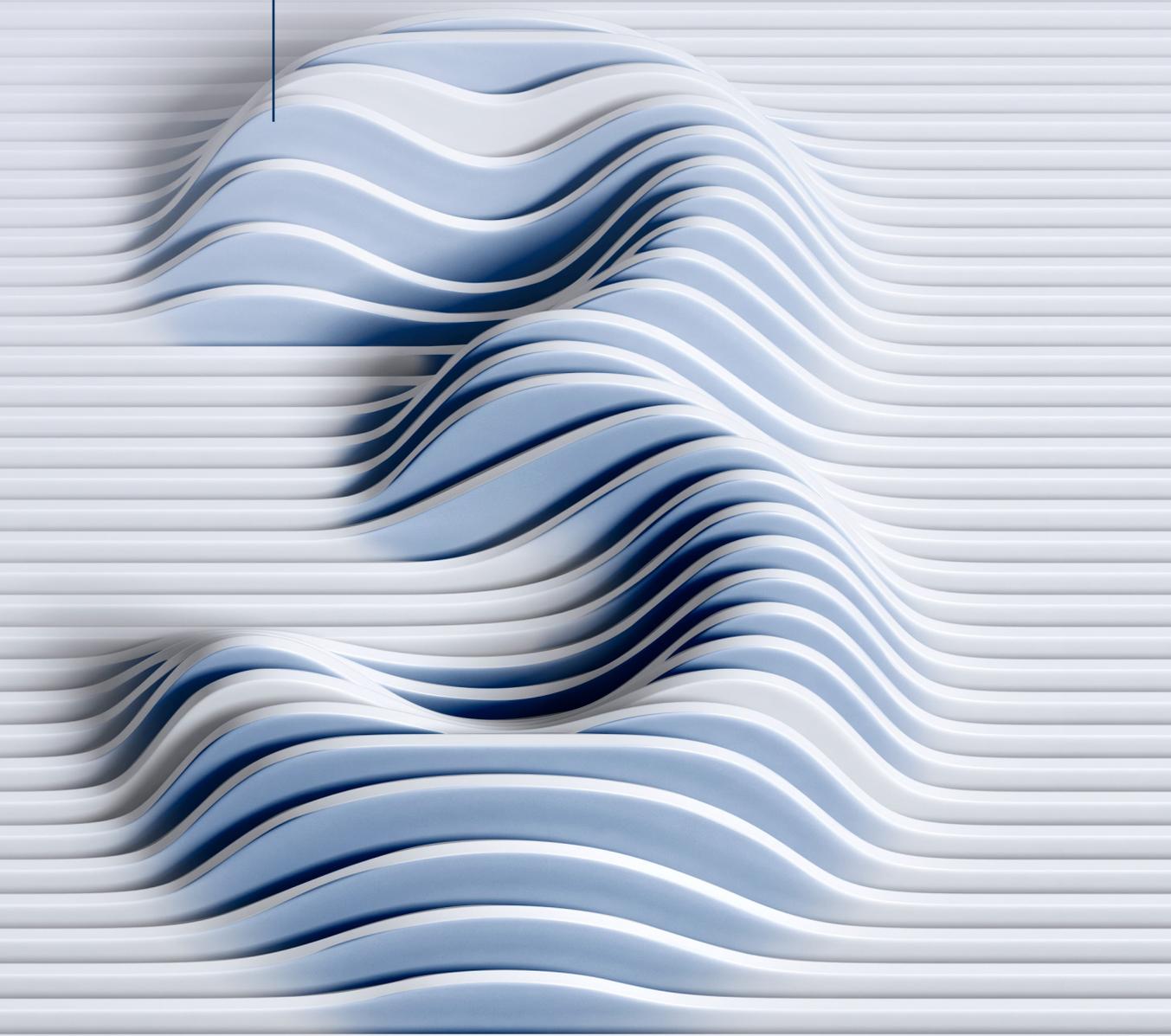

MARKET ENVIRONMENT





2009
MAB Growth
Segment is
created

2010
BME participates in the
creation of Regis-TR, the
European Trade Repository

General tone of activity contained in the stock exchanges throughout 2016. Significant investment and financing decisions appear to have been postponed pending less uncertain and atypical conditions, especially in the area of interest rates. In Spain, the IBEX 35, in a more volatile environment, has moved throughout the year in negative territory, showing the difficulty of companies translating the marked improvement in the national economic picture to income statements increasingly dependent on an international turnover somewhat weakened by uncertainties. However, the aggregate annual profit increased at the end of September and the joint financial structure is more balanced.

In 2016, the decisions of central banks around the world marked the passage of financial and securities markets more sharply than in 2015. They have done so in a political context of reading that is not conducive to economic progress in terms of liberalisation and the abolition of geographical barriers to trade by which the world has been governed with few discussions in recent decades. Brexit and Trump's protectionist proclamations in the United States have been the most significant milestones in the second half of the year where economic expectations for the developed world have worsened slightly and emerging areas are experiencing declines in activity but they are beginning to stabilise.

Therefore, the first notable argument here is that external factors on an international scale have especially determined the balance of the securities markets in Spain in 2016. A clearly improving national economic environment has found, as a

counterweight, an external sector strongly marked by the uncertainties of Brexit and the progressive deceleration of growth in important advanced and developing regions of the world. For these reasons, the growing internationalisation of the business of Spanish listed companies may have had a lower positive impact than in previous years on share prices, as the total turnover of listed companies has been reduced. However, the weight of aggregate international business grew one year more against aggregate national business, and business performance started to improve in the third quarter.

For Spain, the lax European monetary policy and the demonstrated power of the capacity to intervene in the ECB markets maintain certain fears or risks about the economic activity under control and reinforce others in the future regarding the outcome when monetary stimuli disappear.

