



Business Performance

January - September
2016

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

- A. Results**
- B. Business Units**
- C. Financials**
- D. Business Drivers**

Index

A. Results

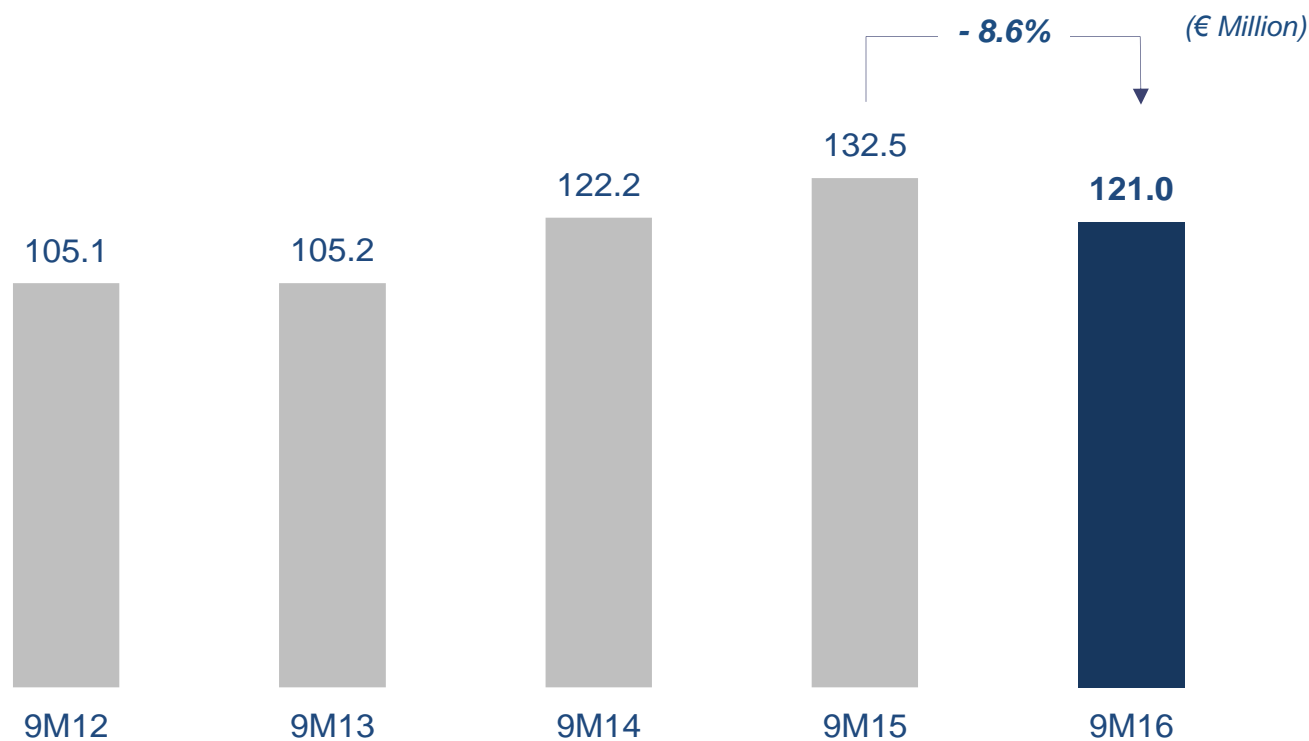
B. Business Units

C. Financials

D. Business Drivers

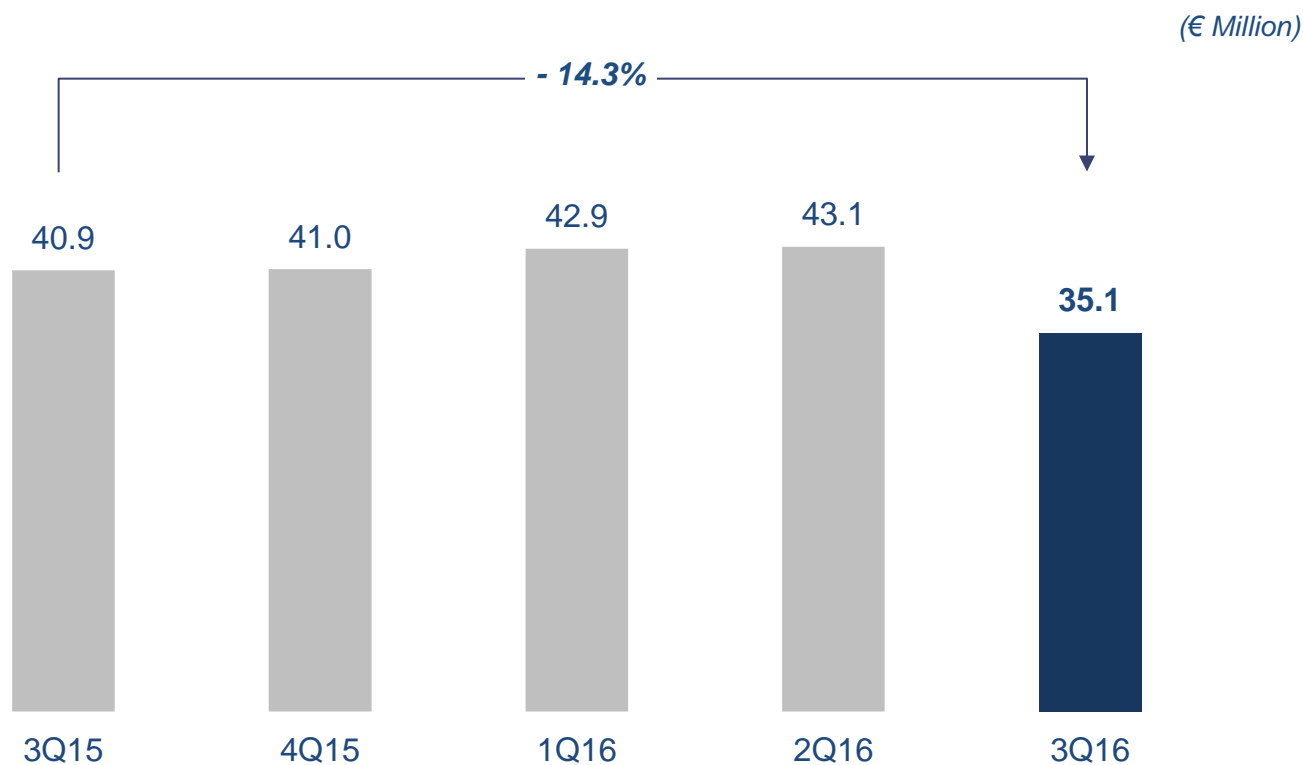
Results

Net profit

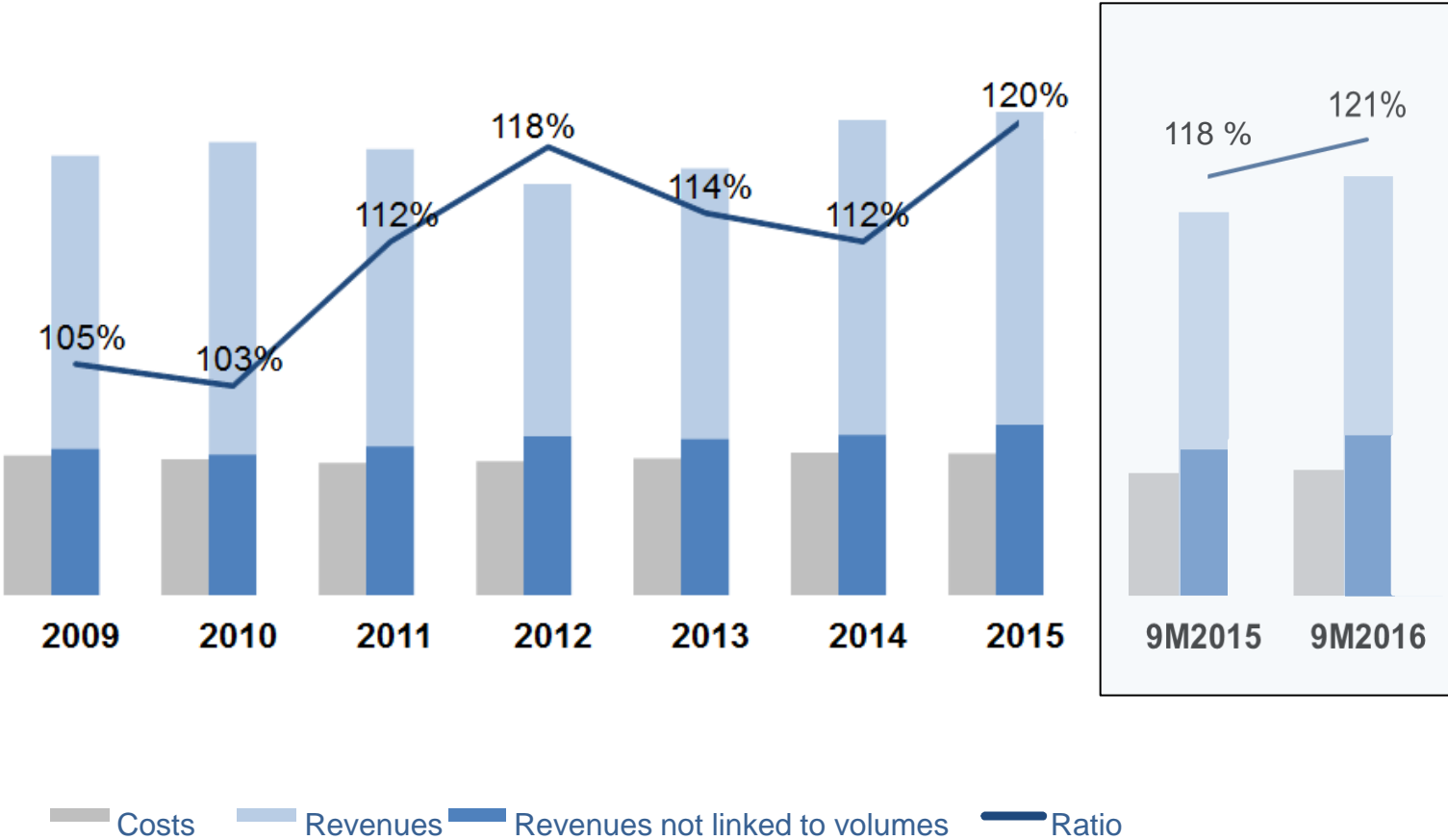


Results

Net profit



