

# Business Performance

First half  
2016



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# Index

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

# Index

**A. Results**

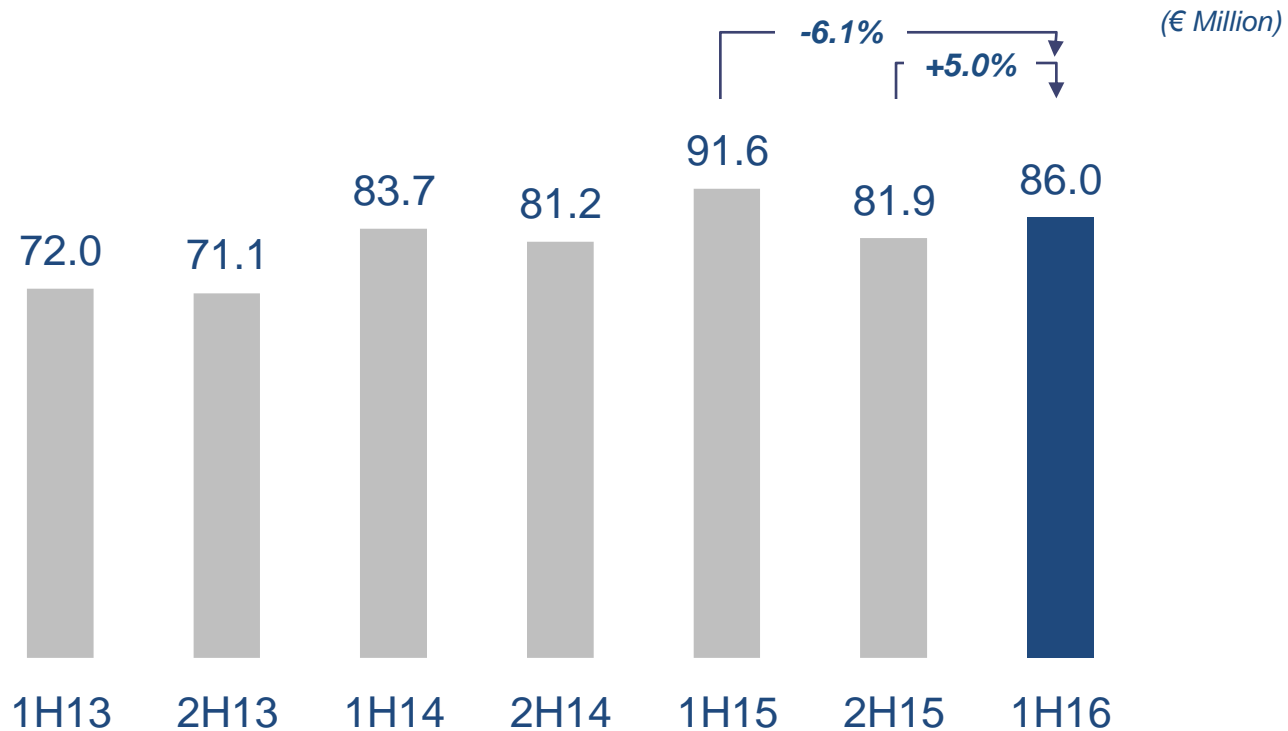
