

---

# BUSINESS PERFORMANCE

## January–September 2017

# Disclaimer

This presentation, which is personal to the recipient, has been prepared and produced by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A, (“BME”) solely for the benefit of investment analysis and may not be used for any purpose other than assessment of investments concerning BME. Unless otherwise stated, BME is the source for all data contained in this presentation. Such data is provided as at the date of this presentation and is subject to change without notice.

This presentation is strictly confidential and is being furnished to you solely for your information, It may not be reproduced, redistributed, passed on or published, in whole or in part, to any other person for any other purpose. This presentation does not constitute or form part of, and should not be construed as, an offer or invitation for the sale of or the subscription of, or a solicitation of any offer to buy or subscribe for, any securities, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any offer, contract, commitment or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of BME.

Neither this presentation nor any copy of it may be taken, transmitted into or distributed in the United States, the United Kingdom, Canada, Australia or Japan except by or on the express instructions of BME. The distribution of this presentation in other jurisdictions may also be restricted by law and persons into whose possession this presentation comes should inform themselves about and observe any such restrictions.

This presentation is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (financial promotion) order 2005 (“the order”); or (ii) are persons to whom it can otherwise lawfully be distributed (all such persons together being referred to as “relevant persons”). This presentation must not be acted on, or relied on by, persons who are not relevant persons,

The information in this presentation has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information or opinions contained herein. None of BME, any of its shareholders, or any of their respective subsidiary undertakings or affiliates or any of such person’s directors, officers or employees, advisers or other representatives, accepts any liability whatsoever (whether in negligence or otherwise) arising, directly or indirectly, from the use of this presentation or otherwise arising in connection therewith.

This presentation could include forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, achievements or industry results to be materially different from those expressed or implied by these forward-looking statements. Forward-looking statements speak only as of the date of this presentation and BME expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation as a result of any change in our expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