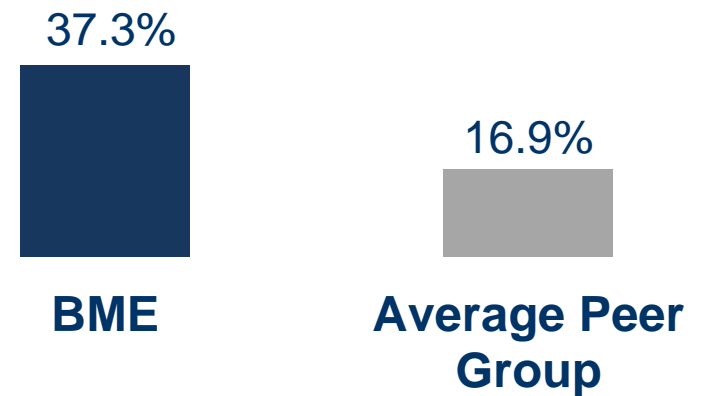
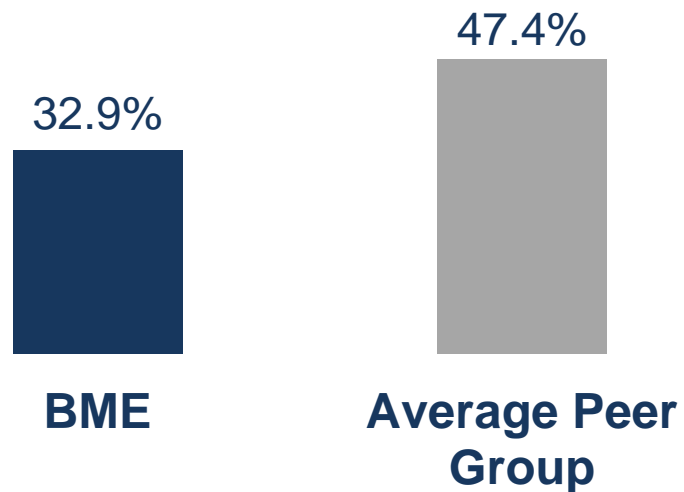
Solid operating leverage



Key ratios benchmarking

- Efficiency

- ROE

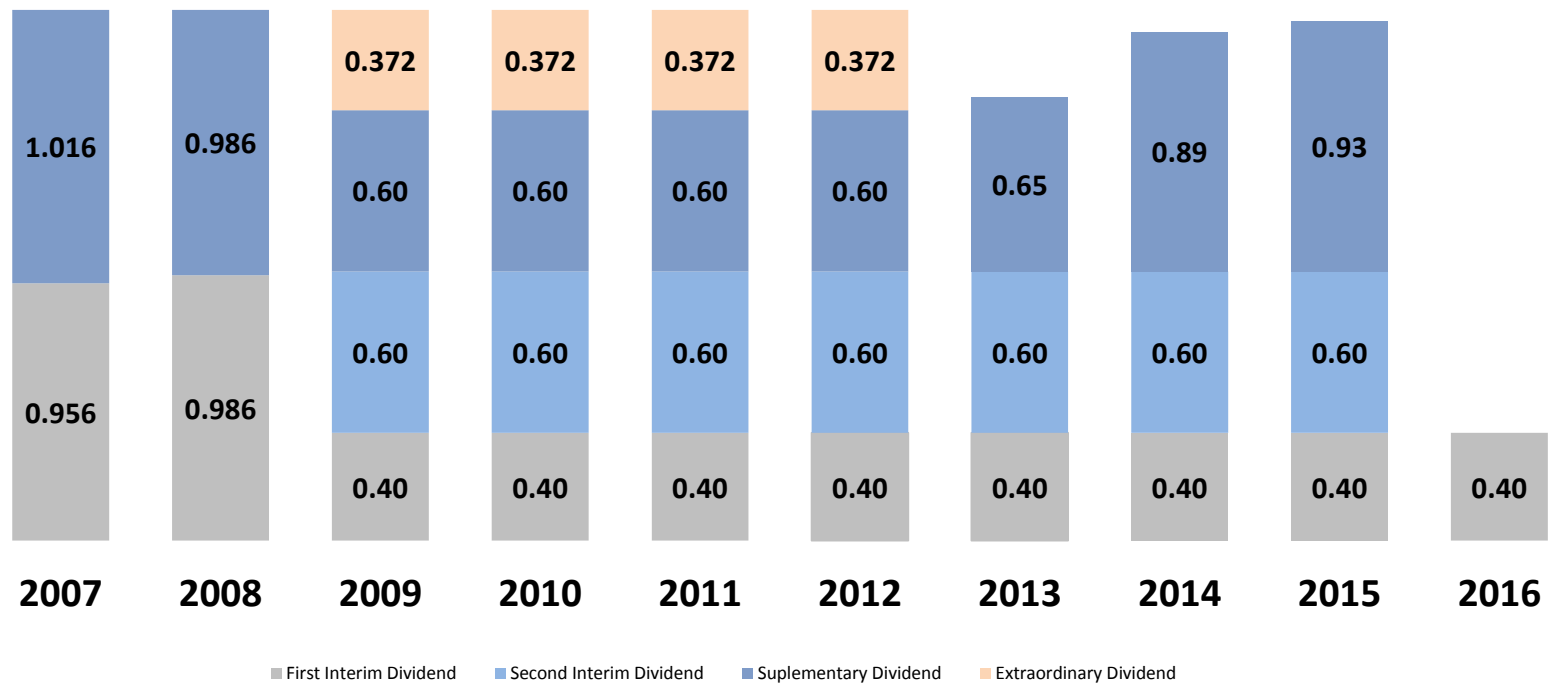


- BME's data as of 30/09/2016

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

Dividends: Maximizing shareholders' returns

Pay Out	82%	86%	89%	86%	86%	98%	96%	96%	93%
Total Dividends /Share	1.972	1.972	1.972	1.972	1.972	1.972	1.65	1.89	1.93