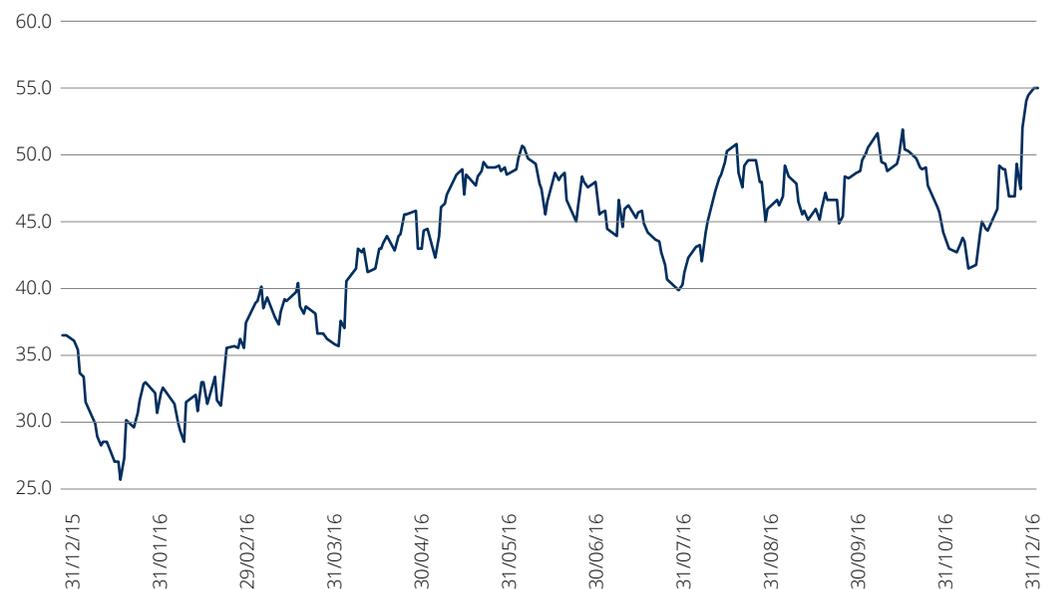
Oil, inflation and interest rates characterise the end of the year

Two variables have accelerated their respective trends in recent weeks clearing up some doubts about inflation (or rather, we would say deflation) that have accompanied us in the recent past: rising oil prices and falling euro against the dollar. Currently, oil doubled its price in the year compared to the minimum values reached in January 2016 (\$55 per Brent barrel against \$26 a year ago) and the euro has depreciated noticeably against the dollar reaching a parity that only occurred in the first two years (2000-2002) of the birth of the European currency. Under these conditions, inflation has picked up increasingly in Spain and Europe in

recent months and global deflationary forecasts, which have been very present in the economic debate in recent years, have been practically forgotten.

On the other hand, the interest rates quickly tightened upward in the last weeks of the year (mainly after the arrival of the Republicans in the US government), generating strong movements in bond markets around the world. The increase is especially strong in the United States where the US 10-year interest rate differential reached its highest value against the German bund since 1990.

OIL DOUBLED IN PRICE SINCE JANUARY 2016 (\$ per Brent barrel)



VozTelecom joins MAB market

In Spain, the 10-year interest rate hit its historical low at around 85bp in October and closed 2016 at around 150bp. The year began at around 175bp. While late in the year the risk premium was very contained in the area of 115 basis points, i.e., at the level of the beginning of the year after reaching 165bp in July with the 'yes' of the British to Brexit and below 100bp a couple of times at the beginning of the last quarter.

Therefore, before entering into some figures and details of the world economic picture, we can say by way of a summary that, paradoxically, the factors that

fuelled the activity growth in the Spanish Stock Exchange in 2015 (national macroeconomic scenario, expansive monetary policy, momentum for a structural change in corporate finance and fiscal reform) were essentially maintained in 2016; however, they were insufficient to offset the negative tensions arising from the uncertainties in which the European project is navigating, the new protectionist postulates that are beginning to find speakers in important areas of world power and many doubts about the real possibility that there is room for fiscal policies that gradually replace the expansive effects of the current monetary policy.



Telepizza becomes listed

IMF MACROECONOMIC PROJECTIONS

	Actual		Projections
	2015	2016	2017
GDP GROWTH (%)			
Global GDP	3.2	3.1	3.4
Advanced economies	2.1	1.6	1.8
United States	2.6	1.6	2.2
Japan	0.5	0.5	0.6
United Kingdom	2.2	1.8	1.1
Eurozone	2.0	1.7	1.5
Germany	1.5	1.7	1.4
Spain	3.2	3.1	2.2
Developing Asian economies	6.6	6.5	6.3
Emerging market and developing economies	4.0	4.2	4.6
Latin America and the Caribbean	0.0	-0.6	1.6
China	6.9	6.6	6.2
India	7.6	7.6	7.6
TRADE VOLUME (ANNUAL %)	2.0	2.3	3.8



Dominion joins Bolsa

IMF MACROECONOMIC PROJECTIONS (Continuation)

	Actual		Projections
	2015	2016	2017
IMPORTS			
Advanced economies	4.2	2.4	3.9
Emerging market and developing economies	-0.6	2.3	4.1
EXPORTS			
Advanced economies	3.6	1.8	3.5
Emerging market and developing economies	1.3	2.9	3.6
CONSUMER PRICES (ANNUAL %)			
Advanced economies			
United States	0.1	1.2	2.3
Japan	0.8	-0.2	0.5
United Kingdom	0.1	0.7	2.5
Eurozone	0,0	0,3	1,1
Germany	0.1	0.4	1.5
Spain	-0,5	-0,3	1,0
Emerging and developing Asian economies	2.7	3.1	3.3
Emerging market and developing economies	4.7	4.5	4.4

	Actual		Projections
	2015	2016	2017
UNEMPLOYMENT RATE (% ACTIVE POPULATION)			
Advanced economies			
United States	5.3	4.9	4.8
Japan	3.4	3.1	3.2
United Kingdom	5.4	5.0	5.2
Eurozone	10.9	10.0	9.6
Germany	4.6	4.3	4.5
Spain	22.1	19.4	18.0
CURRENT ACCOUNT BALANCE (% OF GDP)			
Advanced economies			
United States	-2.6	-2.5	-2.7
Japan	3.3	3.7	3.3
United Kingdom	-5.4	-5.9	-4.3
Eurozone	3.2	3.4	3.1
Germany	8.4	8.6	8.1
Spain	1.4	1.9	1.7
Emerging and developing economies	4.0	4.2	4.6