# Index

Results

Business Units

Financials

Business Drivers

# Index

## Results

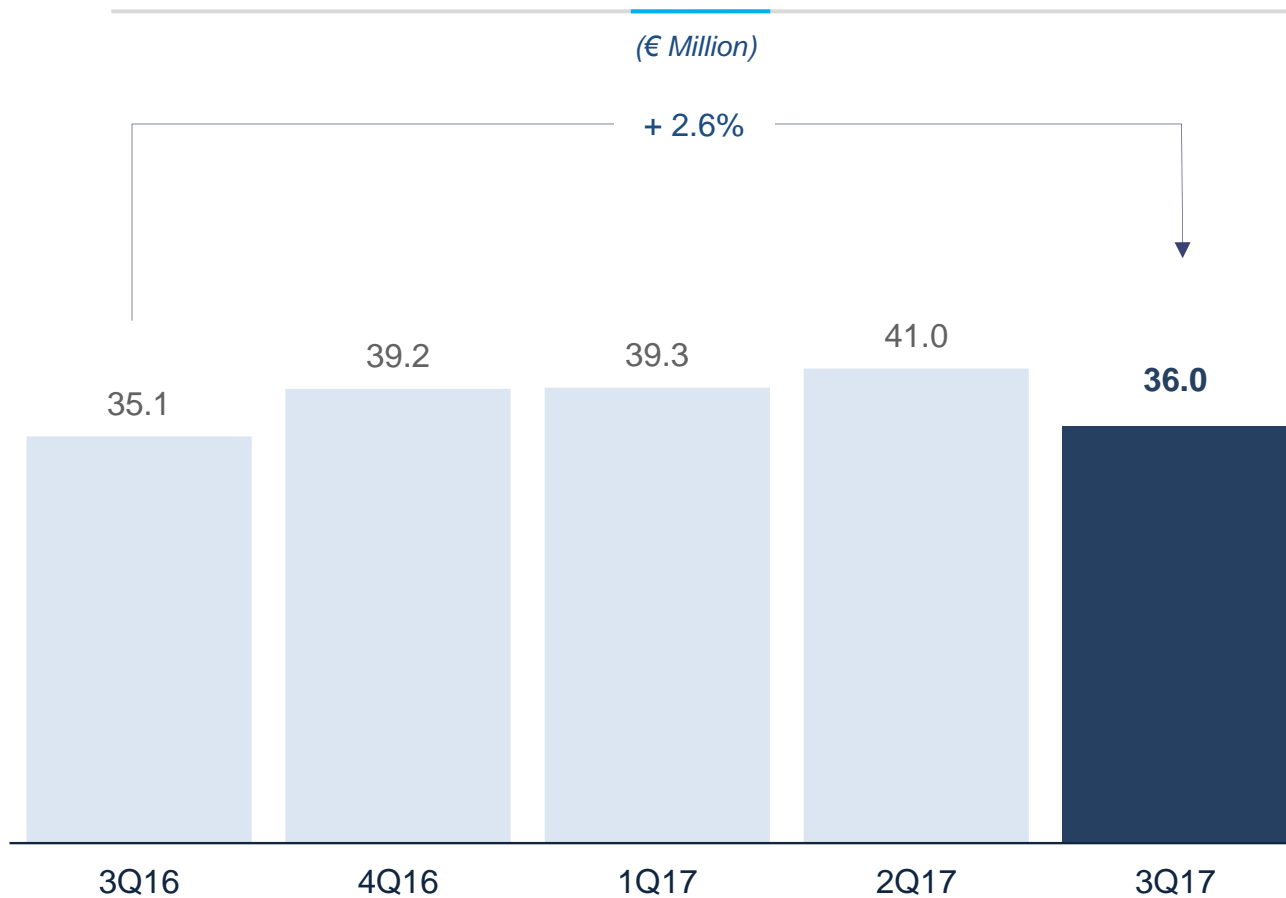
Business Units

Financials

Business Drivers

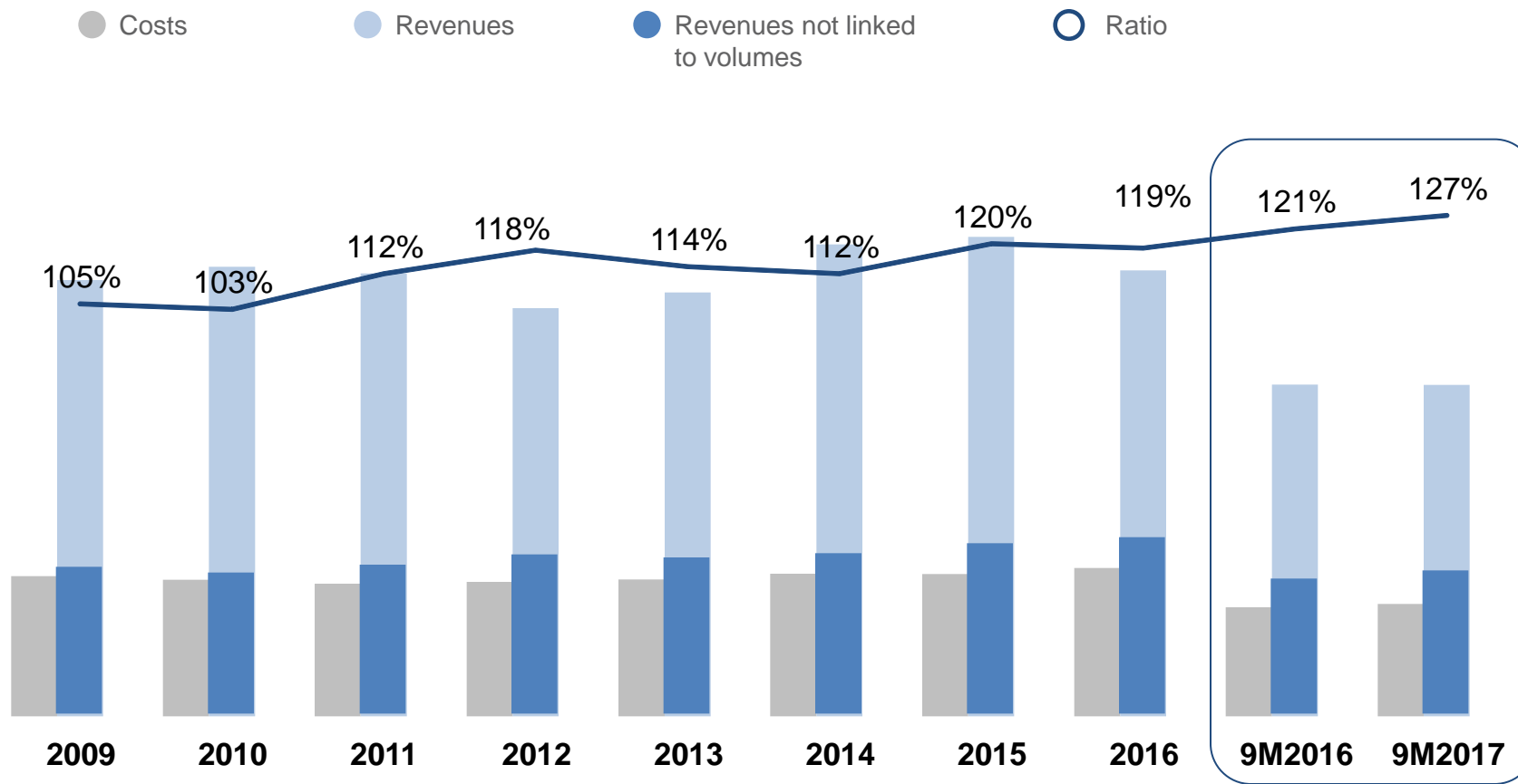
RESULTS

# Net profit



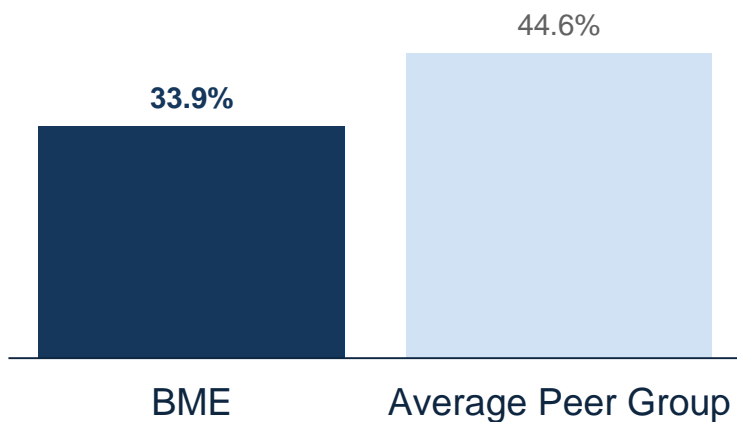


# Solid operating leverage

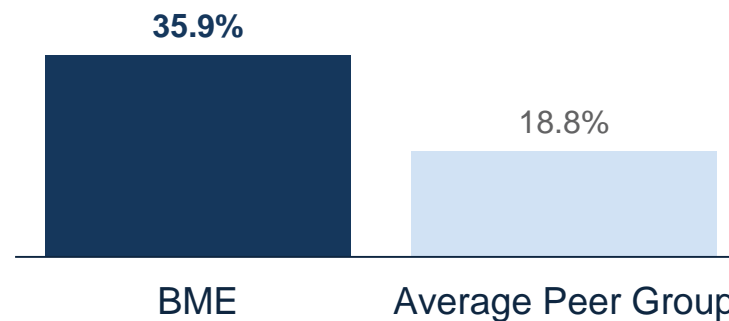


# Key ratios benchmarking

- Efficiency



- ROE

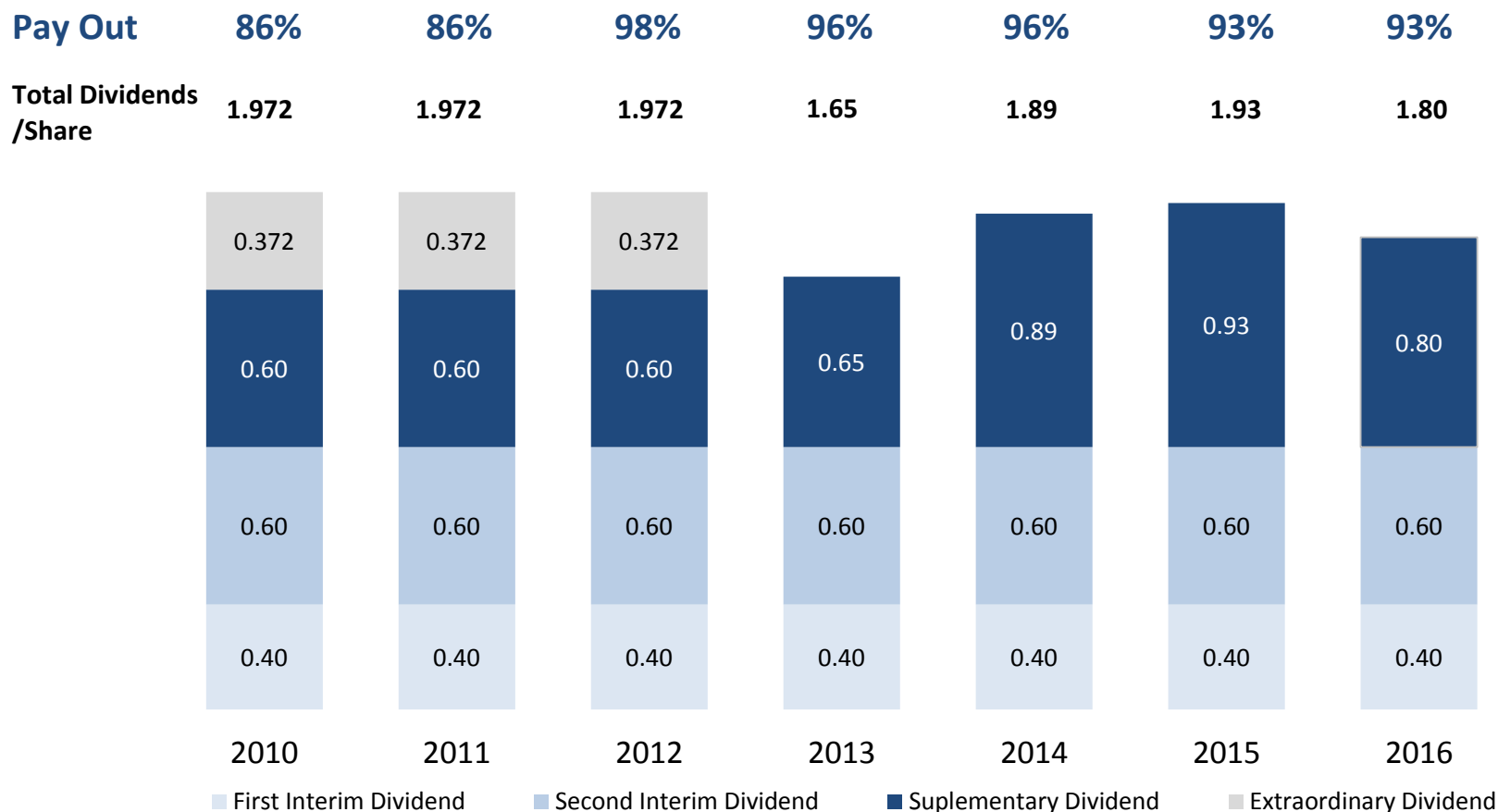


*- BME's data as of 30/09/2017*

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



# Dividends: Maximizing shareholders' returns



## Sustainability of Pay-Out

Interim dividend proposal: 0.60 €/share (29<sup>th</sup> December 2017)