Sustainability of Pay-out

- Next interim dividend date: 29th December

Index

A. Results

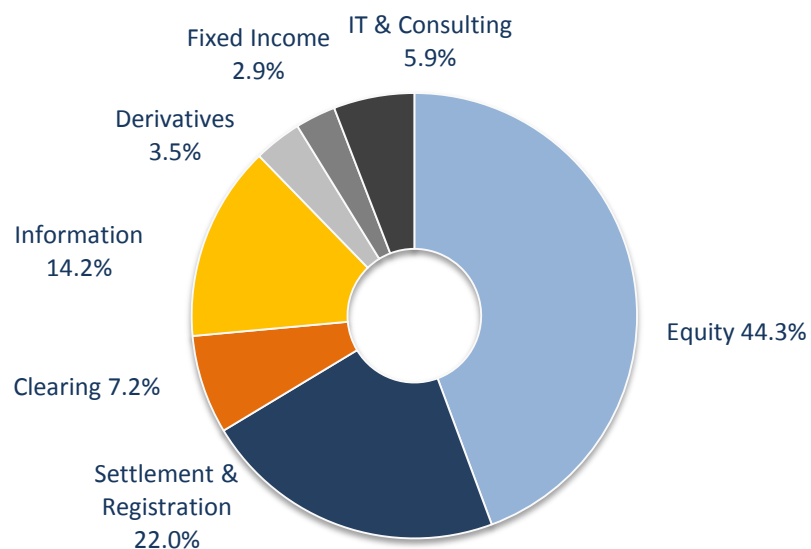
B. Business Units

C. Financials

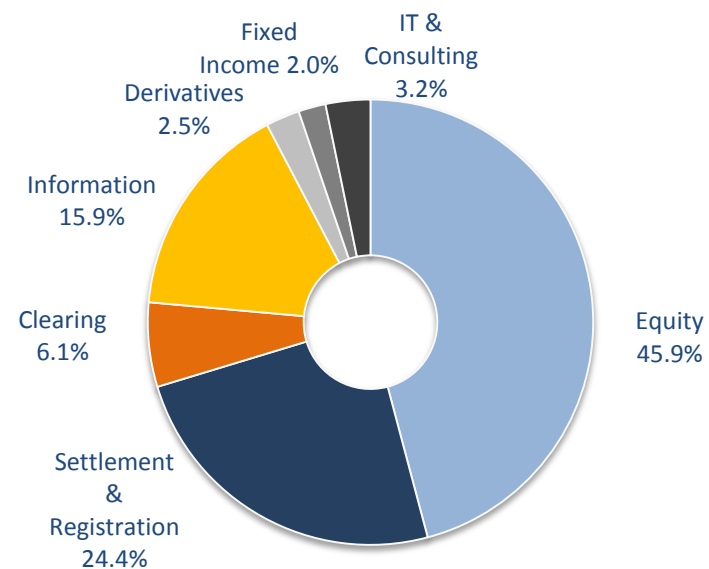
D. Business Drivers

Business Areas

Consolidated Net Revenues 9M 2016 - %



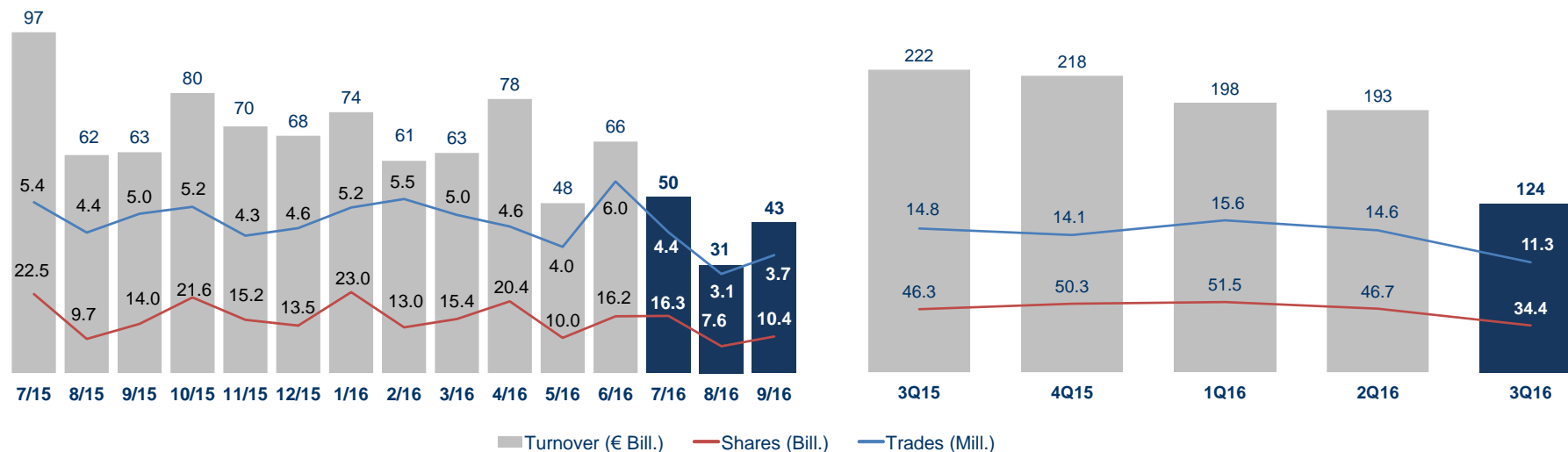
EBITDA 9M 2016 - %



Equity Market

Thousands of €	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	31,848	36,868	-13.6%	105,106	120,895	-13.1%
Operating Costs	(9,714)	(9,486)	2.4%	(29,482)	(28,345)	4.0%
EBITDA	22,134	27,382	-19.2%	75,624	92,550	-18.3%

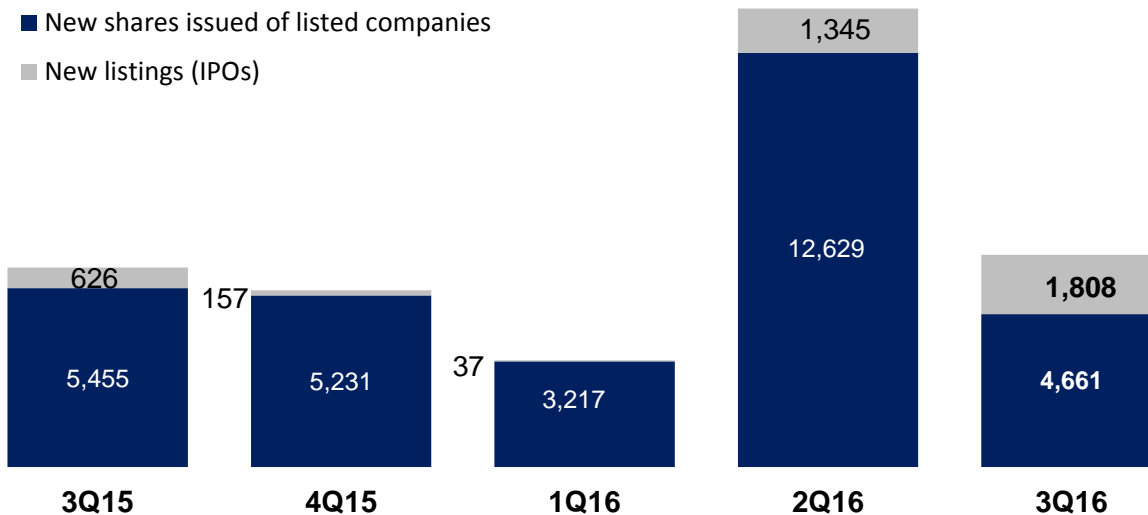
Equity (Turnover, number of trades and number of shares traded)



Equity Market

- Listing activity

Investment flows channeled through the Exchange (€ Million)

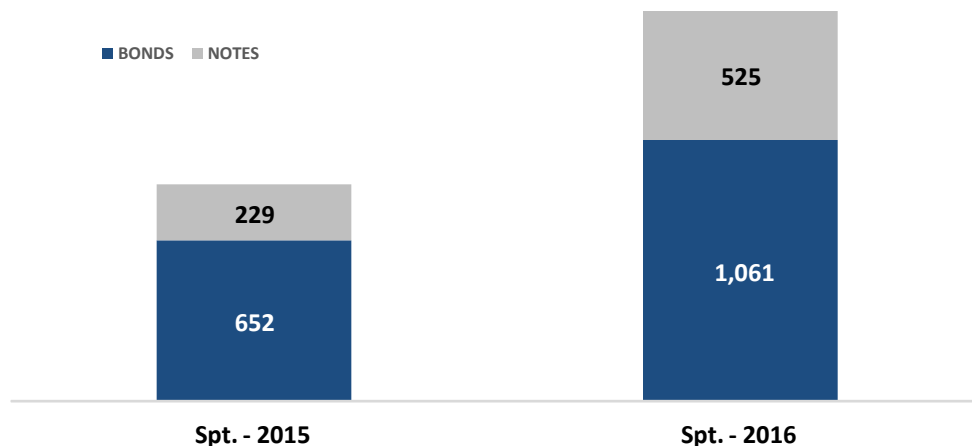


Source: FESE (Federation of European Stock Exchanges)

- Third-quarter investment flows through the Exchange totalled €6.5 billion, up 6.4% over the same period of 2015.
- Issuers maintain a strong access to market as source of diversification in funding. Investment flows channelled through Exchange in the first nine months amounted €23.7 billion.
- Between January and September, four companies have been admitted to the regulated market by a joint capitalization of €20.6 billion. In the MAB, 17 admissions were made in the period, 3 in the growth companies segment and 14 SOCIMIs.

