



**FORO
MEDCAP 2017**

OPENING SPEECH

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Good morning ladies and gentlemen,

Welcome to the 13th MEDCAP FORUM. Once again, we aim to bring together all market participants. A special thanks goes to those joining us today on this opening panel: the Secretary of State for the Economy, the Chairman of Másmovil, the CEO of Neinor Homes and the Chairman of Saeta Yield.

The main challenge for Spanish enterprises is still the need to increase their size, as the Spanish Economic Minister, Luis de Guindos, highlighted last week. If they were as big as their European counterparts, the Spanish GDP would grow 3.5%.

The Government is studying ways to incentivise the growth in size of SMEs, in order for them to increase efficiency, embark upon internationalisation and drive innovation.

In addition to these positive changes, the European Parliament has also recently approved new prospectus regulation. This legislation makes it easier for small companies to access financing through the markets, a necessary and growing phenomenon in Europe that should result in more diversified business financing methods.

Listed SMEs, to whom we dedicate this 13th MEDCAP Forum and the 7th MAB Meeting which it encompasses, are an excellent example of where efforts to increase the average size of companies should be focused. This group of companies has enjoyed notable success in improving their competitiveness and in the process of internationalisation, which has become a way of exiting the recent crisis. A stock market listing also helps enormously, not only for large companies, but also for the capitalisation of SMEs.

The data from the latest report on the internationalisation process of Spanish listed companies that we published last week are very significant: in 2016, a record high of 65.5% of the revenue of these companies came from abroad.

Only 10 years ago this figure was 20 percentage points lower. For those companies which form part of the IBEX Medium Cap it represented 64.84% of their total revenue, and 60.34% for those in the IBEX Small Cap. Without doubt a very interesting set of data.

Another aspect in which listed small and medium caps are a model to follow is their financing. In 2016, those Spanish listed companies not included in the IBEX 35 obtained €8.2 billion in capital increases, 85% more than in 2015, thereby confirming the trend of smaller listed companies receiving increasing funding, seen since 2013. In 2015, these companies obtained €4.4 billion (up 44% year-on-year), €3 billion in 2014 and €1.1 billion in 2013.

2017 has started favourably for the Spanish stock market, not only in terms of yields, but also in terms of the volume of IPOs and financing channelled through it. As Ernst & Young's first quarter report shows, the Spanish exchange has become Europe's major market for public offerings. The Spanish bourse was the world's sixth most active by issuance volume, accounting for around 5% of global activity. Today we have one of these newly listed companies, Neinor Homes, on our opening panel.

The growth companies of MAB

As you know, on the third day of this Forum, we are holding a special day for those companies listed on MAB. In this regard, before I go any further I must mention the solid performance of the Growth Companies segment, which ended 2016 with intense activity in terms of funding; reaffirming its potential due to its combined provision of financing, shareholder liquidity, permanent valuation and public recognition for the companies involved.

Capital increases totalled €220 million, three times the amount seen the year before.

A pre-market environment for entrepreneurs

However, in addition to helping those SMEs listed on the stock market and the MAB, BME is working to ensure that even smaller companies, almost from their inception, begin to understand the key role that the markets play in business growth.

It is important to give as much support as possible to entrepreneurs: the group of people that take risks and create employment in the economy. BME has developed a joint project with Spain's *National Business Angels Association* to create the first pre-market environment for start-ups.

Fixed Income financing

Another satisfactory aspect in domestic capital markets is the growing access of Spanish non-financial companies to bond markets. The total volume of debt issued has increased considerably since 2009, in line with the global trend towards increased market financing following the financial crisis. In this regard, the average annual volume of issuance increased from \$10.6 billion between 2000-2008, to \$27.4 billion during the 2009-2015 period.

The Mercado Alternativo Bursátil (MARF) has played an important role in this process during its three years of existence, and has successfully achieved the objective for which it was created: to contribute to the funding of Spanish companies by providing a new source of finance, complementary to bank loans, through the issuance of commercial paper, ordinary bonds and project bonds.

MARF closed 2016 with an outstanding balance of Corporate Debt issues of €1.6 billion, distributed among just over €1.1 billion in bonds, with the rest in commercial paper issues. This outstanding balance was up 56% on the previous year.

Promoting Fixed Income issues in Spain

I would like to point out here that if these issues can be made perfectly well in Spain, there is no reason why other Fixed Income issues need to be made from Dublin or Luxembourg. Now that we are trying to attract companies from the UK to continental Europe, we must make an effort to ensure that the Spanish financial sector emerges stronger and able to satisfy the needs of Spanish companies of all sizes. To this end, we are working with the CNMV (Spanish National Securities Market Commission) to see if there is still any element that differentiates us from other European countries.

A new initiative for companies: BME 4Companies

In April, we started BME 4Companies, an initiative with the objective of providing Spanish companies with the services and support necessary to ensure a successful relationship with the securities market and its players.

It groups together all the products and services that BME offers Spanish companies into a comprehensive integrated solution which contributes to the development of their business and its future projection, by making the most of the benefits that the securities market can offer.

From the position of BME, as an important part of the Spanish capital markets, it is our duty to make clear our view that the weakest link in the financing of SMEs is the lack of investment vehicles specialising in this type of company. Something similar has been observed in other EU companies and the solution is to incentivise investments in small enterprises.

To sum up, this year's MEDCAP Forum is being held within a positive context. The capital markets ecosystem is seeing how new companies, mainly SMEs, are gradually being incorporated, a complex task but with visible gains in the medium and long term.

The level of interest that the Spanish SME sector is currently arousing in the national and international financial community, is illustrated perfectly by the expected increase in participation in the three days of information, knowledge and networking, which start here. The joint capitalisation of those companies present at this event is €120 billion.

150 investors, 100 national and 50 international, have signed up for this Forum, with the aim of getting a better understanding of the 100 companies, 70 from the stock market and 30 from the MAB, that are attending the event. More than 1,200 *one-on-one* meetings have been scheduled and 700 delegates have been registered.

I would like to thank all the sponsors for their loyalty and generous contribution that has made this latest edition of the Forum possible. Many thanks to Deloitte, GVC Gaesco, as main sponsors and to Morningstar, S&P Global Ratings, Axesor, WorldTelevision and Mabilia for their contributions.

To all of you who are taking part in the activities over the coming days, I would also like to thank you for your contribution and trust that they will prove very useful.

Thank you very much.