# Index

Results

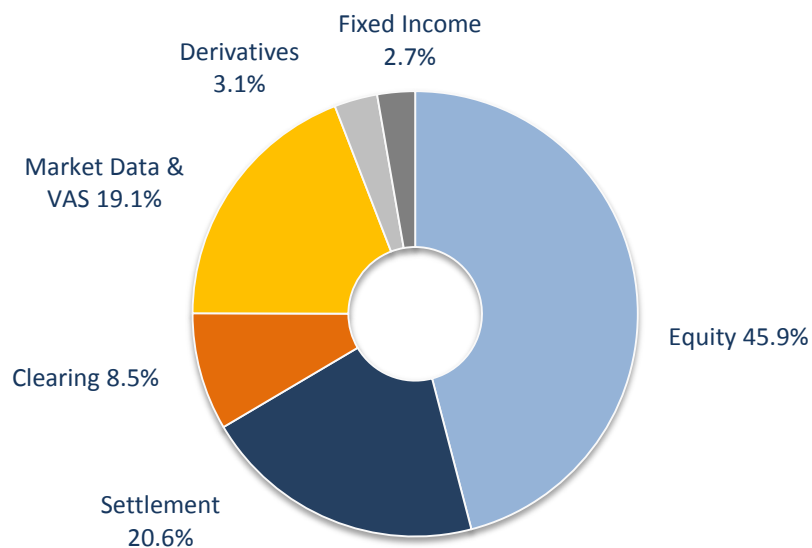
**Business Units**

Financials

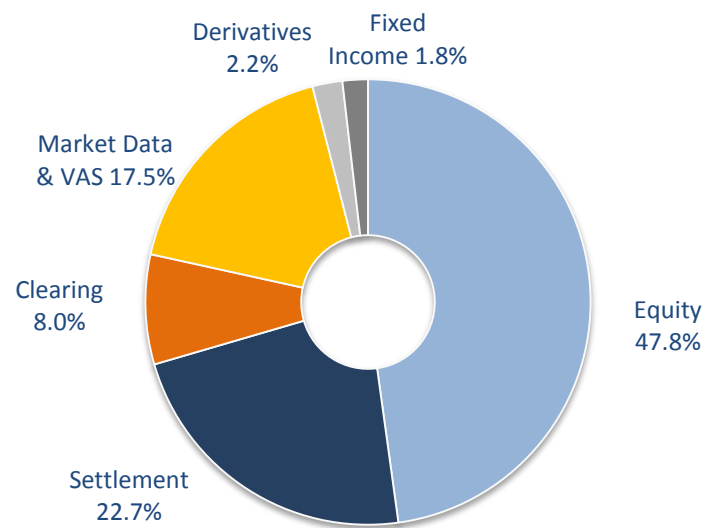
Business Drivers

# Business Areas

## Consolidated Net Revenues 9M 2017 - %



## EBITDA 9M 2017 - %



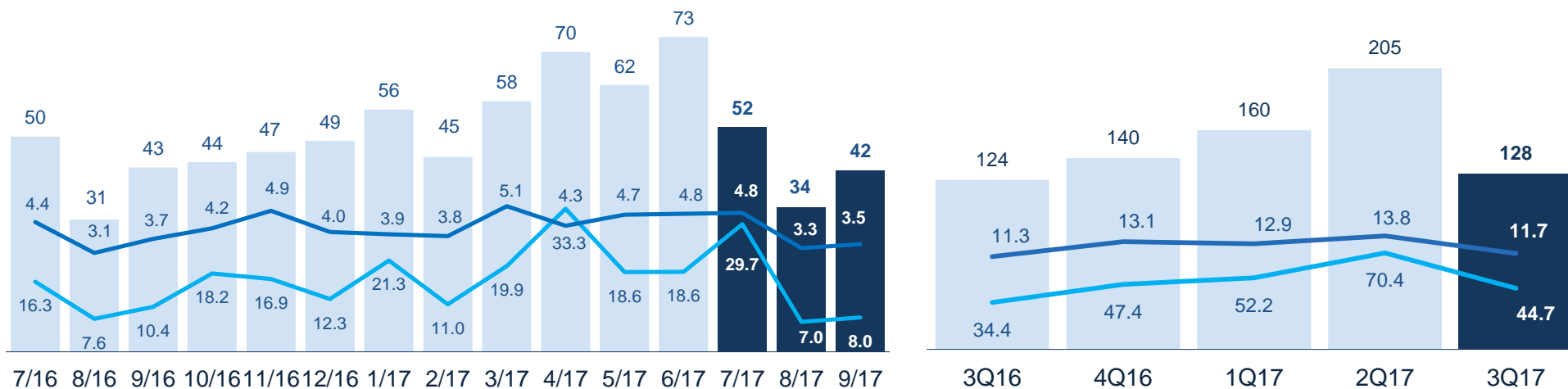


# Equity Market

Thousands of €	3Q 2017	3Q 2016	%	9M 2017	9M 2016	%
<b>Net Revenue</b>	33,460	32,828	1.9%	109,547	107,727	1.7%
<b>Operating Costs</b>	(10,399)	(10,185)	2.1%	(30,973)	(30,929)	0.1%
<b>EBITDA</b>	<b>23,061</b>	<b>22,643</b>	<b>1.8%</b>	<b>78,574</b>	<b>76,798</b>	<b>2.3%</b>

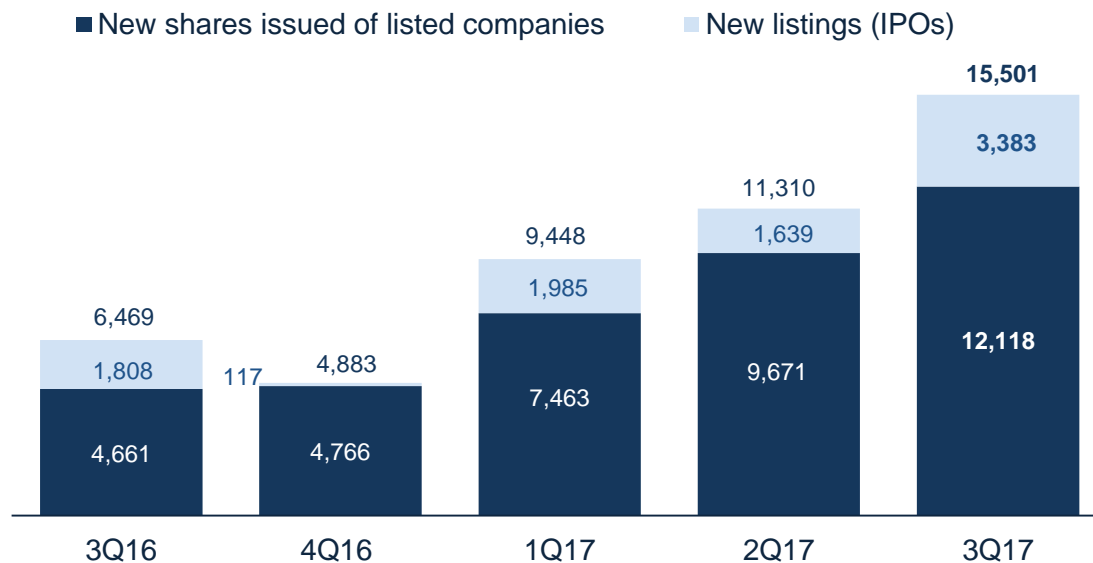
## Equity (Turnover, number of trades and number of shares traded)