Fixed income

<i>Thousands of €</i>	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	1,907	2,269	-16.0%	6,954	7,407	-6.1%
Operating Costs	(1,175)	(1,294)	-9.2%	(3,691)	(3,852)	-4.2%
EBITDA	732	975	-24.9%	3,263	3,555	-8.2%



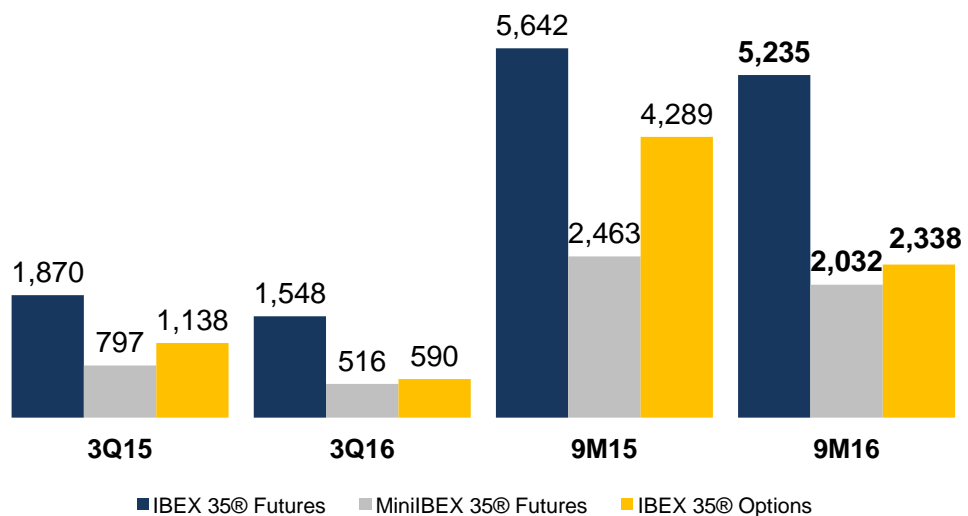
Alternative Fixed Income Market, MARF continues its growth path. The volume issued until September reached 1,507 million euros (+ 155.0%), bringing the outstanding amount to 1,586 million euros (+ 80.0%).

Derivatives

Thousands of €	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	2,476	2,988	-17.1%	8,235	9,295	-11.4%
Operating Costs	(1,377)	(1,313)	4.9%	(4,179)	(3,857)	8.3%
EBITDA	1,099	1,675	-34.4%	4,056	5,438	-25.4%

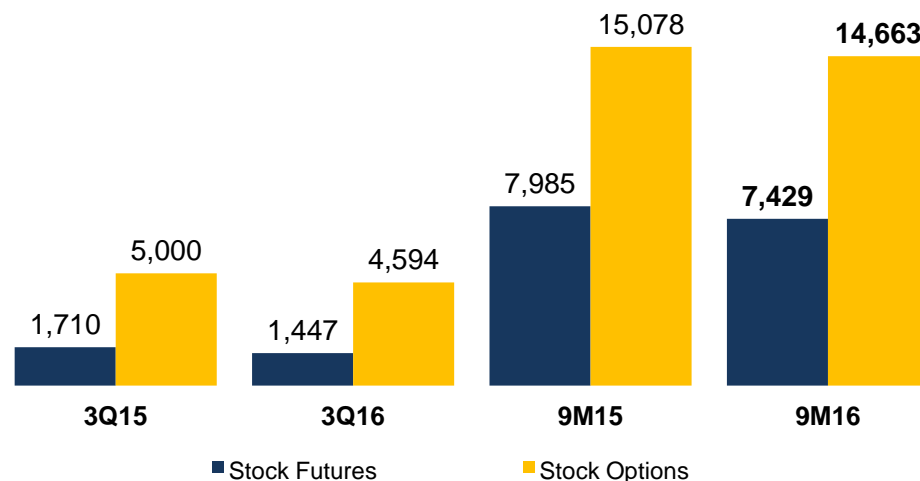
Index derivatives contracts traded

(Thousand of contracts)



Stock derivatives contracts traded

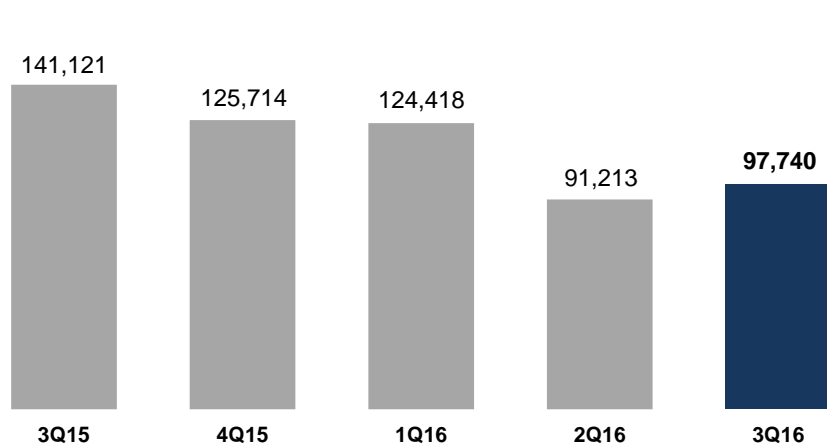
(Thousand of contracts)



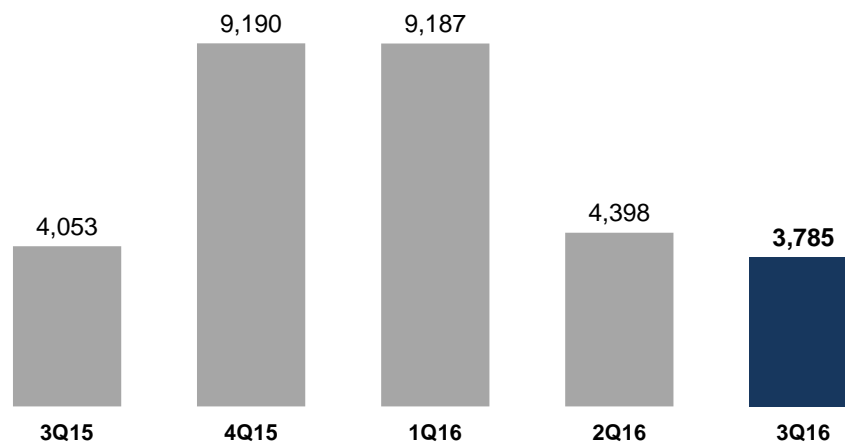
Clearing

<i>Thousands of €</i>	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	6,377	4,482	42.3%	17,006	13,536	25.6%
Operating Costs	(2,186)	(2,420)	-9.7%	(6,917)	(7,439)	-7.0%
EBITDA	4,191	2,062	103.2%	10,089	6,097	65.5%

Turnover BME Clearing REPO (€ Million)



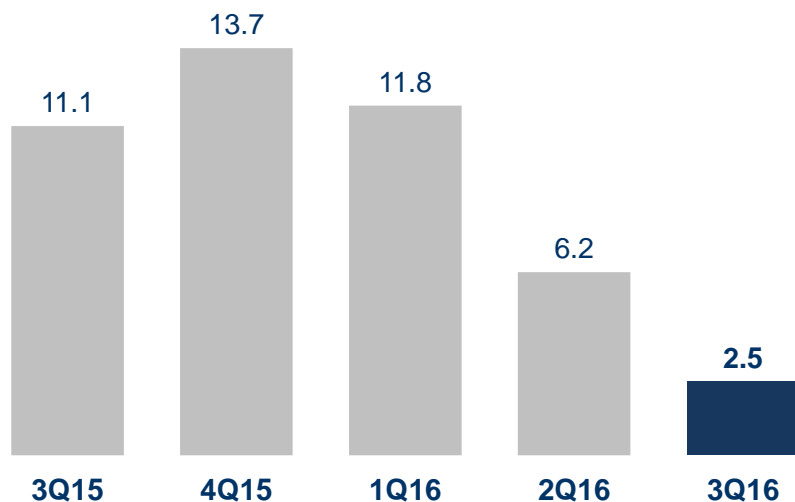
Volume (Mwh) traded in Energy market (Thousand)



