

28 February 2019

BME REPORTS A NET PROFIT OF €136.3 MILLION IN 2018

- **Net profit in the fourth quarter came in at €34.8 million, down 6% from the same period a year earlier**
- **Net revenue reached €78.8 million in the fourth quarter (-0.5%) and €304.2 million in 2018 (-4.9%)**
- **Issuance of a gross €0.57 final dividend to be put before shareholders at the General Shareholders' Meeting**
- **Investment flows channeled through the stock exchange in 2018 totalled €15.22 billion through 141 corporate transactions (rights issues and IPOs), 4 more than in 2017**

BME reported a net profit for the fourth quarter of 2018 of €34.8 million, down 6% on the same period of 2017. Profit for the year totalled €136.3 million, 11.1% less than in 2017.

Total net revenue for the fourth quarter was €78.8 million, 0.5% lower than a year earlier, but performance was better than in the two previous quarters. For the full year, net revenue was €304.2 million, down 4.9% from the previous year.

Stripping out the extraordinary items, revenue for 2018 showed a decrease of 5.3% and operating costs increased 2.5%, making for a decrease of 9.4% in EBITDA for 2018 and a net profit decline by 8.5%.

Total operating costs in the last quarter of the year amounted to €30.5 million, an increase of 7.2% compared to the fourth quarter of 2017, while for the year as a whole they came to €118.1 million, an increase of 7.4% over 2017 costs.

Annual earnings per share were €1.64, €0.42 of which corresponded to the final quarter of the year.

The Board of Directors' proposals to be put before shareholders at the General Shareholders' Meeting include issuance of a final dividend of €0.57, gross, which, if approved, will be paid out to shareholders on 10th May 2019. BME's pay-out in 2018 came in at 96%, in line with the previous years.

HIGHLIGHTS BY BUSINESS AREA

EQUITY

During the year, investment flows channelled to the stock exchange reached €15.2 billion (€3.2 billion in the fourth quarter), through 141 corporate transactions with shares (rights issues and IPOs), four more and than in 2017.

In 2018 5 new companies were listed on main stock exchange and 23 on the Mercado Alternativo Bursátil (MAB).

FIXED INCOME

The Mercado Alternativo de Renta Fija (MARF) once again grew strongly, reinforcing its role in stimulating new business finance alternatives in Spain. Since its creation, 57 companies have turned to MARF for financing and 12 of them have done so for the first time in 2018 with bond issues and commercial paper. MARF ended 2018 with a total issued volume of €6.4 billion, 60.2% more than the total issued in 2017, and an outstanding balance of €3.3 billion, 46.9% more than the previous year. During the fourth quarter, fixed income turnover reached €56.2 billion, 72.3%.

DERIVATIVES

In a context of very low levels of implied volatility (15% daily average according to the VIBEX® index, 0.3 less than the previous year), the total volume of financial derivatives traded stood at 43.5 million contracts in 2018, decreasing 2.4% year-on-year. In the fourth quarter trading remained stable compared to the same period last year at 12.2 million trades. The futures contract on the IBEX 35®, the unit's highest margin product, increased its volume of contracts traded by 1.2% in the accumulated of the year.

CLEARING

Throughout 2018, BME's Clearing business unit made progress with its diversification strategy and already embraces a broad and growing set of activities: clearing of spot equity transactions, clearing and settlement of financial and energy (electricity and natural gas) derivatives traded or registered with MEFF, clearing of repos with fixed income securities (simultaneous trades on Spanish government debt) and clearing and settlement of interest rate derivatives transacted Over The Counter (OTC).

SETTLEMENT & REGISTRATION

During 2018, Iberclear made progress in cross-border settlement and custody service offerings to its participants, both independently and in partnership with specialised entities. The Cross-Border Services (CBS) project was launched on 17th December, with an initial offering that includes securities issued in Germany, France, Italy, The Netherlands and Austria, and with several participants already operating in this environment.

REGIS-TR® ended 2018 with a 6.3% increase in the number of open accounts. The favourable performance of the trade repository includes the start of FINFRAG services during the year.

MARKET DATA & VALUE-ADDED SERVICES

The contribution of the Market Data & VAS unit to the Group's revenue and profit continued to grow in 2018 in line with the business diversification objective set out in the Strategic Plan presented last October. Revenue growth in Value Added Services and the rise of services provided internationally contributed to the unit's positive performance in 2018. This segment continues to gain significance, reaching a relative weight of 41.5% at the end of the year. Revenue from these services increased 21.1% in the quarter and 19.3% in the year.

During the year, the number of BME Market Data clients remained stable and the number of clients opting for a direct connection to the information servers grew 5.8%, thus hitting a new high for this service mode.

NET REVENUE BY BUSINESS AREA

(Thousand euros)	4Q18	4Q17	change %	Total 2018	Total 2017	change %
Equity	32,577	34,909	-6.7%	129,673	144,456	-10.2%
Fixed Income	2,178	2,152	1.2%	7,878	8,683	-9.3%
Derivatives	2,904	3,106	-6.5%	11,189	10,841	3.2%
Clearing	6,631	7,276	-8.9%	26,244	26,961	-2.7%
Settlement & Registration	14,482	14,613	-0.9%	58,974	63,675	-7.4%
Market Data & VAS	17,043	15,982	6.6%	66,705	62,731	6.3%
Total	75,815	78,038	-2.8%	300,663	317,347	-5.3%
Corporate Unit	11,583	6,115	89.4%	25,298	21,270	18.9%
Consolidation Adjustment	(8,575)	(4,932)	73.9%	(21,805)	(18,849)	15.7%
Consolidated	78,823	79,221	-0.5%	304,156	319,768	-4.9%

Further information on the results posted by BME on:

<https://www.bolsasymercados.es/ing/Shareholders-Investors/Financial-information/Results/2018>

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