● Turnover (€ Billion)      ○ Shares (Billion)      ○ Trades (Million)



# Equity Market

## Listing activity



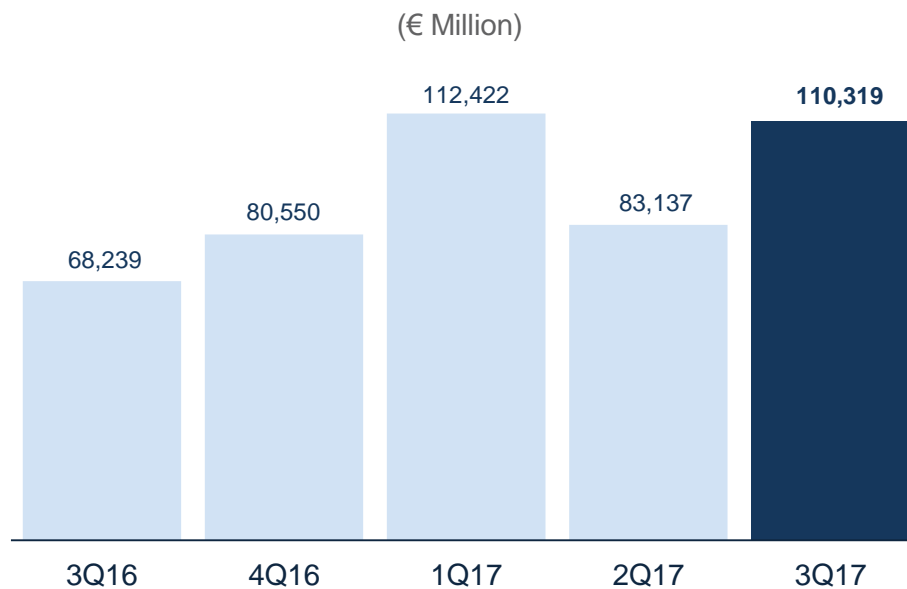
Source: FESE (Federation of European Stock Exchanges)

- Up to September, total investment flows channeled amounted to €36.3 billion (+53.0%).
- At the end of September, the Spanish Exchange ranked 7th in the world by volume of new investment flows and 1st in the Euro zone/3rd of Europe in funds raised through IPOs.
- Financing through new shares amounted to €3.4 billion in the third quarter (+87.1%).
- Investment flows channeled to the Exchange in shares already listed during the third quarter of 2017, amounted to €12.1 billion (+160.0%).

# Fixed income

<i>Thousands of €</i>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>	<b>9M 2017</b>	<b>9M 2016</b>	<b>%</b>
<b>Net Revenue</b>	1,975	1,907	3.6%	6,531	6,954	-6.1%
<b>Operating Costs</b>	(1,218)	(1,175)	3.7%	(3,507)	(3,691)	-5.0%
<b>EBITDA</b>	<b>757</b>	<b>732</b>	<b>3.4%</b>	<b>3,024</b>	<b>3,263</b>	<b>-7.3%</b>

## AIAF. Volume admitted



- The Alternative Fixed Income Market (MARF) continues to grow. The total admitted to trading until September was 2,982 million euros (+ 97.9%).
- At the end of September, its outstanding balance reached 2,363 million (+ 49%).



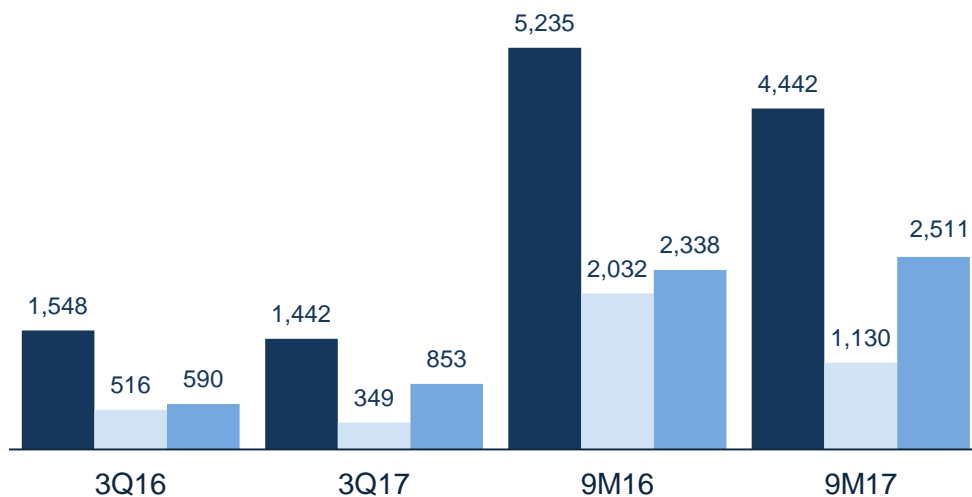
# Derivatives

<i>Thousands of €</i>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>	<b>9M 2017</b>	<b>9M 2016</b>	<b>%</b>
<b>Net Revenue</b>	2,529	2,476	2.1%	7,472	8,235	-9.3%
<b>Operating Costs</b>	(1,340)	(1,377)	-2.7%	(3,898)	(4,179)	-6.7%
<b>EBITDA</b>	<b>1,189</b>	<b>1,099</b>	<b>8.2%</b>	<b>3,574</b>	<b>4,056</b>	<b>-11.9%</b>

Index derivatives contracts traded

(Thousand of contracts)

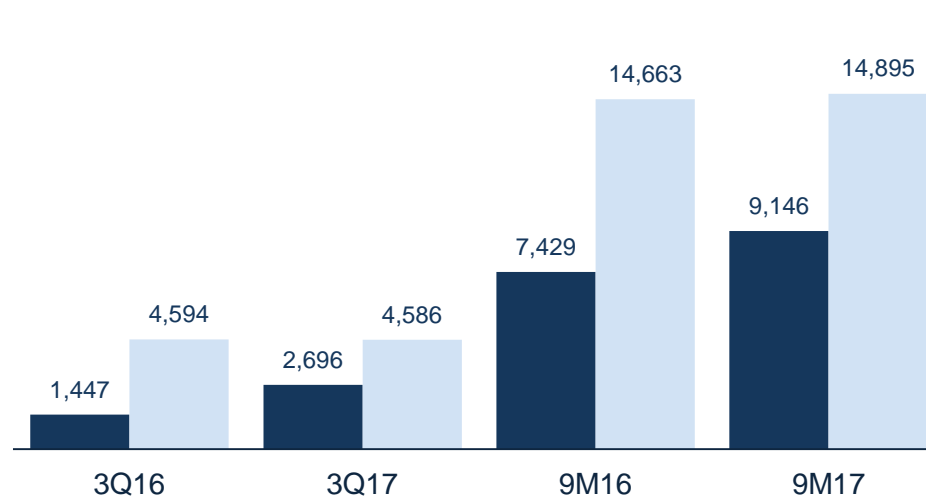
● Futures IBEX 35® ● Futures MiniIBEX ● Options IBEX 35®