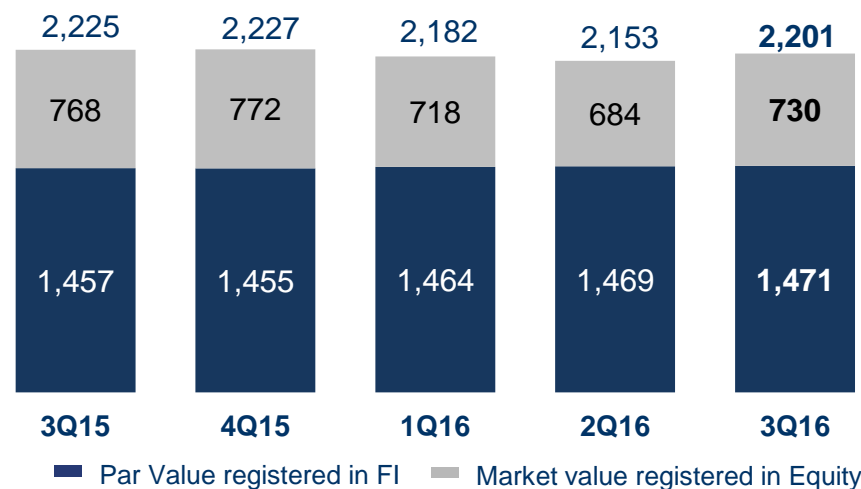
Settlement & Registration

Thousands of €	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	15,267	18,710	-18.4%	52,198	61,347	-14.9%
Operating Costs	(3,876)	(4,135)	-6.3%	(11,889)	(13,277)	-10.5%
EBITDA	11,391	14,575	-21.8%	40,309	48,070	-16.1%

Settlement: Number of trades settled
(Million of trades)



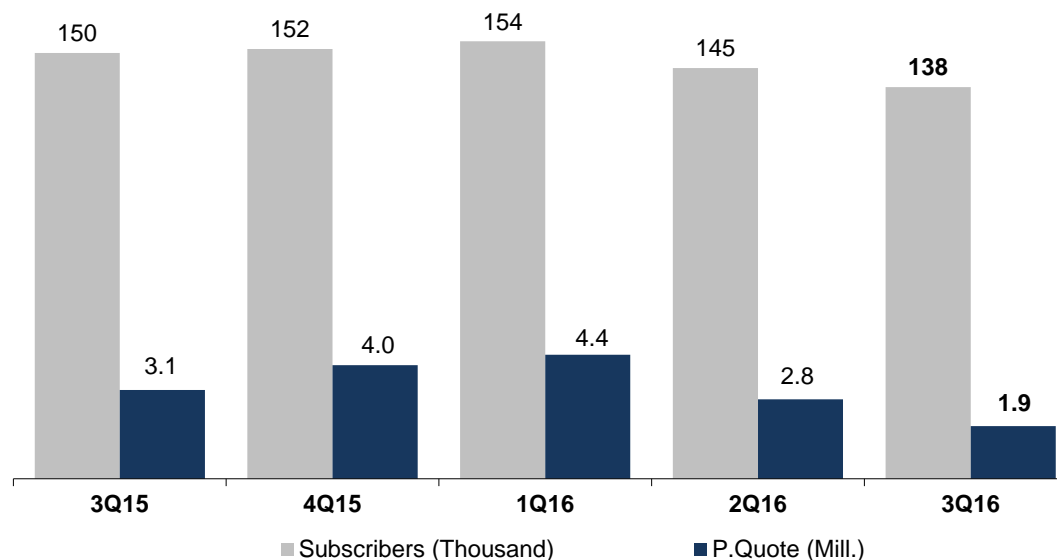
Securities under custody: Volumes
(€ Billion)



Information

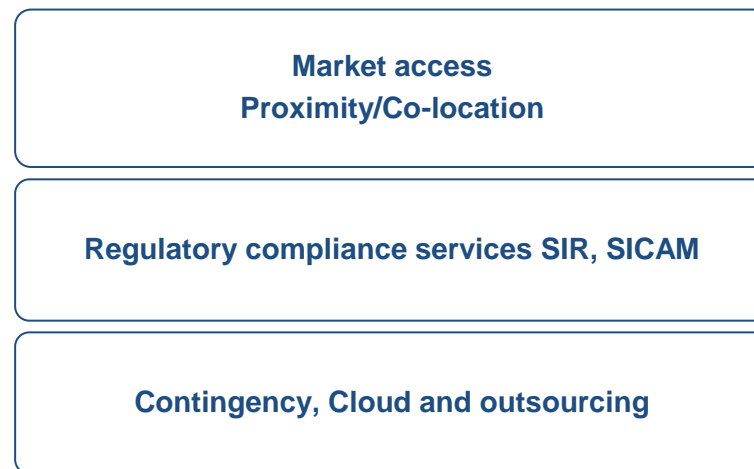
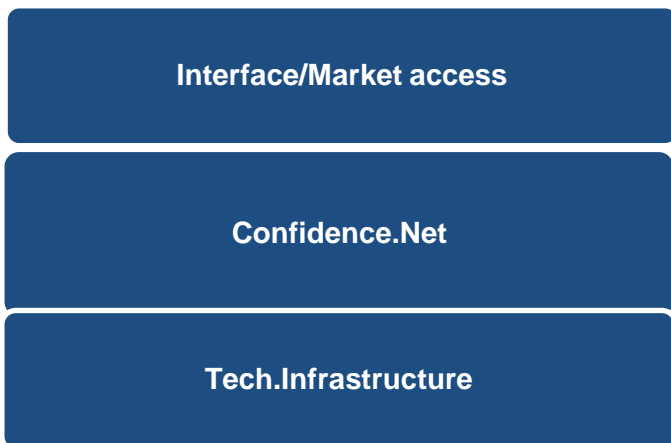
Thousands of €	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	11,218	9,500	18.1%	33,616	28,210	19.2%
Operating Costs	(2,749)	(868)	216.7%	(7,414)	(2,513)	195.0%
EBITDA	8,469	8,632	-1.9%	26,202	25,697	2.0%

Information: Subscribers to primary market sources (Average for the period in thousands of subscribers and millions of accesses per quote)



IT & Consulting

<i>Thousands of €</i>	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	4,358	4,247	2.6%	13,893	13,231	5.0%
Operating Costs	(2,756)	(2,565)	7.4%	(8,548)	(7,830)	9.2%
EBITDA	1,602	1,682	-4.8%	5,345	5,401	-1.0%



Breakdown by business areas

Net Revenues

<i>Thousands of €</i>	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Equity	31,848	36,868	-13.6%	105,106	120,895	-13.1%
Settlement & Registration	15,267	18,710	-18.4%	52,198	61,347	-14.9%
Clearing	6,377	4,482	42.3%	17,006	13,536	25.6%
Information	11,218	9,500	18.1%	33,616	28,210	19.2%
Derivatives	2,476	2,988	-17.1%	8,235	9,295	-11.4%
Consulting & IT	4,358	4,247	2.6%	13,893	13,231	5.0%
Fixed income	1,907	2,269	-16.0%	6,954	7,407	-6.1%

Breakdown by business areas

EBITDA

<i>Thousands of €</i>	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Equity	22,134	27,382	-19.2%	75,624	92,550	-18.3%
Settlement & Registration	11,391	14,575	-21.8%	40,309	48,070	-16.1%
Clearing	4,191	2,062	103.2%	10,089	6,097	65.5%
Information	8,469	8,632	-1.9%	26,202	25,697	2.0%
Derivatives	1,099	1,675	-34.4%	4,056	5,438	-25.4%
Consulting & IT	1,602	1,682	-4.8%	5,345	5,401	-1.0%
Fixed income	732	975	-24.9%	3,263	3,555	-8.2%

Index

A. Results

B. Business Units

C. Financials

D. Business Drivers

Balance sheet

<i>as of September, 30th</i> <i>(Thousands of €)</i>	2016	2015
Goodwill	88,718	80,619
Other non-current assets	86,418	90,597
Cash and cash equivalents	213,721	241,551
Current financial assets	102,501	94,684
Non-Group current financial assets	27,687,685	33,522,583
Other current assets	49,029	45,031
Total assets	28,228,072	34,075,065
Owners' Equity	435,421	444,202
External Partners	207	0
Non-current liabilities	19,070	17,488
Current liabilities	27,773,374	33,613,375
Total equity and liabilities	28,228,072	34,075,065