IMF MACROECONOMIC PROJECTIONS (Continuation)

	Actual		Projections
	2015	2016	2017
PUBLIC DEFICIT AS A % OF THE GDP			
Advanced economies	-2.8	-3.0	-2.7
United States	-3.5	-4.1	-3.7
Japan	-5.2	-5.2	-5.1
United Kingdom	-4.2	-3.3	-2.7
Eurozone	-2.1	-2.0	-1.7
Germany	0.7	0.1	0.1
Spain	-5.1	-4.5	-3.1
GROSS PUBLIC DEBT AS A % OF THE GDP			
United States	105.2	108.3	108.4
Japan	248.0	250.4	253.0
United Kingdom	89.0	89.0	88.8
Eurozone	92.5	91.7	91.0
Germany	71.0	68.2	65.9
Spain	99.3	100.1	100.2



MedCap Forum. Companies meet investors

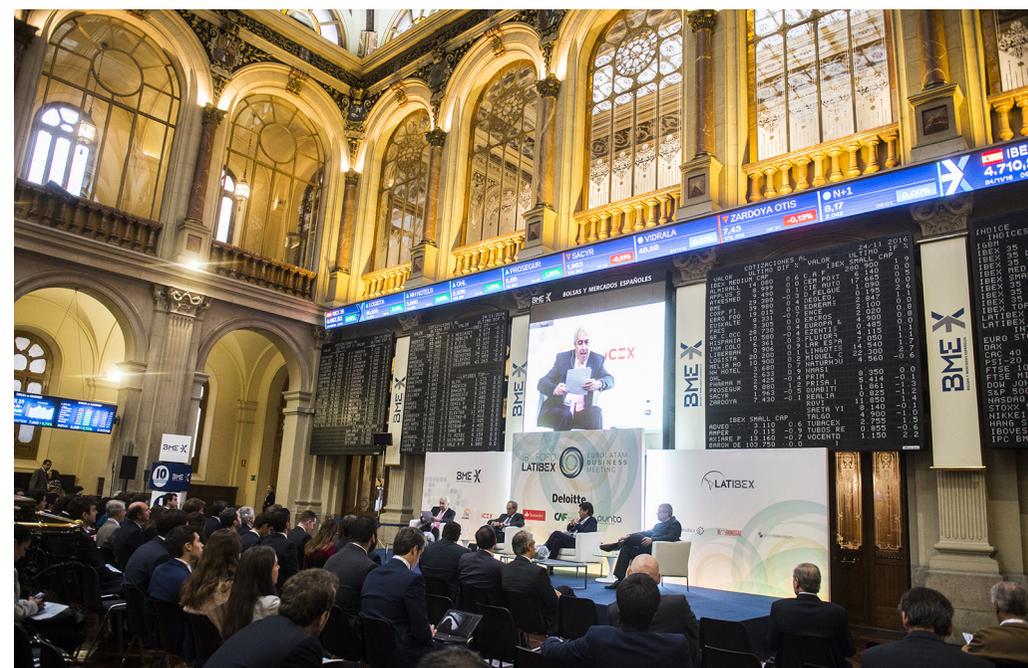
The forecasts for the international economy worsened slightly

The latest IMF report on the economic outlook for the world indicated its concern about the weak volume of world trade. A situation that adversely affects the investment processes necessary for entrepreneurial dynamism to be a consistent support to overcome many imbalances that threaten the so-called “still weak and precarious nature of global revival”

In summary, the forecasts point to a set of realities that, in few cases, are very positive for Europe, natural area of the bulk of the business of Spanish listed companies. Perhaps, the best part is that a recovery in the growing tone of the US economy was observed in 2017 despite the difficulties of this election year and the maturity of its cycle. Confidence indicators improved and we will have to see how investment behaves in the framework of momentum promised by the new government.

Another positive aspect of the outlook is that the decline in economic activity indicators in emerging areas seems to have stopped. In China, GDP growth rate between 6% and 7% seems assured for this and next year. In Latin America, negative GDP rates of change in 2017 were abandoned and in Brazil it seems that the recessionary cycle bottomed out and is beginning to slowly pick up. For India, a key country in the Asian region, the outlook is very solid and increases in the GDP are expected to the order of 7.6% annually this year and next year.

For Europe, especially for economic projections of the euro area, the figures that are handled are maintained compared to those contemplated in the spring of 2016. GDP will grow by 1.7% this year and 1.5% by 2017 with meagre progress in reducing public deficits and debt in the area as a whole, as well as a slightly declining unemployment rate.



Latibex Forum

Large open uncertainties

Fundamentally, the current problem to trace the hypotheses of economic development of Europe is that it faces major uncertainties, the outcome of which depends on the plausibility or not of what is currently being considered.

The first would be a Europe's own "nation" project. Everything that has happened in the last two years seems to point in favour of political, social and even some economic forces tending towards disintegration. Curiously enough, these non-European alternatives that seem to gain weight in real life collide with a frenetic pace of regulatory production in the area of regulation of financial and securities markets aimed at promoting more European competition and integration in those territories.

The second significant uncertainty would be the manner in which disengagement from the EU is adopted by the British. Everyone is aware of the importance of the United Kingdom in the world in terms of the size of the exchange flows of goods and money in which it intervenes. This is of utmost significance with respect

to the other countries that make up the EU. Therefore, depending on how the current agreements are broken, the impact on Europe's economy will be greater or less, more positive or negative. There seems to be little question that according to the convergent view of many expert analysts around the world, is that the short-term impact on the British economy will be quite negative and the broad depreciation of the pound against the euro in 2016 is sufficiently illustrative regarding these forecasts.