Stock derivatives contracts traded

(Thousand of contracts)

● Stock Futures ● Stock Options

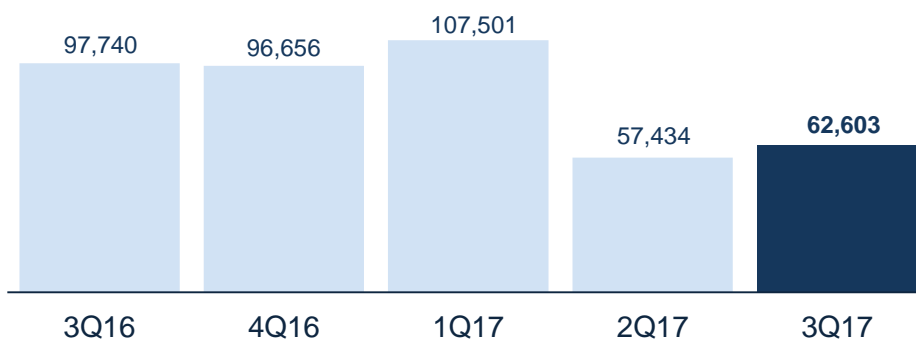


# Clearing

<i>Thousands of €</i>	3Q 2017	3Q 2016	%	9M 2017	9M 2016	%
<b>Net Revenue</b>	6,541	6,377	2.6%	20,353	17,006	19.7%
<b>Operating Costs</b>	(2,584)	(2,186)	18.2%	(7,261)	(6,917)	5.0%
<b>EBITDA</b>	<b>3,957</b>	<b>4,191</b>	<b>-5.6%</b>	<b>13,092</b>	<b>10,089</b>	<b>29.8%</b>

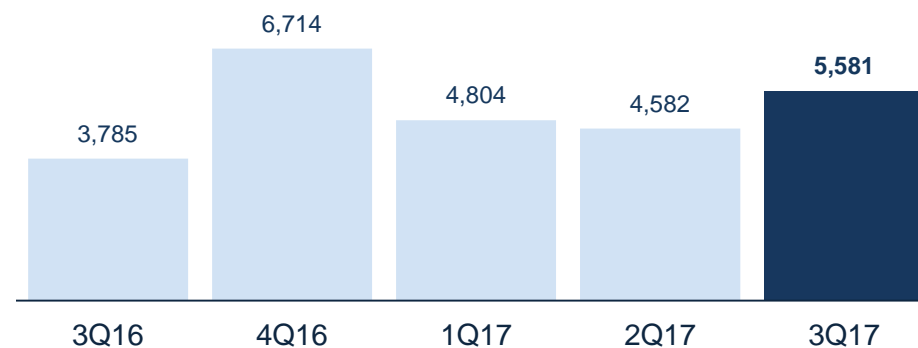
## Turnover BME Clearing REPO

(€ Million)



## Volume (Mwh) traded in Energy market

(Thousand)



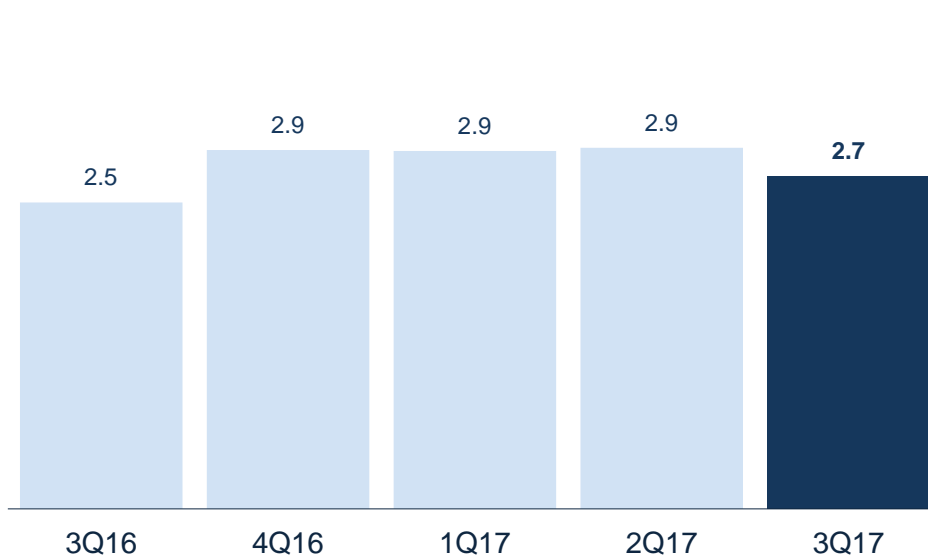


# Settlement & Registration

<i>Thousands of €</i>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>	<b>9M 2017</b>	<b>9M 2016</b>	<b>%</b>
<b>Net Revenue</b>	16,217	15,267	6.2%	49,062	52,198	-6.0%
<b>Operating Costs</b>	(4,146)	(3,876)	7.0%	(11,823)	(11,889)	-0.6%
<b>EBITDA</b>	<b>12,071</b>	<b>11,391</b>	<b>6.0%</b>	<b>37,239</b>	<b>40,309</b>	<b>-7.6%</b>

## Settlement: Number of trades settled

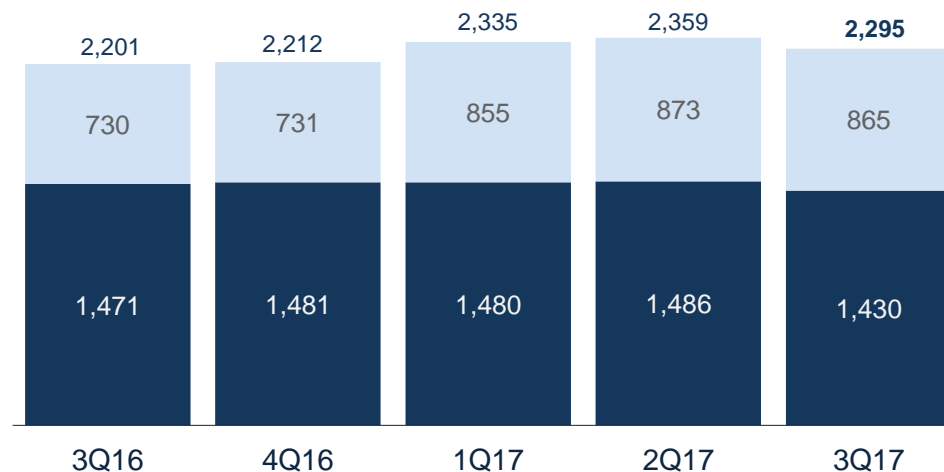
(Million of trades)



## Securities under custody: Volume registered

(€ Billion)