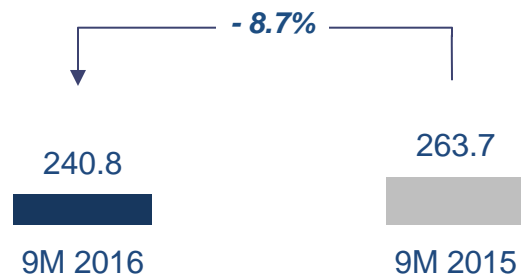
P/L

<i>Thousands of €</i>	3Q 2016	3Q 2015	%	9M 2016	9M 2015	%
Net Revenue	73,752	82,795	-10.9%	240,768	263,679	-8.7%
Expenses	(25,789)	(25,033)	3.0%	(79,165)	(77,094)	2.7%
EBITDA	47,963	57,762	-17.0%	161,603	186,585	-13.4%
EBIT	45,883	56,134	-18.3%	155,966	181,807	-14.2%
Financial results	58	174	-66.7%	2,998	981	205.6%
Share of profit (loss) of associates	146	164	-11.0%	281	443	-36.6%
EBT	46,087	56,472	-18.4%	159,245	183,231	-13.1%
Net Profit	35,070	40,914	-14.3%	121,041	132,468	-8.6%

Comparison with 9M 2015

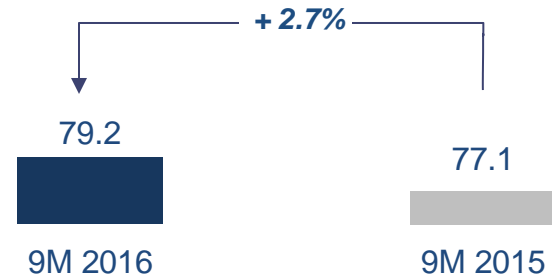
Net Revenue 9M 2016/2015

[€ Mill.]



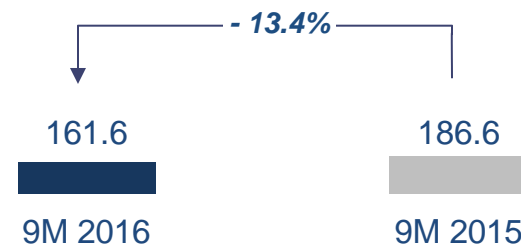
Costs 9M 2016/2015

[€ Mill.]

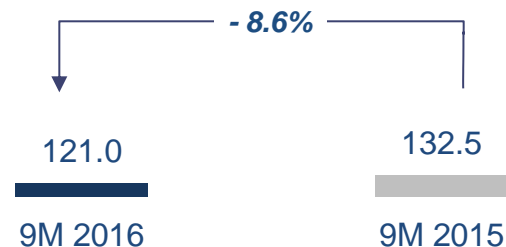


Margins

EBITDA 9M 2016/2015 [€ Mill.]



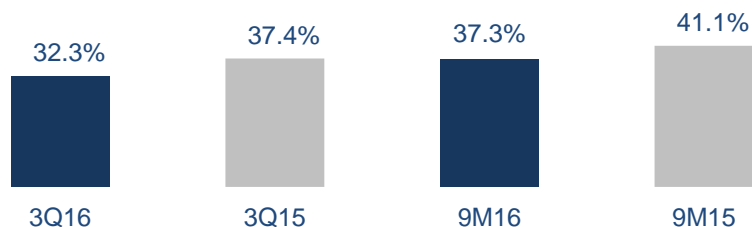
Net Profit 9M 2016/2015 [€ Mill.]



Efficiency & Profitability

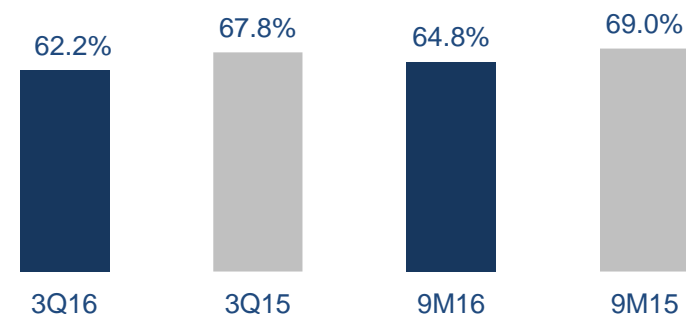
ROE Evolution

% ROE



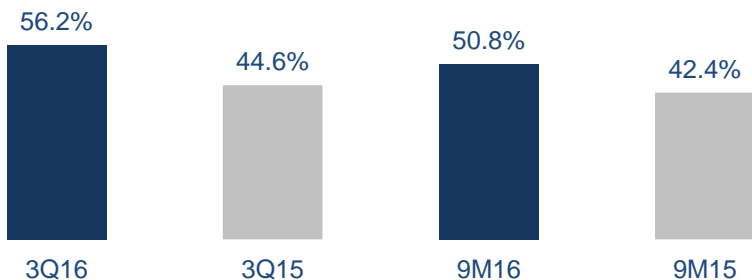
EBIT/Net Revenues Ratio Evolution

% EBIT/Net Revenues



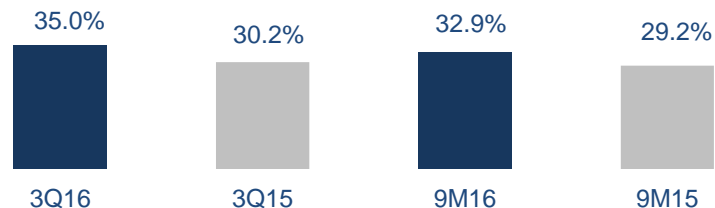
Cost/EBIT Ratio Evolution

% Cost/EBIT



Efficiency Ratio Evolution

% Efficiency



Index

A. Results











B. Business Units

C. Financials

D. Business Drivers

Business drivers: Highly liquid market

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

RK	Company	9M16	Daily avg. 9M16	Relative weight at EuroStoxx50 (%) ¹⁾
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	104.6	0.54	2.90%
2	 TOTAL	89.1	0.46	5.21%
3	DAIMLER	88.2	0.46	3.11%
4	 Bayer	88.2	0.46	3.88%
5	INTESA  SNIPAOLO	86.6	0.45	1.50%
6	 BBVA	74.2	0.38	1.75%
7	 UniCredit	73.8	0.38	0.60%
8	SIEMENS	73.0	0.38	4.30%
9	Allianz 	72.5	0.38	3.07%
10	 SAP	70.0	0.36	3.96%
15	 Telefonica	60.4	0.31	2.08%
20	INDITEX	46.5	0.24	1.73%
26	 IBERDROLA	41.9	0.22	1.73%

Source: Bloomberg

1) As of 30/09/16

Business drivers: Highly liquid market

- Quality of spreads and best market impact for Spanish stocks

	IBEX₃₅	IBEX Medium Cap	IBEX Small Cap
Year/Month	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)
201509	0.065%	0.282%	0.914%
201510	0.061%	0.261%	0.881%
201511	0.061%	0.257%	0.797%
201512	0.070%	0.268%	0.870%
201601	0.072%	0.281%	0.960%
201602	0.077%	0.302%	0.979%
201603	0.064%	0.239%	0.693%
201604	0.059%	0.231%	0.701%
201605	0.060%	0.224%	0.720%
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%



