarter
- The efficiency and ROE financial monitoring ratios for the first nine months stood at 33.9% and 35.9%, 11 and 17 points above the sector average respectively
- The investment flows channeled through the Exchange in the first nine months totalled €36.3 billion, up 53% yoy. BME ranks 7<sup>th</sup> in the world
- BME ranks 1<sup>st</sup> in the Eurozone and 3<sup>rd</sup> in Europe in terms of capital raised through IPOs.

BME reported a net profit of €36 million for the third quarter of 2017, 2.6% higher than that reached during the third quarter of 2016. Up until September the accumulated net profit amounted to €116.3 million, 3.9% down on the previous year, although improving the trend followed in the first half of the year, which posted a negative result of 6.6%.

During the third quarter net revenue amounted to €76.2 million, up 3.4% on the previous year and bringing net revenue for the first nine months to €240.5 million, equal to that of the previous year.

Operating costs in the third quarter increased by 5.2% compared to the same quarter last year, totalling €27.1 million. Up until September, operating costs amounted to €81.5 million, a 3% increase on the previous year's figure. This increase is linked to costs incurred by projects carried out by BME in the last few months, such as T2S and MiFID II.

EBITDA totalled €159 million up until September after posting €49.1 million in the third quarter, up 2.4% from the same quarter in 2016.

Cumulative earnings per share in the first nine months rose to €1.40, of which €0.43 corresponds to the third quarter.

The coverage ratio of the cost base with revenues not linked to the volume cycle remained in line with the value of the indicator for the previous quarter, a coverage level of 127%, representing an increase of six points compared to the coverage level at the close of September a year previously.

The accumulated management ratios for January to September presented values for ROE and efficiency of 35.9% and 33.9%, respectively. In terms of management, the value of these indicators continues to position BME as a leader in the sector; the difference compared to the average of comparable figures remains at over 17 points for the return on equity (ROE) and 11 points with regard to efficiency.

## **EQUITIES**

Up until the close of the third quarter of 2017, the Equity unit obtained €109.5 million in net revenue, exceeding that obtained in the previous year by 1.7%. So far this year there has been a better relative performance of the listing activity compared to that of trading. Up until September, net listing revenues increased by 10.1% compared to those obtained a year previously, whereas those for trading improved 0.1%, to stand at €18.8 million and €90.8 million, respectively.

Net trading revenues in the third quarter were down 1% compared to 2016, amounting to €27 million, whereas listing and other services rose to €6.5 million, up 16.3% year-on-year. Total net revenue for the quarter for the unit amounted to €33.5 million, 1.9% more than that obtained a year previously.

The growth experienced in financing through the market over the last few quarters has continued during the third quarter. At the close of this period, the investment flows channelled through the Exchange exceeded those corresponding to the whole of the previous year by 26.9%. Up until September the total investment flows channelled amounted to €36.3 billion, 53% more than that reached on the same date a year ago.

At the end of the third quarter, BME ranks 7th in the world for new investment flows and equity finance, at \$36.1 billion, according to WFE data. In terms of capital raised through IPOs, BME ranks 1st in the Eurozone and 3rd in Europe, after the UK and Switzerland (Source: EY Global IPO trends Q3 2017).

## **FIXED INCOME**

Net revenue of the unit in the third quarter of the year totalled €2 million, up 3.6% compared to the same period in 2016. Of this amount, 55.2% corresponds to trading revenue whereas the remaining 44.8% corresponds to listing revenue, with an improvement of 19.5%. Up until September, net trading revenue accumulated a fall of 2.6% and listing revenue posted a 10.6% drop to stand at €3.8 million and €2.7 million, respectively.

The volume admitted to trading throughout September reached €305.9 billion, representing an increase of 12.2% compared to the first nine months of the previous year. Public debt amounted to €220.5 billion and Private Fixed Income €82.4 billion.

MARF has continued to grow significantly. During the year, a total of €3 billion was admitted to trading, 97.9% more than the first nine months of 2016. At the close of September, the outstanding balance reached €2.4 billion, an increase of 49% compared to the same date in 2016.

## **DERIVATIVES**

Trading in derivative products obtained revenues during the third quarter amounting to €2.5 million, up 2.1% compared to those obtained during the same period in 2016. In EBITDA terms, this represented an increase of 8.2%. The accumulated total for the year up to September shows a fall in both the revenue as well as EBITDA of 9.3% and 11.9%, respectively.

The total volume of contracts traded in Financial Derivatives in the third quarter of 2017 increased by 14.6% compared to the same period of the previous year.

## **CLEARING**

The clearing house operations managed by BME Clearing generated net revenues in the third quarter of the year of €6.5 million, up 2.6% on the same period of the previous year. This brought the cumulative net revenue for the year to September to €20.4 million, an increase of 19.7% compared to the previous year.

In the Equities segment, which began operations in the second quarter of 2016, 23.3 million transactions were processed during the third quarter in 2017, 3.3% up on the same period of the previous year, with a cash value of €256.2 billion.

## **SETTLEMENT**

Net revenues generated by the Settlement and Registration unit amounted to €16.2 million in the third quarter of the year, up 6.2% year-on-year. Up until September, the cumulative net revenues increased to €49.1 million, a drop of 6% compared to those obtained a year before.

In the third quarter, the trades settled amounted to 2.7 million, up 8.4% compared to the trades settled during the same period in 2016. During the first nine months 8.5 million trades were settled, 58.4% less than those in 2016. The Reform of the Securities Clearing and Settlement System became operational at the end of April 2016 and with its launch, the number of trades settled has dropped substantially due to the netting process that the Clearing House carries out, obtaining, as counterparty, revenues from the clearing of trades.

## **MARKET DATA & VAS**

The total net revenue in this unit amounted to €45.5 million and €15 million for the nine-month period and the quarter, respectively. These amounts represented improvements compared to the first nine months and the third quarter of 2016 of 3.7% and 4.8%, respectively.

In the area of primary information, the total number of clients receiving the flow of primary information increased by 0.9% compared to the third quarter of the previous year, while direct connections to BME's servers remained stable. The revenue corresponding to the Added Value Services area amounted to €5.5 million during the third quarter, bettering the results obtained in the previous year by 18.7%. Revenue from the business area for January to September stood at €16.7 million, an increase of 18.1% year on year.

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