The third has much to do with the ability of the ECB to reverse the ultra-expansive bias of its monetary policy, without being a slight setback for many Euro-zone countries. The high levels of Public Debt still in effect and the slow reduction of the deficit in many economies has made it impossible to undertake major structural reforms and prevents fiscal policy from being considered in general terms as a resource to replace the momentum of stability and growth that circumstantially has provided the monetary policy of recent years.

Spain improves monetary relaxation and reforms hand in hand

There is no doubt that the hypotheses that are used for Europe determine the scenarios laid out for Spain. However, within the framework that defines the only really common policy for Europe, the monetary one, the performance of the Spanish economy in 2016 was, in general, very good, despite having a historical year in which everything unfolded with the performance of an acting national government and great political tension. It has also been, of course, because monetary easing is gradually enabling the improvement of the financing conditions of the economy as a whole and that processes such as reorganization and restructuring of the banking sector or the reduction of the size of the debt of families and companies is taking place relatively normally, without which the benefits of improving the economic picture would not be so plausible. In these chapters, the role and contribution of securities markets has once again, for another year, become important.

The consensus of FUNCAS analysts estimates a GDP growth of 3.2% in 2016 for Spain (twice that for the euro area) and slightly less for 2017 (2.4%) due to a less expected dynamism both for household consumption and investment. This reduction in the pace of improvement may be attributed to reasonable expectations of a certain shift in the monetary policy expansive bias, as well as the tightening of fiscal policy to contribute to

the achievement of the deficit target of -3.6% of GDP by 2017 from the current level of -4.6% projected for the end of this year. Some tax increases have already been announced in recent days and mainly affect companies and special taxes.

According to the assumptions carried out, there will be a slight decrease in the strength of investment in capital goods that will increase by 7.1% in 2016. However, the opposite will occur with the assumption for construction which will move from a 2.6% increase in this year to a 3.4% forecast for 2017. Some indicators of the rising real estate sector such as the sale of residential housing or new work visas and the strong pace of increase of operational REITs, verified by the more than 15 admitted to trading in the year, give credit to the expectations mentioned.

The foreign sector will continue making a positive contribution to economic growth although the many uncertainties discussed are contributing elements that are difficult to quantify at present. These uncertainties are the configuration of economic and financial relations with the United Kingdom in the future, as well as the strength of the economic recovery in Latin America. In any case, the prospects of continuity of the current account surplus with respect to the GDP around 1.5-2% are not subject to question.

Employment and inflation: improvement, realities and challenges

With these reasonably sound industries where companies have sounder balance sheets and less-than-indebted business plans, as well as households with higher net worth materialised in more liquid and less risky products than in the past, it is reasonable to expect that the progressive improvement of the labour market is taking its course. Employment growth forecasts are around 3%, with a parallel reduction in the unemployment rate from 19.7% in 2016 to 18.2% at the end of 2017.

In the last three years unemployment in Spain has been reduced by 5 to 6 percentage points in relation to the total active population. The path traced is positive and the challenge now is to advance to what is generally called "quality employment", that is, one that increases productivity and generates greater and recurrent income to the public coffers, directly and indirectly through taxes linked to consumption. Only by achieving these objectives can we talk about a truly stable economic growth; i.e., growth that addresses short-term emergencies and is able to contribute to covering the increasing commitments that demographic projections indicate with sufficient resources. It will be necessary to address these increasing commitments in the medium and long term.

It is also noted that inflation has entered positive territory in annual terms also in Spain. They are already more than six months positive with the increase in energy prices and higher consumption levels. It is a positive process regarding the recovery of national activity that also occurs in Europe and the United States. On the contrary, it is also a development that will cause the ECB's managers to consider a change in the management of monetary policy and this fact, which, from an orthodox perspective, would correct a historical and anomalous situation in the financial markets. It may also become an obstacle to recovery through the increased financing costs of the economy.

MACROECONOMIC SCENARIO FOR SPAIN 2016-2017 Annual variation (%) unless indicated

	2016				2017			
	IMF (October 2016)	Government (November 2016)	Government (October 2016)	Spanish analyst consensus (November 2016) ⁽¹⁾	IMF (October 2016)	European Com- mission (November 2016)	Government (October 2016)	Spanish analyst consensus (November 2016) ⁽¹⁾
MACROECONOMIC SCENARIO								
GDP	3.1	3.2	2.9	3.2	2.2	2.3	2.3	2.4
Household consumption	3.3	3.2	3.3	3.4	2.3	2.1	2.6	2.4
Public consumption	0.9	0.9	1.0	1.0	0.4	0.8	0.9	0.8
Fixed gross capital formation	4.2	4.2	5.4	4.2	3.0	3.6	4.2	3.9
Capital goods		6.7	8.0	7.1		4.5	5.2	5.2
Construction		2.5	4.3	2.6		3.1	3.9	3.4
National supply	3.0	3.0		3.1	2.4	2.1		2.3
Exports	5.9	6.1	5.4	5.6	4.4	4.5	5.7	4.6
Imports	6.1	5.8	7.0	5.7	4.4	4.3	6.7	4.9
Foreign balance (GDP contrib. pp) ⁽¹⁾				-0.1				-0.1
OTHER INDICATORS								
Employment	2.9	2.8	2.7	2.8	1.9	2.1	3.0	2.1
Unemployment rate (% of active population)	19.4	19.7	19.7	19.7	18.0	18.0	17.8	18.2
Unitary Employment Cost		1.2		0.6		1.2		1.1
CPI (annual average)	-0.3	-0.4		-0.3	1.0	1.6		1.4
Current account balance of payments balance (% GDP)	1.9	1.7	1.7	1.8	1.7	1.5	1.5	1.6
Gross public debt (% GDP)	-4.5	-4.6	-4.6	-4.6	-3.1	-3.8	-3.6	-3.6
Gross public debt (% GDP)	100.1				100.2			

Source: FUNCAS (1) Source: FUNCAS forecasts panel (in percentage points)