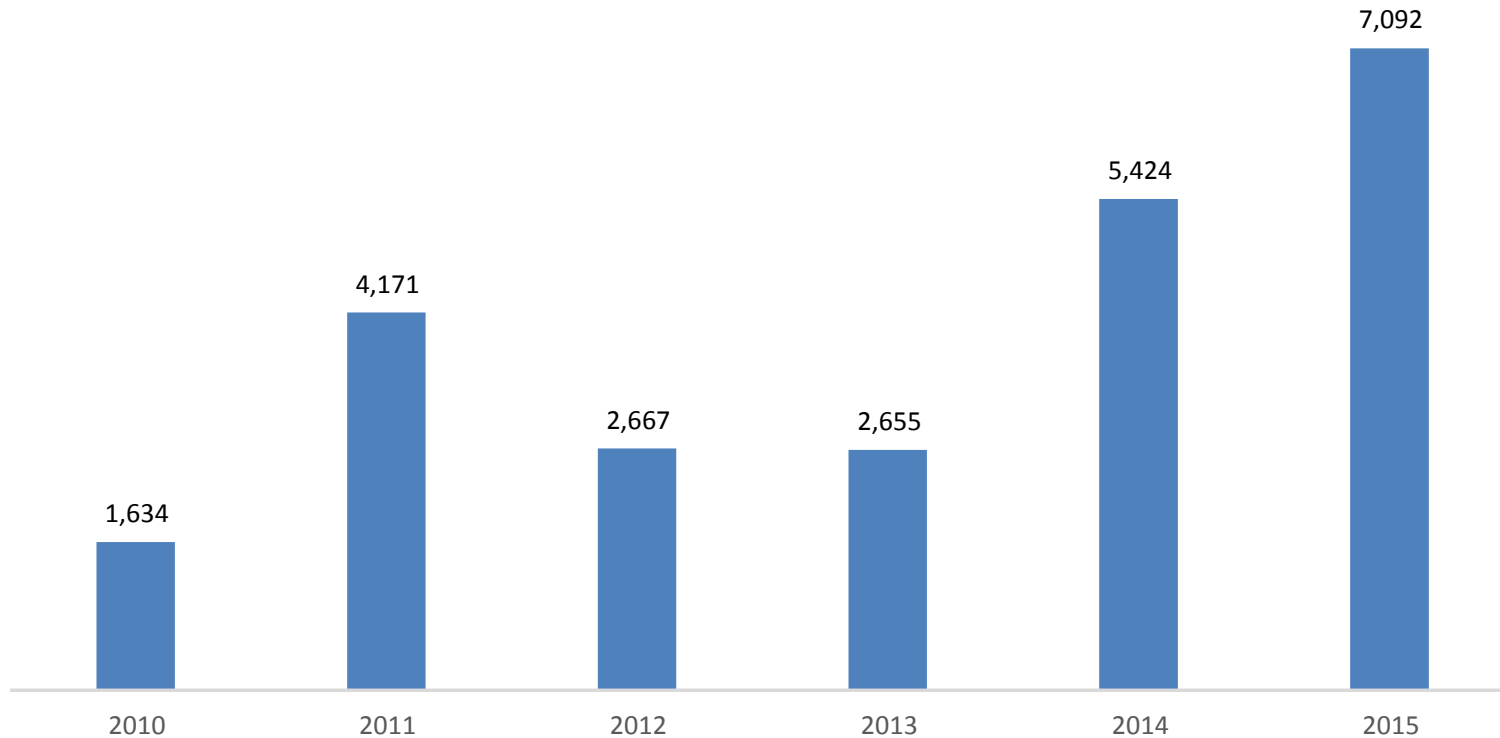
The liquidity of the Spanish stocks and the implicit cost of trading continues to improve:

- IBEX 35® narrowed back to 6 basis points.
- IBEX® Small spread improved 34 basis points, a new record low.

Source: Market annual and monthly reports

Market financing

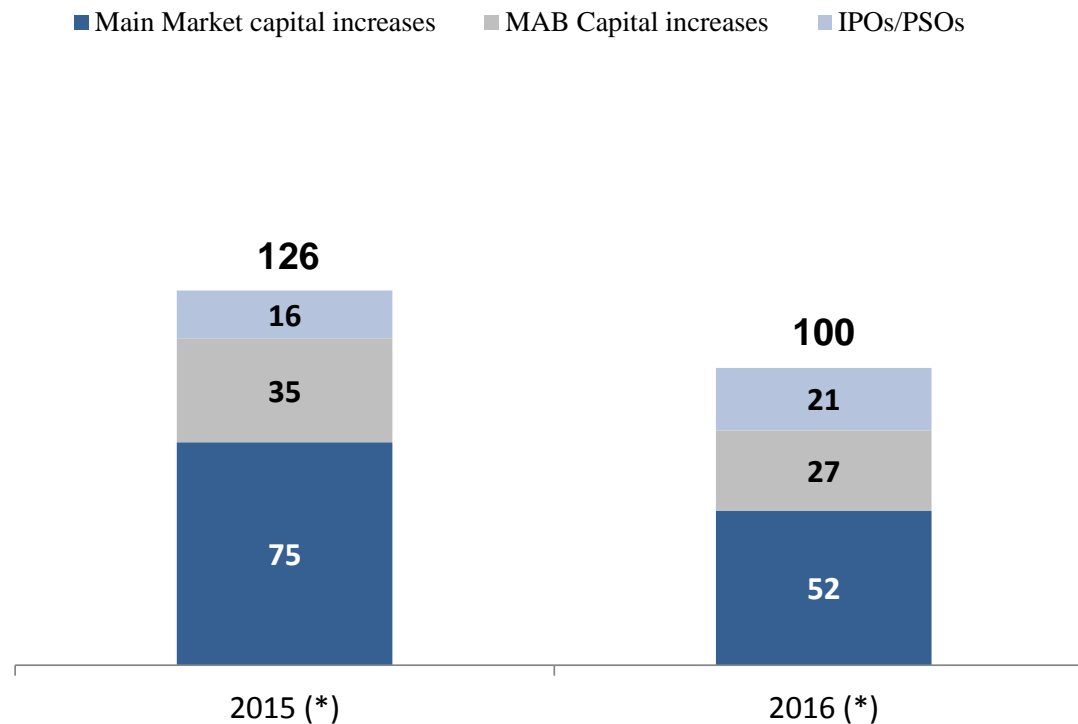
- IBEX 35® non-financial corporations' capital increase turnover. 2010-2015 (€ Million)



Source: Analysis of the corporate financing structure . BME- Research Dpt. October 2016

Market financing

- Use of the market for funding. Number of market financing operations through the Exchange

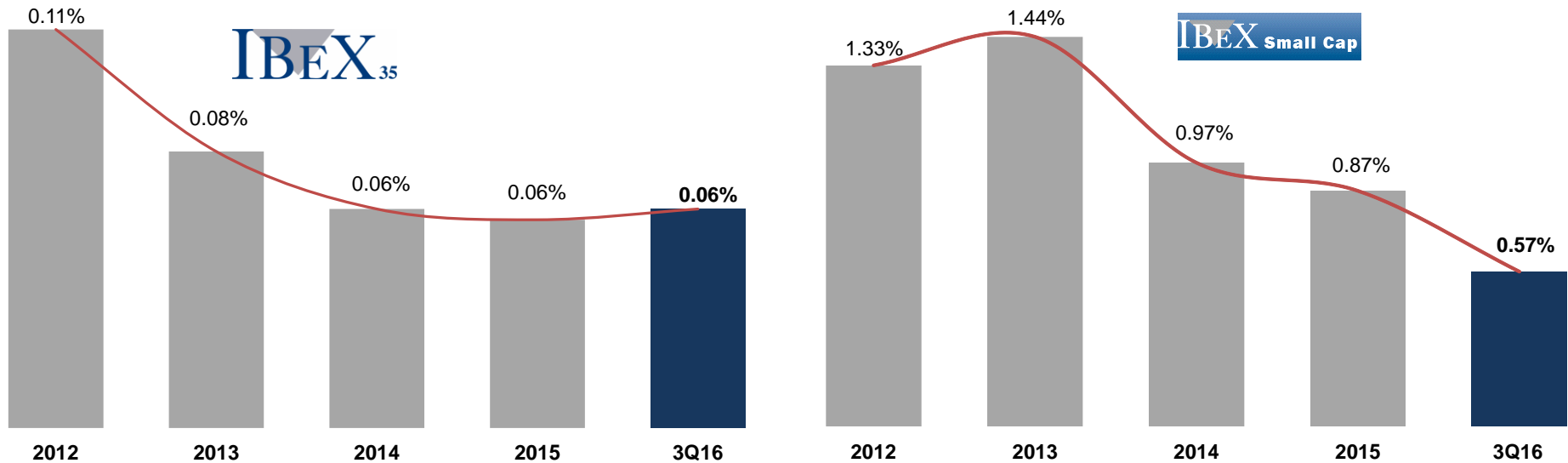


Source: BME- Research Dpt.