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

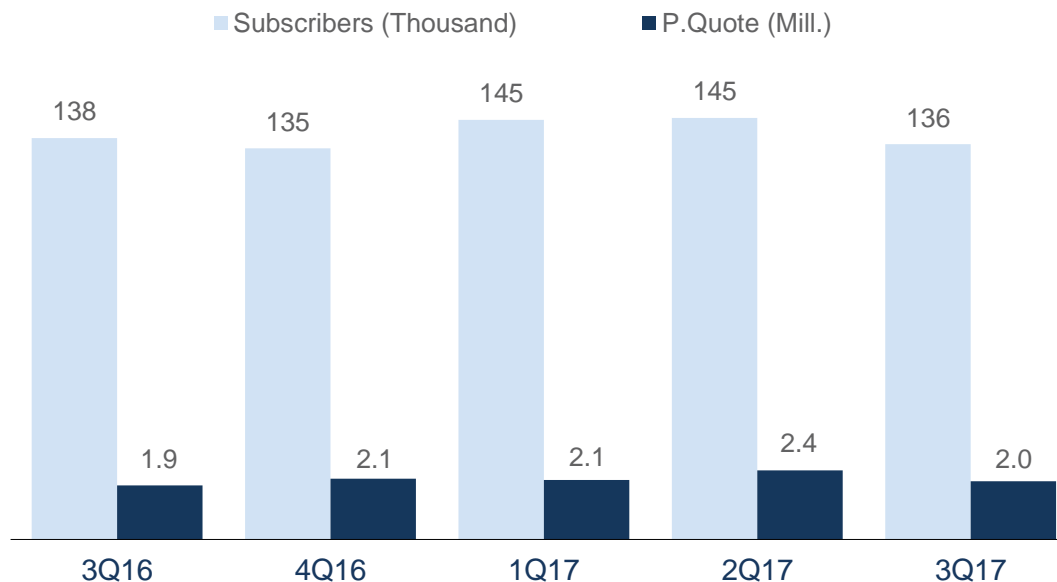


## Market Data & VAS

<i>Thousands of €</i>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>	<b>9M 2017</b>	<b>9M 2016</b>	<b>%</b>
<b>Net Revenue</b>	15,041	14,358	4.8%	45,519	43,881	3.7%
<b>Operating Costs</b>	(5,488)	(4,850)	13.2%	(16,700)	(13,821)	20.8%
<b>EBITDA</b>	<b>9,553</b>	<b>9,508</b>	<b>0.5%</b>	<b>28,819</b>	<b>30,060</b>	<b>-4.1%</b>

### 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

<i>Thousands of €</i>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>	<b>9M 2017</b>	<b>9M 2016</b>	<b>%</b>
<b>Equity</b>	33,460	32,828	1.9%	109,547	107,727	1.7%
<b>Fixed income</b>	1,975	1,907	3.6%	6,531	6,954	-6.1%
<b>Derivatives</b>	2,529	2,476	2.1%	7,472	8,235	-9.3%
<b>Clearing</b>	6,541	6,377	2.6%	20,353	17,006	19.7%
<b>Settlement &amp; Registration</b>	16,217	15,267	6.2%	49,062	52,198	-6.0%
<b>Market Data &amp; VAS</b>	15,041	14,358	4.8%	45,519	43,881	3.7%

# Breakdown by business areas

## EBITDA

<i>Thousands of €</i>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>	<b>9M 2017</b>	<b>9M 2016</b>	<b>%</b>
<b>Equity</b>	23,061	22,643	1.8%	78,574	76,798	2.3%
<b>Fixed income</b>	757	732	3.4%	3,024	3,263	-7.3%
<b>Derivatives</b>	1,189	1,099	8.2%	3,574	4,056	-11.9%
<b>Clearing</b>	3,957	4,191	-5.6%	13,092	10,089	29.8%
<b>Settlement &amp; Registration</b>	12,071	11,391	6.0%	37,239	40,309	-7.6%
<b>Market Data &amp; VAS</b>	9,553	9,508	0.5%	28,819	30,060	-4.1%

# Index

Results

Business Units

**Financials**

Business Drivers

# Balance sheet

<i>as of September, 30<sup>th</sup></i> <i>(Thousands of €)</i>	<b>2017</b>	<b>2016</b>
<b>Goodwill</b>	88,718	88,718
<b>Other non-current assets</b>	85,404	86,418
<b>Cash and cash equivalents</b>	299,592	213,721
<b>Current financial assets</b>	22,093	102,501
<b>Non-Group current financial assets</b>	18,199,422	27,687,685
<b>Other current assets</b>	53,594	49,029
<b>Total assets</b>	<b>18,748,823</b>	<b>28,228,072</b>
<b>Owners' Equity</b>	442,407	435,421
<b>External Partners</b>	243	207
<b>Non-current liabilities</b>	19,817	19,070
<b>Current liabilities</b>	18,286,356	27,773,374
<b>Total equity and liabilities</b>	<b>18,748,823</b>	<b>28,228,072</b>

P/L

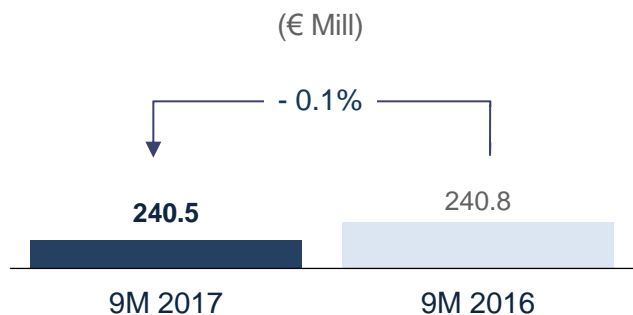
<i>Thousands of €</i>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>	<b>9M 2017</b>	<b>9M 2016</b>	<b>%</b>
<b>Net Revenue</b>	76,246	73,752	3.4%	240,547	240,768	-0.1%
<b>Expenses</b>	(27,124)	(25,789)	5.2%	(81,521)	(79,165)	3.0%
<b>EBITDA</b>	49,122	47,963	2.4%	159,026	161,603	-1.6%
<b>EBIT</b>	47,078	45,883	2.6%	152,919	155,966	-2.0%
<b>Financial results</b>	(41)	58	-170.7%	329	2,998	-89.0%
<b>Share of profit (loss) of associates</b>	442	146	202.7%	864	281	207.5%
<b>EBT</b>	47,479	46,087	3.0%	154,112	159,245	-3.2%
<b>Net Profit</b>	<b>35,996</b>	<b>35,070</b>	<b>2.6%</b>	<b>116,292</b>	<b>121,041</b>	<b>-3.9%</b>