The monetary policy of the central banks and the political events mark the behaviour of the economy and markets

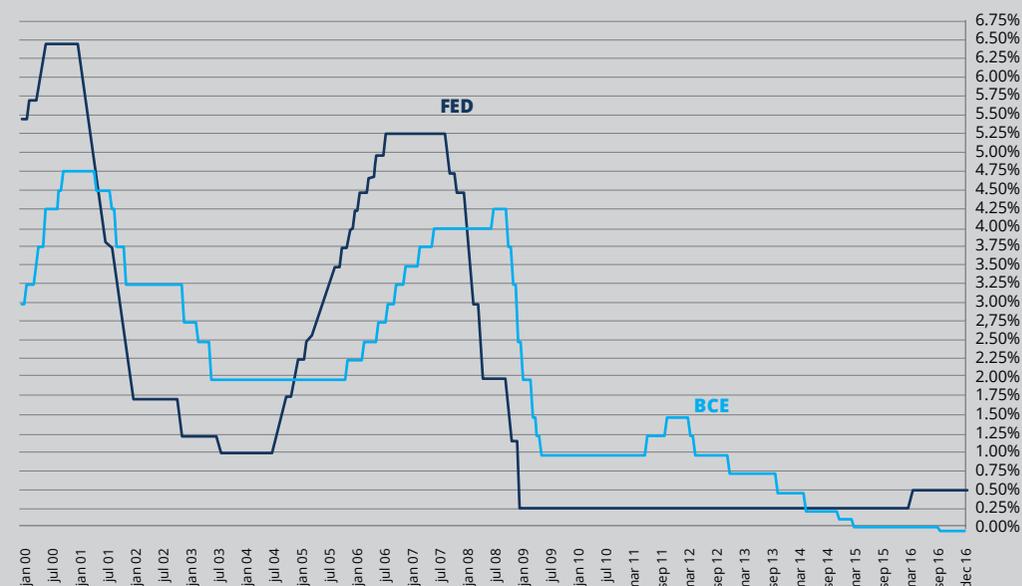
The major factors in the trajectory of economic expectations and the financial markets in the world throughout 2016 were the monetary policies of the main central banks and the results of two significant political events. These events were the victory of the the European Union abandonment option (Brexit) in the British referendum of June on the United Kingdom remaining, and the victory of Donald Trump in the US elections in November.

The aggressive expansionary nature of the monetary policies, which were practically unanimously maintained by the monetary authorities of the main regions of the world in latter years, changed on 16 December 2015 with the increase in types of intervention applied by the US Federal Reserve (FED), the first since 2006, almost a decade prior. In 2016, the possibility of a second increase in interest rates remained latent reflecting the internal debate within the FED; however, the decision has been delayed until the late in the year after the result of the US elections in November is known. Finally, the Federal Reserve increased the intervention rates 0.25 points to a range between 0.50% and 0.75% on 14 December.

The European Central Bank (ECB), on the other hand, continued intensifying the expansive tone of its monetary policy throughout the year as a response to the weak economic growth of the euro area and to the risks of deflation noticed during the first part of the year, which subsequently ceased being a concern.

The ECB began 2016 with the quantitative expansion (QE) programme announced only a few weeks ago: extending the debt purchasing programme for six months until March 2017, including issuances from regions and municipalities and additional reduction of negative rates of bank deposits in the ECB to -0.30% from the previous -0.20%. Just two months later, on 10 March, it announced a reduction in the intervention rates to an unprecedented 0%; reduced the lending facility rate to 0.25% and the deposit facility to -0.40%; increased the monthly debt purchasing volume to 80 billion; launched a new long term financing series for banks (TLTRO) from June lasting four years and interest rates that could reach -0.4% and, finally, announced a far-reaching measure: the purchase of corporate bonds with a degree of issuance of non-financial corporations. In its last meeting of the year, in mid-December, it once again increased the debt-purchasing period until December 2017 with a reduction in volume to 60 billion monthly from March.

REFERENCE INTEREST RATES OF THE ECB AND THE FED (2000-2016)



Explosion of unexpected political events

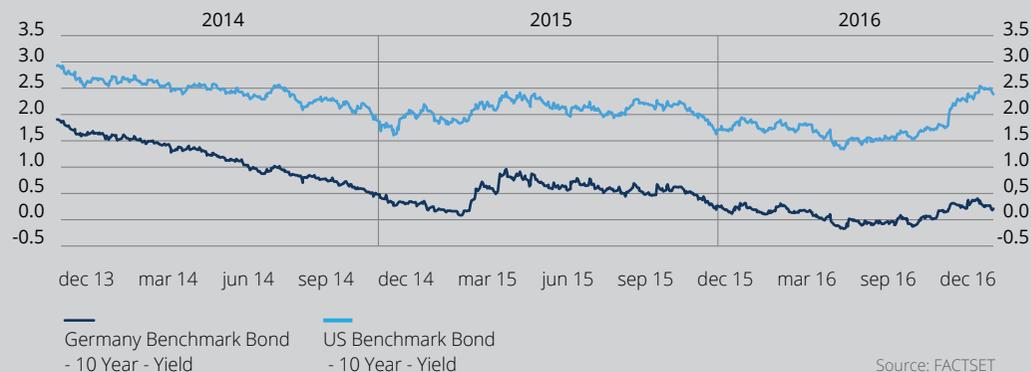
The year was full of interesting political events with unexpected results, but two in particular have influenced both the uncertain and weakened economic outlook and the financial markets: the victory of Brexit in the British referendum of 23 June on the United Kingdom remaining in the European Union and the victory of Donald Trump in the US elections of 8 November. Additionally, at the beginning of December, the resignation of the Italian Prime Minister as a result of the defeat in referendum of the political reform of the transalpine country marked the future of financial markets.

The consequences of such a complex scenario of economic and political forces have had significant, visible implications especially on the world Public Debt markets in the long term during the second half of the year.