(*) Data from January to September

Market financing

- Diversification of sources of financing has improved the liquidity pool and the implicit cost to investors

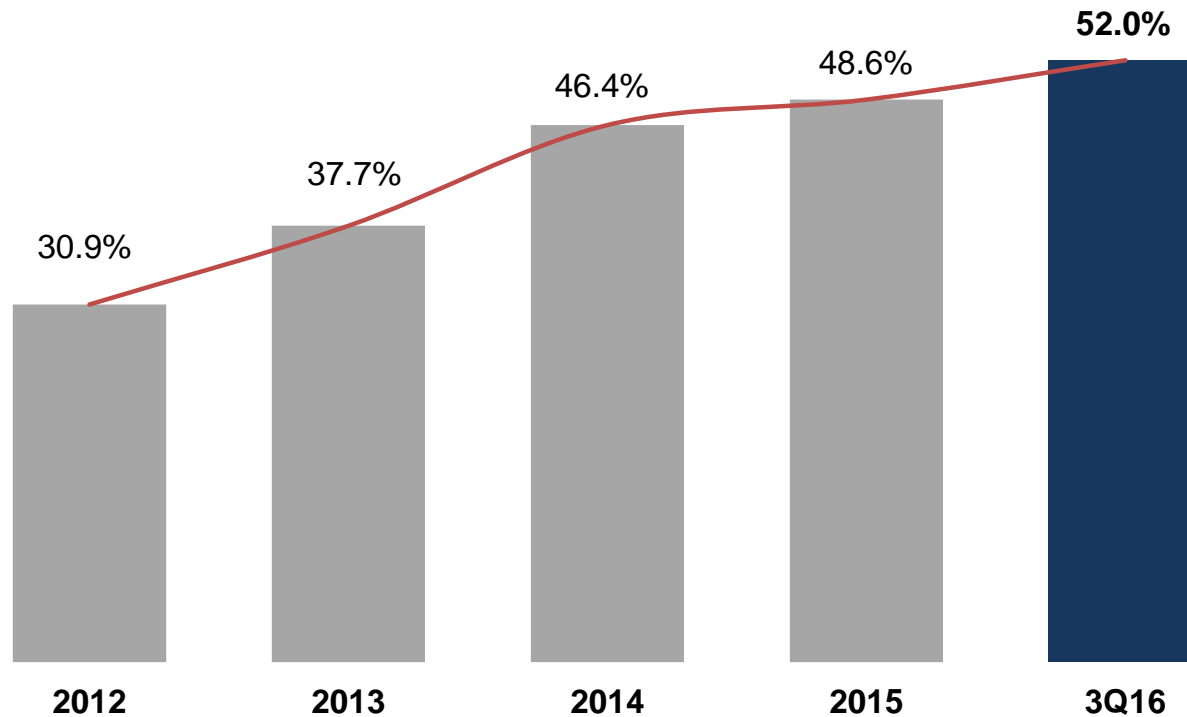


Source: Annual and monthly market report

IBEX 35 ® and IBEX® Small bid-ask spread at record low levels with improvement since 2012 of 5 and 76 basis points, respectively.

Market financing

- Relative weight in trading of mid and small capitalisation stocks

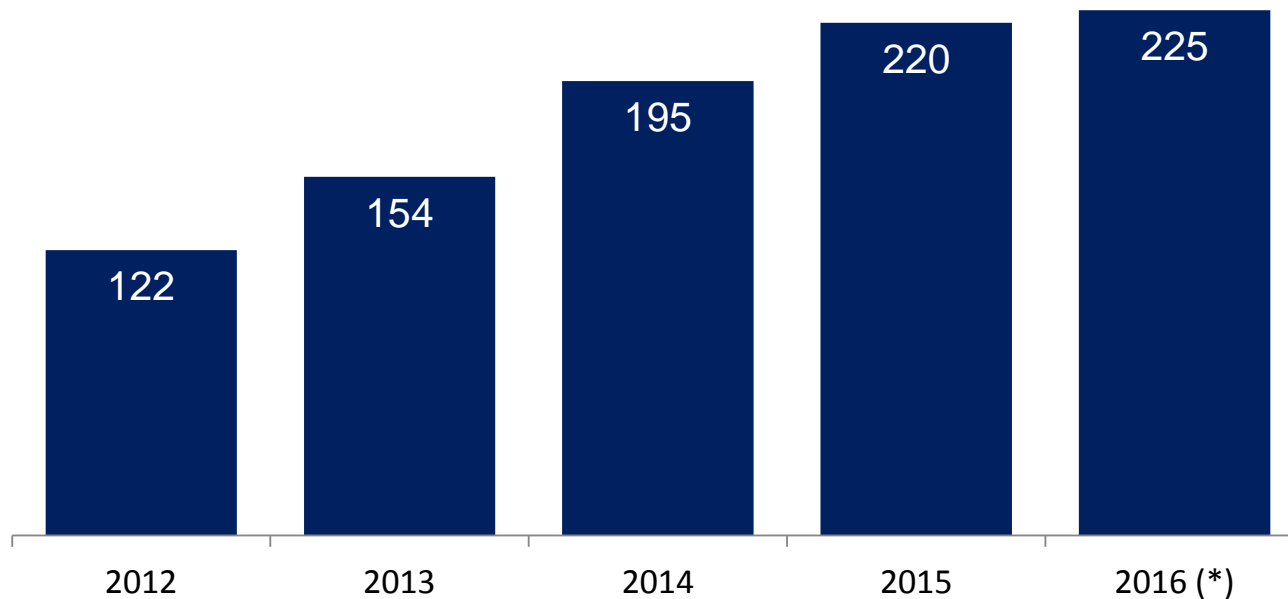


Improvement in liquidity and spreads of mid and small caps has increased the diversification of the trading towards that stocks

Market financing

- Investment Funds assets under management (2012 - 2016)

■ Investment Funds Assets under Management (€ Bn.)



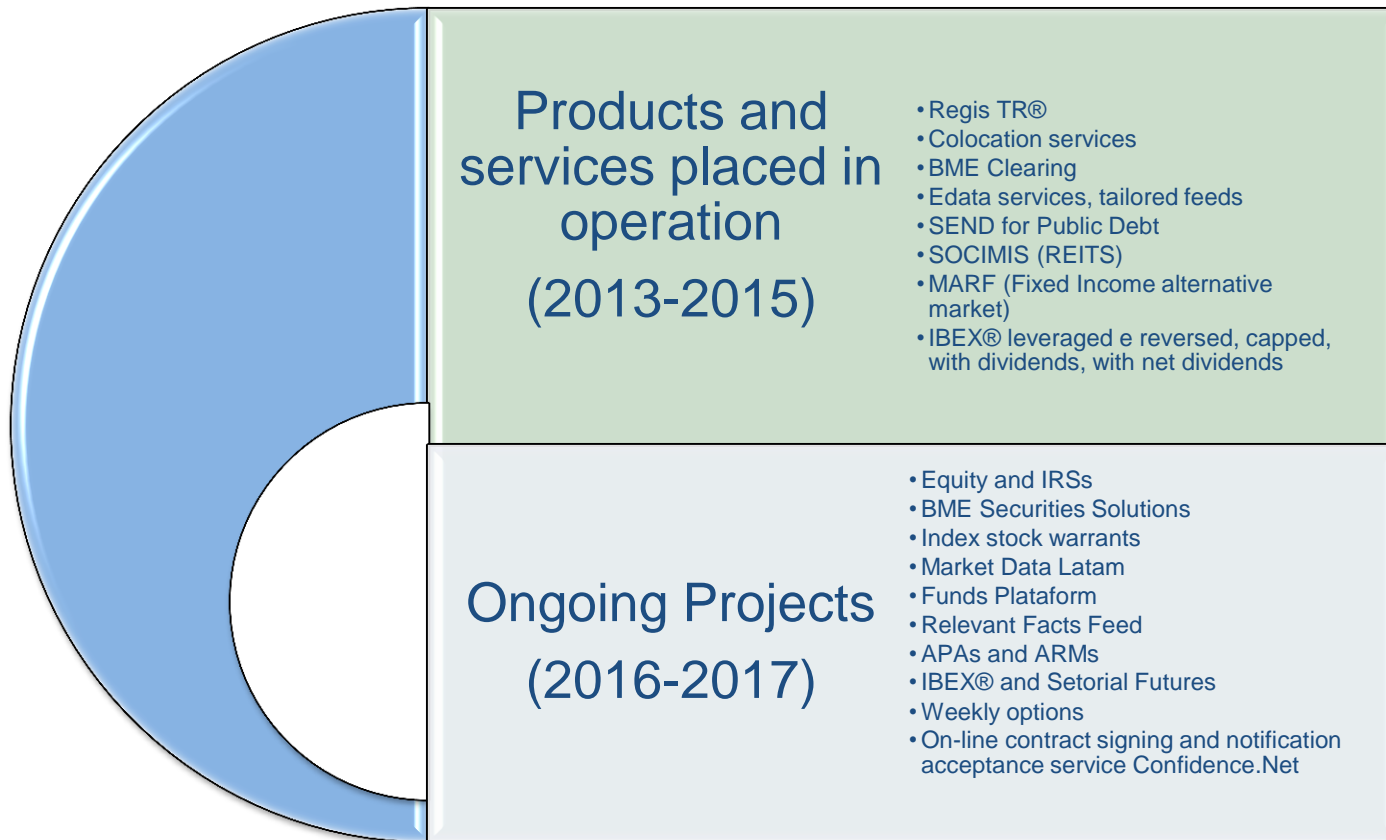
Asset under management in investment funds increased 84.1% since 2012 and 108.6% in equity funds.

Source: Inverco – Monthly report Spt.2016

(*) As of 30/09/2016

Diversification and growth

- Use of installed capacity as a way to generate value add and to strength the sources of revenue not linked to cycle



Q&A