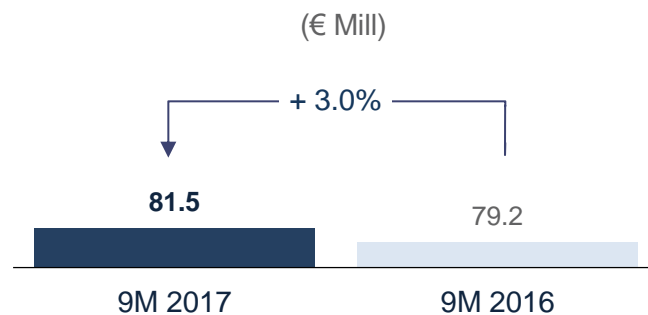
FINANCIALS

# Comparison with 9M 2016

## Net Revenue 9M 2017/2016

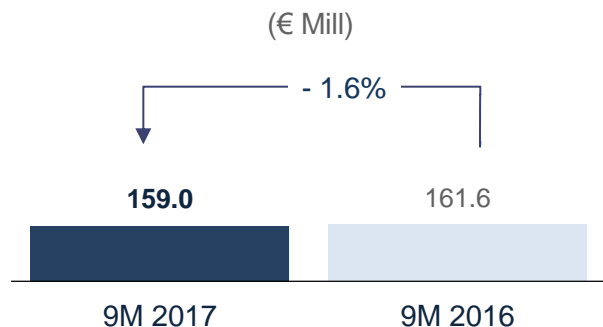


## Costs 9M 2017/2016

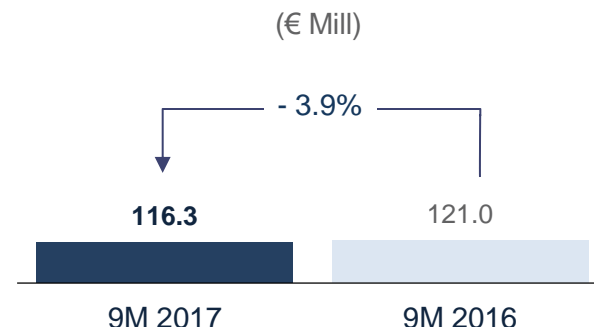


## Margins

## EBITDA 9M 2017/2016



## Net Profit 9M 2017/2016



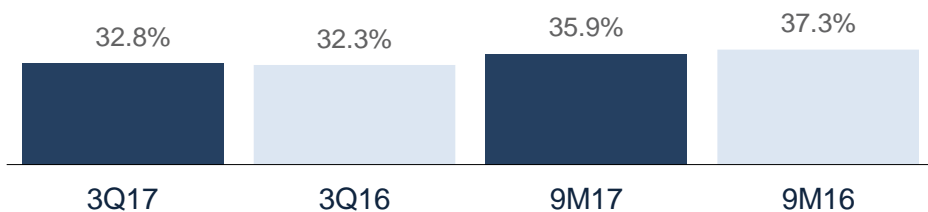


FINANCIALS

# Efficiency & Profitability

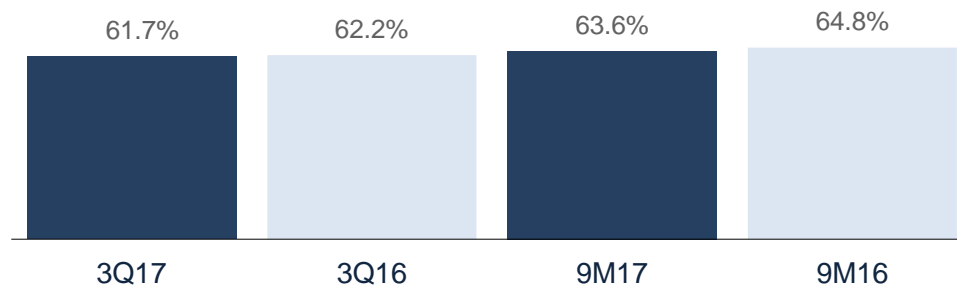
ROE Evolution

(% ROE)



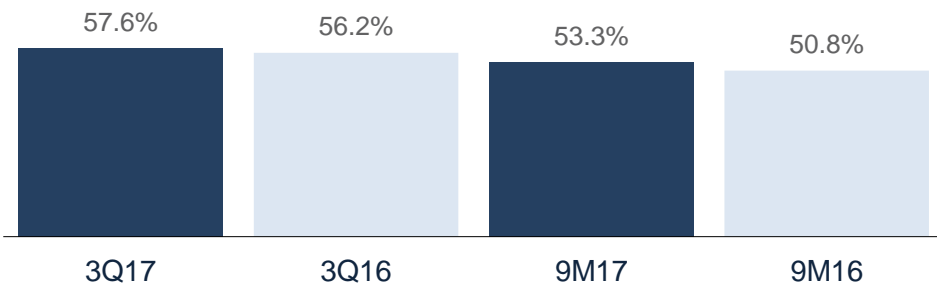
EBIT/Net Revenues Ratio Evolution

(% EBIT/Net Revenues)



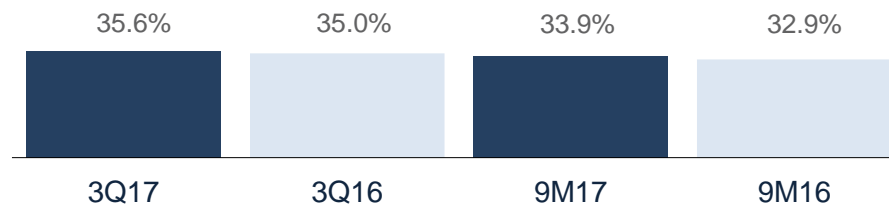
Cost/EBIT Ratio Evolution

(% Cost/EBIT)



Efficiency Ratio Evolution

(% Efficiency)



# Index

Results

Business Units














Financials

**Business Drivers**

## Business drivers

## Highly liquid market

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

RK	Company	9M17	Daily avg. 9M17	Relative weight at EuroStoxx50 (%) <sup>1)</sup>
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	124.0	0.65	3.55%
2	 INTESA SANPAOLO	84.9	0.44	1.53%
3	 BNP PARIBAS	77.8	0.41	2.89%
4	 TOTAL	77.0	0.40	4.57%
5	 SIEMENS	73.6	0.39	4.40%
6	 DAIMLER	70.8	0.37	2.70%
7	 ING	67.4	0.35	2.44%
8	 BBVA	65.7	0.34	2.00%
9	 Allianz	63.9	0.33	3.32%
10	 Bayer	62.4	0.33	4.22%
13	 Telefonica	59.2	0.31	1.79%
25	 INDITEX	43.0	0.22	1.63%
29	 IBERDROLA	40.2	0.21	1.74%

Source: Bloomberg

1) As of 30/09/17

## Business drivers

## 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 (%)
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%
201707	0.049%	0.253%	0.647%
201708	0.050%	0.249%	0.657%
201709	0.046%	0.228%	0.649%