The US 10-year bond started the year at 2.27%, marked its lowest level historically on 8 July at 1.36% and subsequently increased more than one percentage point to 2.44% at the end of the year with an intermediate rally of more than 0.50 percentage points in the two weeks after the US elections. The German bond, for its part, started the year at 0.63%, also the high of the year, and fell to a surprising negative rate of -0.19% on 8 July to subsequently begin a more moderate upward trend to 0.20% at the close of 2016. The differential between both 10-year benchmark bonds also increased during the year from the initial 1.64 percentage points reaching 2.20 percentage points at the close of the year, reflecting the recognition of the different cyclical position of the US economy, expectations of higher interest rates by the FED, weakness in the European economy aggravated by Brexit and, already in November, the plans announced by the new US administration of promoting strong investment in infrastructure.

INTEREST RATES ON 10-YEAR BONDS IN THE UNITED STATES OF AMERICA AND GERMANY

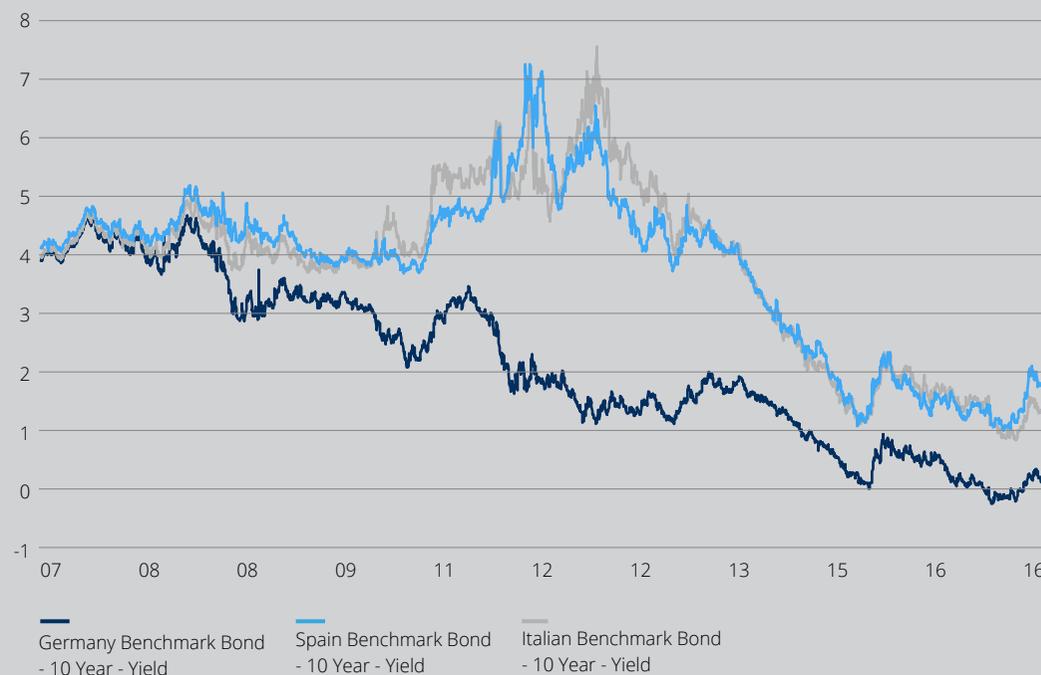
(Daily data)



The development of the Spanish 10-year bond has followed a similar pattern to the German one but with some significant variations. It started the year with a yield of 1.76% and started a downward path to a historical low of 0.90% which it reached on 3 October. On 24 June, once the Brexit result was known, yields increased by 0.20 percentage points to 1.63%, then plunged 0.50 percentage points in the next five days resuming the downward trend that would lead to returns until the October lows. Thereafter, the upward global trend of 10-year yields also drove the Spanish bonds up by 0.50 percentage points to 1.40% at the end of the year.

Two trends are also noteworthy in the performance of the Spanish 10-year bond. On the one hand, the risk premium volatility increased, the differential on German benchmark bonds, which started the year at 1.14%, was reduced to the low of 0.98% in August; and after strong ups and downs, returned to 1.19% at the end of the year (119 basis points), at some points in the year standing at 1.68% (168 basis points). On the other hand, the performance of the Spanish benchmark bond was better than its Italian counterpart, especially after Brexit. The yield of the Italian 10-year bond at the close of the year was 1.82%, almost half a percentage point above the Spanish bond.

10 YEARS OF FINANCIAL CRISIS. Profile of the sovereign debt crisis in the euro area. Interest rates on 10-year bonds in Germany, Spain and Italy.



Workshop on financing in Spain

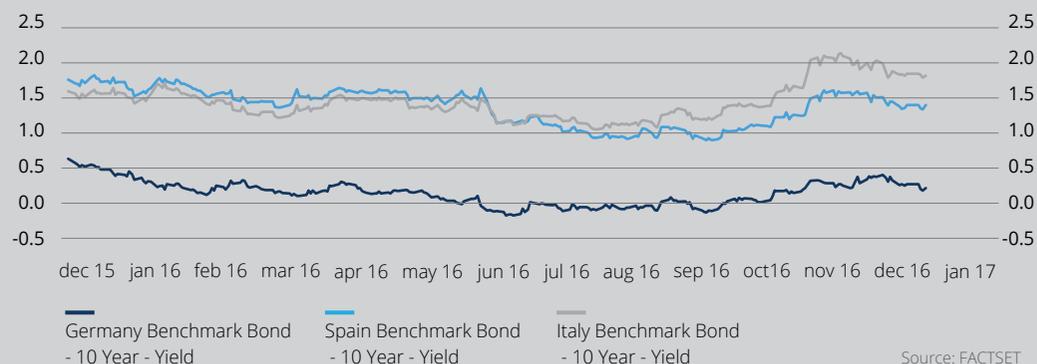
Corporate Debt

Corporate Debt has largely reproduced the behaviour of Public Debt: downward trend in yields during the first half of the year, high volatility in the days after Brexit and sustained upward trend thereafter to the beginning of December. As an example, in AAA issuances according to the index prepared by Moody's, the fall in yields reached almost 1% (100 basis points)

