



OPENING SPEECH

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Ladies and gentlemen,

Welcome to the twelfth MEDCAP FORUM at the Palace of the Stock Exchange, as always open to all market participants.

A special thank you to those joining us today: Rafael Miranda, chairman of Acerinox; Jaime Guardiola, CEO of Banco Sabadell; and Jose Miguel Isidro, Chairman of Europac.

I want to focus on the need to develop the financing model for Spanish companies. It is an idea that has been increasingly recurrent in recent years, though when we held the first of these forums, in 2005, it didn't draw so much interest. The Spanish companies need more financing, but above all, they need to rebalance their financing to make it more sustainable and efficient.

Listed companies are able to face this challenge more effectively. And the data backs this up. In the first half of this decade:

- Non-financial companies in the Spanish Stock Market increased their capital by almost 10%, while they reduced their debt 7%.
- Companies on the IBEX Medium Cap were able to reduce their bank financing 15%, turning to Fixed Income markets, where their balance of issuances multiplied sevenfold between 2010 and 2014.
- IBEX 35® companies reduced their bank lending by a third in the same period.

In terms of raising capital on the stock exchange, the Spanish stock market has been particularly effective. Proof of the capacity of the Stock Exchange to respond to companies and investors are the new investment and financing flows in the form of capital increases and public offerings. In 2015 the Stock Exchange channelled a total of €41.6 billion, 15% up on the previous year, the highest figure since 2007, and one of the most significant at the European and

worldwide level. In particular, the value of public offerings rose 49% on last year, exceeding €8 billion.

The Spanish Stock Exchange has contributed more than €242 billion to its companies since 2008, coinciding with a period in which obtaining bank financing was complicated by the ramifications of the crisis in the sector.

Between January and April 2016 the Spanish companies not included in the IBEX 35® index obtained resources through capital increases in the amount of €1.8 billion, up 19% on the same period for 2015.

These numbers confirm the increase in financing obtained by smaller listed companies since 2013. In 2014 these companies raised €3.1 billion, up 165% year-on-year and 4.5 billion in 2015, 45% more than in 2014.

I don't want to miss the chance in this annual event to value the challenges and the opportunities posed by the Capital Markets Union, given their relevance and currency, and with which it is intended to improve companies' access to financing, an objective we aim to share and drive.

The Capital Markets Union is a useful instrument for highlighting the need for improved integration of European markets. If the economic and financial crisis has revealed anything it is precisely the importance of the structure of financing in the economy, which highlights the role of stock markets whose contributions have been evident at times of crisis when other financing channels have remained closed.

Perhaps the clearest acknowledgement of the positive contribution of the Spanish stock market to the integration process of the economy, finance and the European markets lies with the participation figures for non-resident investors operating in the Spanish Stock Exchange. Non-resident investors hold 43% of all Spanish listed stocks, 10 percentage points higher than a decade ago.

Also the Spanish families, whose net financial wealth has been recovering since 2008 to exceed pre-crisis levels of 22%, have held onto more than 25% of shares listed on the Stock Exchange.

Also of note is the particular complexity of financing through stock markets specialising in smaller firms. The local component is accentuated in this segment, and attempt is being made to give specialised treatment to these through so-called SME growth markets. Only very recently, with the MIFID II, has the urgency for these companies to access capital markets been recognised in legislation. Various European Community directives and regulations seek a delicate balance between flexibility and transparency, to simplify processes and reduce costs to firms, maintaining a satisfactory level of information for investors.

As you know, BME has decidedly supported alternative markets, both in its capital financing – the MAB for growth companies - plus Fixed Income financing – the MARF.

The MAB, which this year approved a set of new regulations to improve the transparency of the companies traded on it, has continued to grow steadily. In the last 12 months 20 companies joined, totalling 49 that are currently listed. Since the MAB started operations in 2009, its companies have raised €600 million in financing.

For its part, the MARF has continued to incorporate Fixed Income issues and facilitate access to wholesale financing via debt markets. Already more than €2 billion issued have been registered on the MARF since its start of operations at the end of 2013. Currently 23 companies that have accessed the market directly trade stocks on it, and another 122 have done so via securitisation issues, transferring shares from their balance and grouping them in ad-hoc funds created to finance invoices, bills of exchange and other future credit rights listed in the company balance sheet.

The MARF is also a benchmark platform for the acceleration and development of issuing and financing formulas such as Project Bonds, Green Bonds and other new financing systems, that allow sponsors of infrastructure construction projects to access the market and benefit from the good conditions of investment demand, ultra low interest rates and long term financing currently offered by capital markets.

There are many challenges involved in the task of driving the evolution of the financing model for our companies. In order to face these, the collaboration of the public and private sectors is essential, to lend decided support with an undeniable objective: that our companies find efficient and sustainable financing that allows them to grow and create employment.

In this regard, in our opinion, the weakest link is the scarce demand of investors specialised in these types of companies. Something similar was detected in other European Union countries. The solution was to incentivise investment in small companies by offering fiscal advantages to investors risking their money to finance such companies.

In the programme that we present in this edition of the MEDCAP Forum these and other matters will be covered in order to contribute to raising the awareness of public and private institutions and contributing to the task of improving company financing. In several round table sessions we will also cover developments in sectors as varied as consumption, real estate, health services and pharmaceuticals and companies exposed to the cycle of raw materials, among others.

As in previous editions, there will be more than 900 one-on-one meetings in parallel among more than 100 participating companies and the more than 200 registered investors, both Spanish and foreign.

I want to thank all the sponsors for their loyalty and generous contributions, which have made this new edition of the Forum possible. Many thanks to Deloitte, Banco Sabadell, Morningstar, Standard&Poor's, Orient Capital, Axesor, Scope Ratings and World Television. And all of you actively participating in these sessions, I also thank you for your contributions and trust that they will be very worthwhile.

Many thanks.

Without further ado, we will commence the opening panel in which, under the title "*The internationalisation of Spanish companies*", features three magnificent examples of internationalisation and openness. .

No doubt this process of internationalisation has become a prescription for Spanish companies in the recent crisis and has notably contributed to a necessary change of economic model in our country. Again, listing on the Stock Exchange significantly helps companies, above all in terms of small- and mid-caps.

We just published the latest report about the presence of Spanish companies abroad: in 2015 the historical maximum of 64.3% was reached for turnover of foreign companies listed on the main Spanish Stock Exchanges. Only 10 years ago this percentage was around 20 points lower. For IBEX Medium Cap companies it was 63% and especially striking is that turnover from outside Spain for companies listed on the Stock Exchange in the following size range, meaning those not included in the IBEX 35 or IBEX Medium, represented 70% of their total turnover in 2015.

We will begin by asking about the vision of the global economic setting in which they operate their business. How do they perceive the progress of the international economy, particularly in the countries in which they have a presence and how do they compare to the Spanish economy?