# IBEX

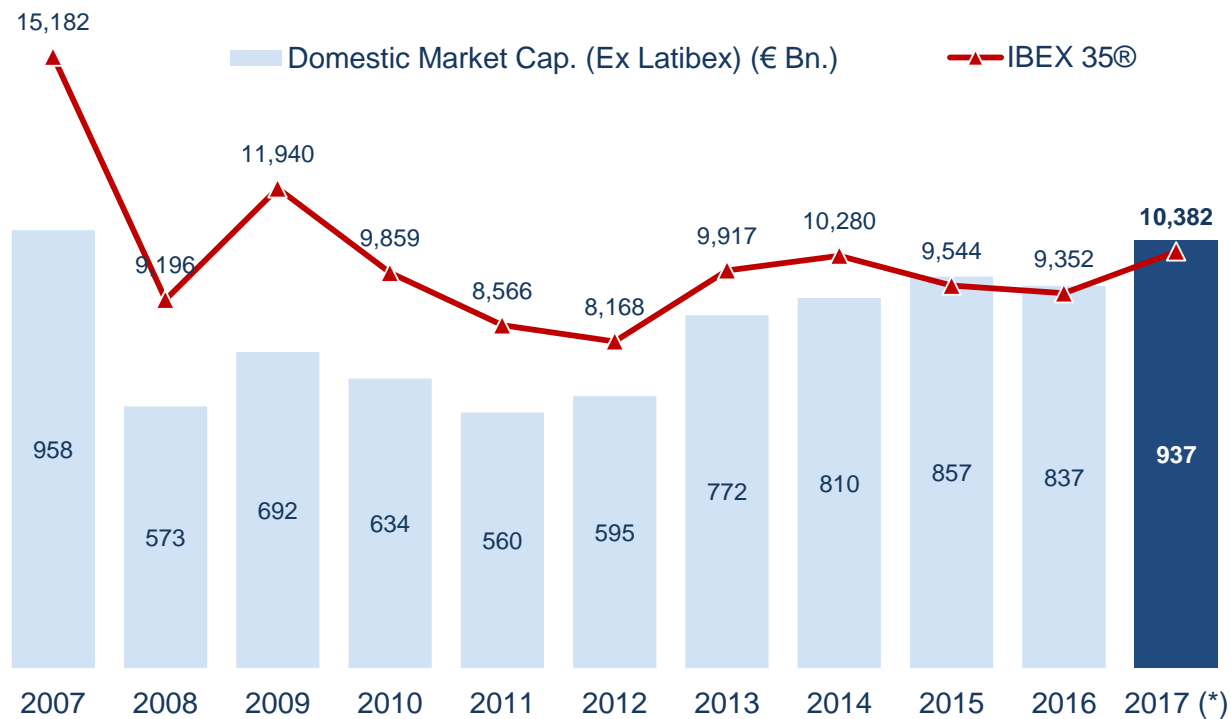
The IBEX 35® bid-ask spread narrowed by 1.5 basis points in the last year to 4.6 bps, the best historical liquidity data on the IBEX 35® spreads.

The IBEX® Medium Cap spread improved by 6.1 basis points since the end of September 2016.

## Business drivers

## Market structure

Investment flows channeled to the Exchange strengthen the market base



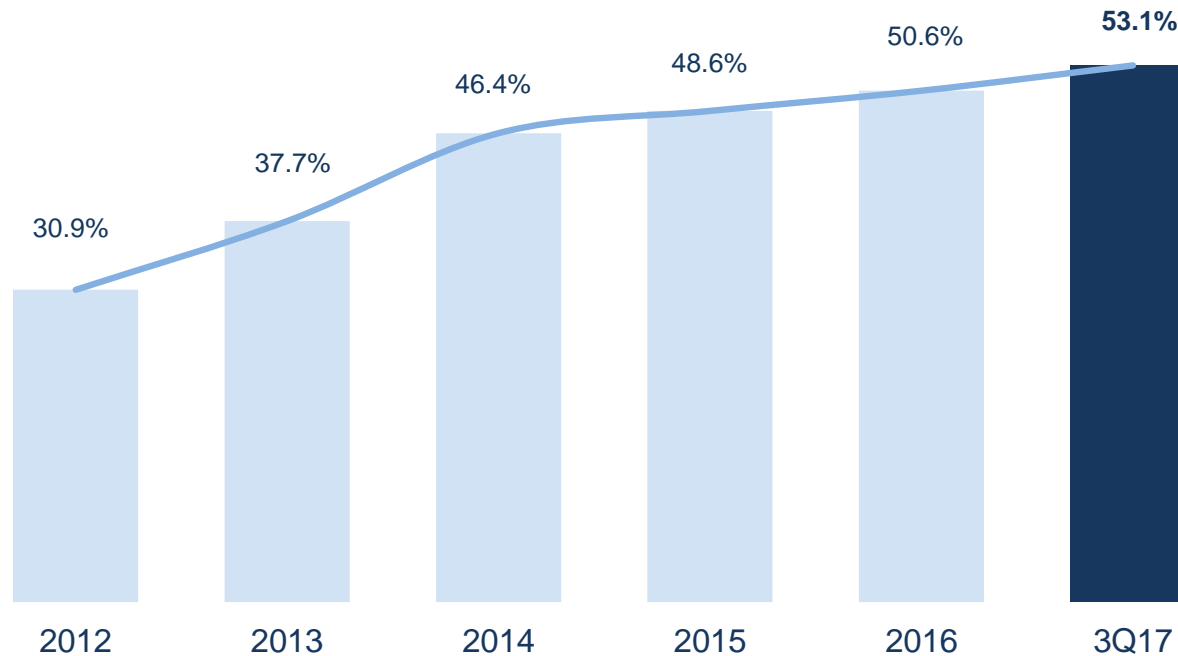
The strength of investment flows channeled to the Exchange pick up domestic market capitalization above nine hundred billion at levels close to 2007, with an index value of the IBEX 35® 31.6% lower.

(\*) Data as of 30/09/2017

## Business drivers

# Market structure

## Medium and small capitalization stocks gaining importance in trading



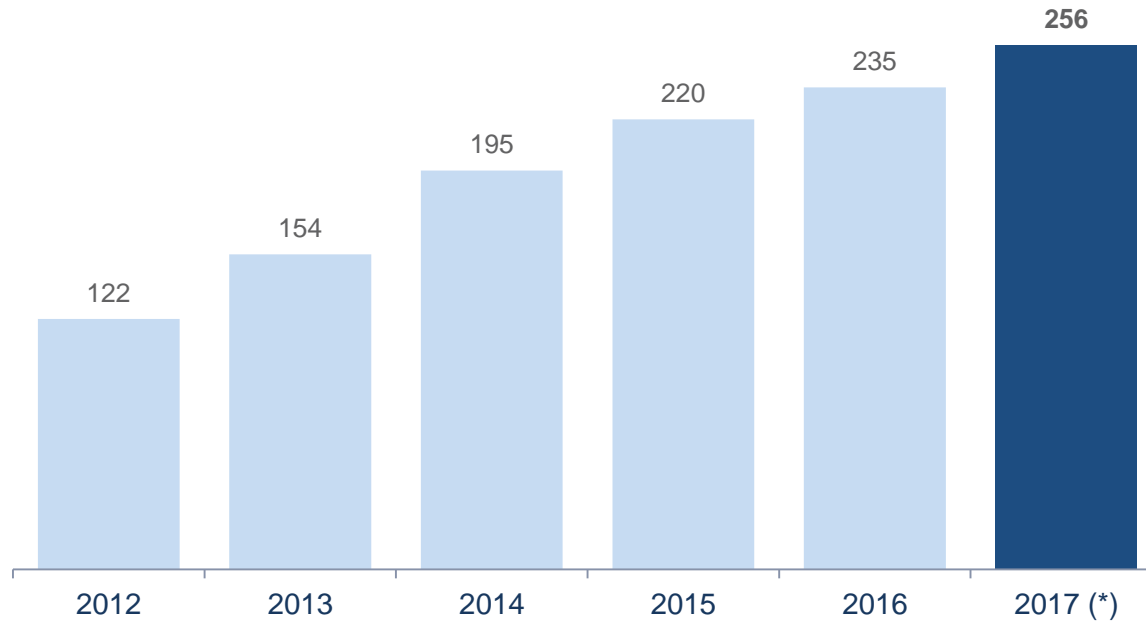
The improvement in liquidity and spreads of medium and small capitalization listed companies has increased the diversification of the trading towards these companies.



## Business drivers

# Market structure

## Volume of assets under management in Investment Funds (2012 - 2017)



Assets under management in investment funds have grown by 109.3% since 2012 and equity funds by 244.4%

Source: Inverco - Spt.2017 Monthly report

(\*) Data as of 30/09/2017



# Q&A