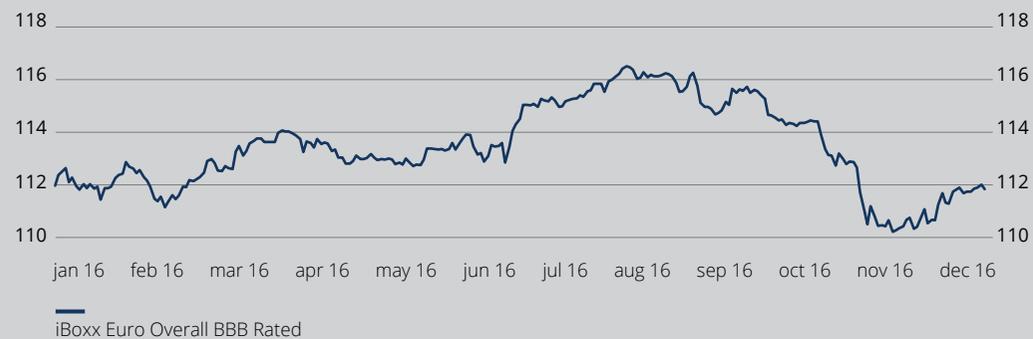
to climb again closing the year practically at the same level as the beginning of the year. In the case of European high yield Fixed Income bonds according to the Iboxx euro area bond price index rated BBB, bond prices rose by more than 3.5% in the first half of the year to fall again and be at a similar level to the beginning of the year.

INTEREST RATES ON 10-YEAR BOND FOR GERMANY, ITALY AND SPAIN

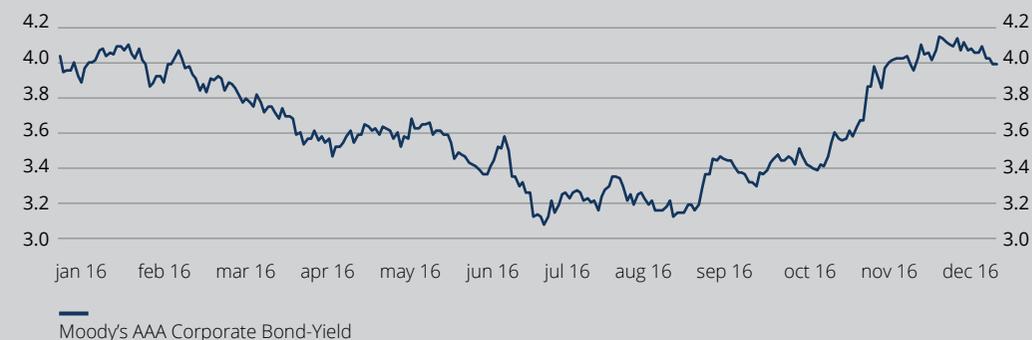
(Daily data)



EURO AREA CORPORATE BOND PRICE INDEX WITH BBB RATING



INTEREST RATE INDEX (%) OF AAA-RATED CORPORATE BONDS



Continue improving the financing conditions of the economy

The reduction in financing costs for states and companies has been especially relevant in the last two years. This has freed resources that have been allocated to major issues in the area of stability and growth of the affected production units. In addition, it has led to the opening of a new path in a necessary process of restructuring the financing structure of the economy and the companies themselves, which together have been more likely to diversify their sources of financing through a more established use of debt asset issuance processes traded on regulated

markets. The stock exchanges have effectively fulfilled this process by providing companies and investors with platforms and channels for admission and trading of these securities on secondary markets when this has been necessary due to regulations or voluntarily by decision of the issuers. In terms of channeling resources to companies, the MAB and MARF data of 2016 clearly show that for small companies with a certain critical dimension, stock markets offer a very interesting and timely channel.



MFIA Certification

Business performance grew and improved as the year progressed

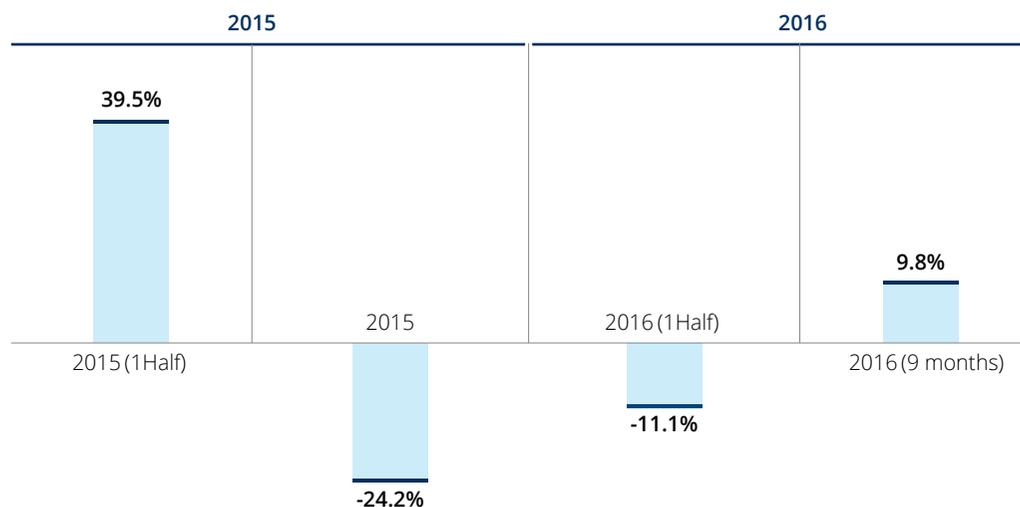
Companies are the basis on which a relevant part of the credibility of the economic scenario are drawn. In the case of those listed on the Spanish Stock Exchange, they are few, but hold a lot of weight in the overall business and the value added generated by the national economy.

On an aggregate scale, 2016 was dominated by an underlying trend of a slight reduction in turnover for this group of companies compared to the same levels in 2015. It was also characterised by the development of poor earnings until the first half of the year, which became positive in accumulated annual amounts at the end of September, the last date with available verified data.

With data at the end of June, the turnover of Spanish companies with shares listed in SIBE was almost 5% lower than the aggregate amount that was reached in the same half of 2015. The almost €250 billion invoiced by these companies translated into a net profit of €14.87 billion compared to the €22.73 billion registered in the first six months of 2015. This strong

decline of 34.58% was corrected to 13.25% without taking into account the results of two companies with serious problems: Abengoa and Codere. This detail was reflected in the lowest half-yearly drop of the group of Spanish listed companies included in the IBEX 35 -16.13%.

PROGRESSIVE IMPROVEMENT IN THE NET PROFIT OF THE IBEX 35 COMPANIES (2015-2016)



However, this was not the case for the aggregate data of the 20 IBEX Medium Cap companies at mid-year. The annual turnover of this group increased by 1.47% and net profit in the six-month period was 24.53% with 14 companies out of 20 improving their records compared to a year ago.

The profit growth trend referred to in the first half by listed companies of the second size level was transferred to the largest ones at the end of the third quarter of the year. On that date, and after four consecutive quarters accumulating losses, the group of companies belonging to the IBEX 35 had a net profit of €28.25 billion, 9.83% more than in the first nine months of 2015. This percentage remained at 0.55% if only Spanish companies are taken into account; but what is relevant is that none of the 35 experienced annual losses at that date and in 22 of them the surplus figure achieved improved compared to that of one year earlier.

The improvement in the net profit obtained by the IBEX 35 companies in the third quarter is greater in the group comprising the non-financials. This group went from seeing their annual performance fall 1.31% in the first six months of the year compared to the same period of 2015, to calculating an increase of 20.42% on accumulating nine months of activity. The profit also improved for banks between these two dates, moving from 24.51% per annum in June to 3.80% in September.



Seminar "The stock exchange, a market that offers many alternatives for the investor"

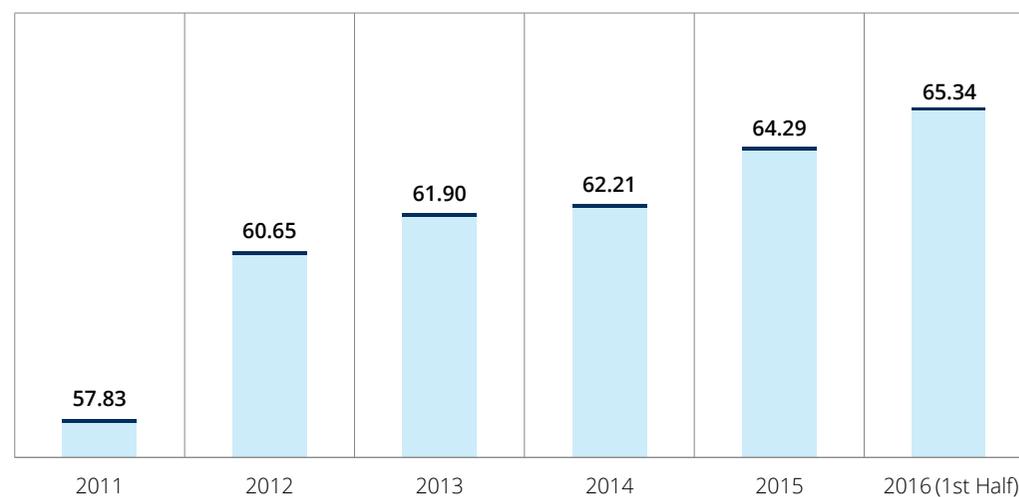
The weight of international business of listed companies increased to just over 65%

The improvement of business performance in the first nine months of 2016 is one of the most positive surprises of the year after the poor data on aggregate profit recorded in the first half. On any of the two closing dates discussed, the overall turnover of Spanish listed companies yielded around 5% per annum, with a distribution of their origin where international

business gained weight again. In fact, with data for the first six months of 2016, the turnover from foreign business of Spanish listed companies represented 65.34% of the total, historical maximum and slightly more than 1 point above its quota in 2015.

This growing tendency of internationalisation of the sources of income of the listed companies is greater if applicable to the large ones. The external weight in the total turnover of IBEX 35 companies in 2016 is 65.51% compared to 63.79% in 2015.

THE WEIGHT OF THE FOREIGN SECTOR IN THE TURNOVER OF THE GROUP OF SPANISH COMPANIES LISTED ON THE MAIN STOCK EXCHANGE MARKET REACHES A RECORD HIGH (% del total)



Improved solvency and financial structure of listed Spanish companies

This healthy performance is compatible with a slight increase in the net financial debt of the non-financial companies of the IBEX 35 and the IBEX Medium Cap since 2014 while, in a parallel and positive sense, the amount represents a smaller proportion of the aggregate EBITDA. At the close of the first half of 2016, net financial debt grew at around 1-1.5% for the group of companies mentioned in both indices. This represented 3.26% of the EBITDA of the large companies and 1.91% of the medium-sized ones. The positive reading of these good coefficients is that after the strong adjustments made in the most difficult years of the crisis, companies have gradually begun to reactivate their investments and partially finance them with new debt. At the same time, the combination of costs together with the return derived from these investments in terms of improved sources of income give rise to a number of benefits that bring greater strength to the companies' balance sheet.

In any case, this activity data is preceded by an increase in the strength and solvency of most of the large listed companies, those belonging to IBEX 35. At the close of 2015, the balance sheet data showed clear signs of a significant and positive change in the financing structure of the Spanish listed non-financial sector: it increased the weight of capital resources and other financing obtained through instruments traded on markets (bonds, promissory notes, etc.). For the first time it exceeded financing represented by bank credit. Bank finance fell by 40% since 2010 and debt financing increased by 23% during that time.



Tecnoquark becomes listed on MAB market