B. Business Units

C. Financials

D. Business Drivers

# Results

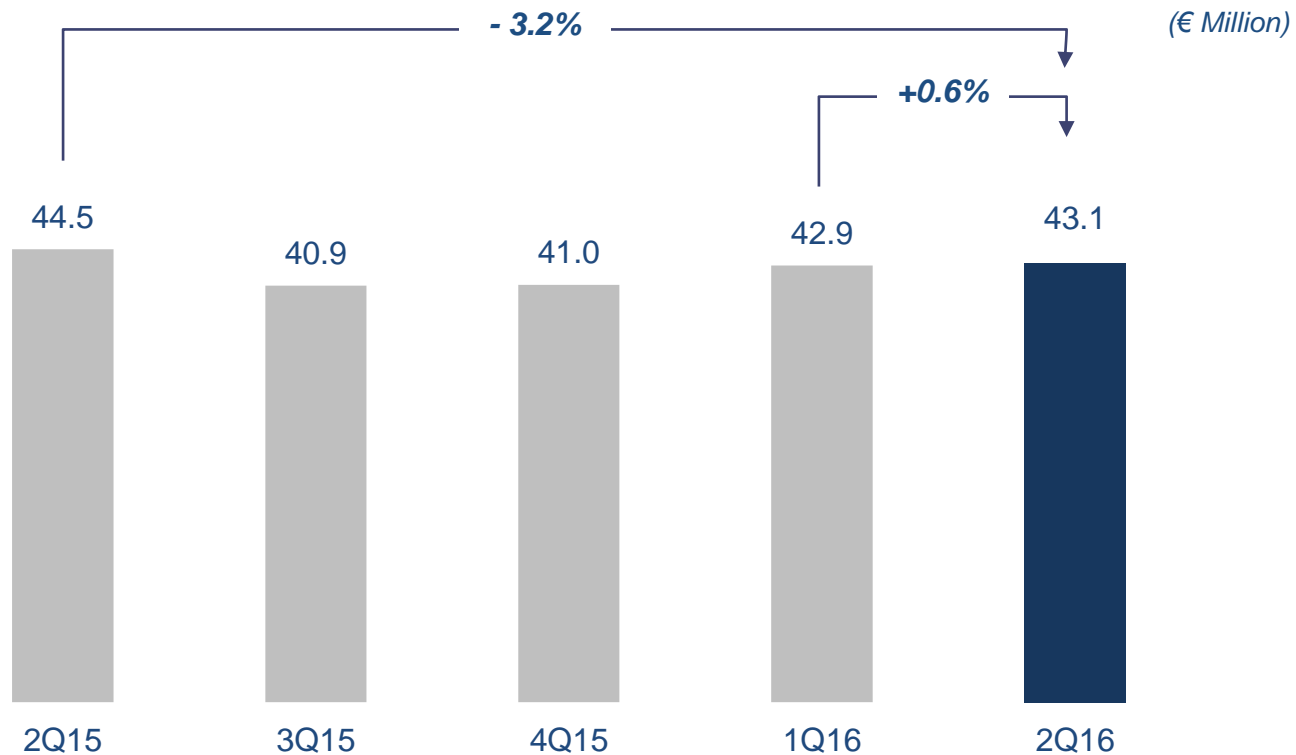
## Net profit



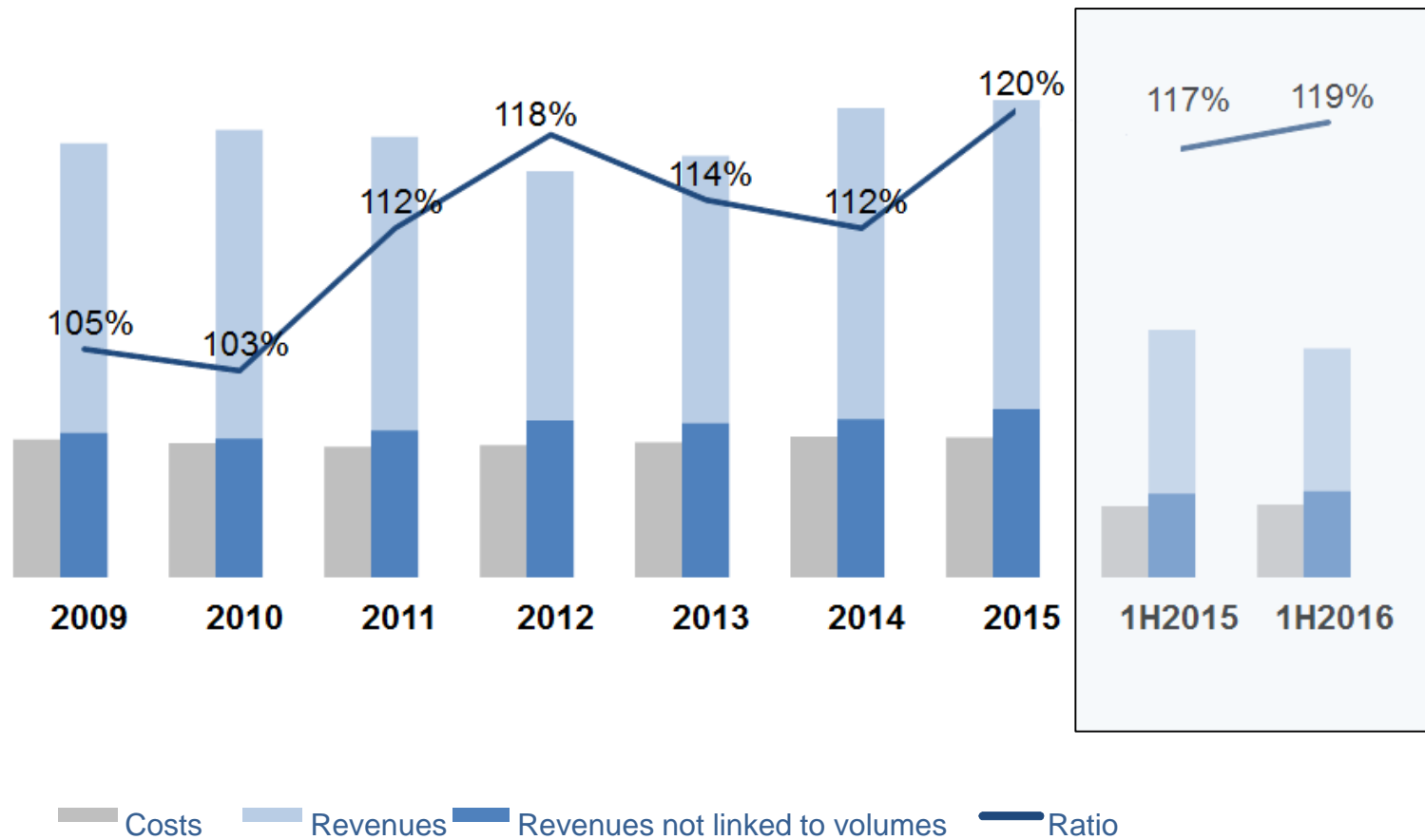
Second best half year result since 2008

# Results

## Net profit



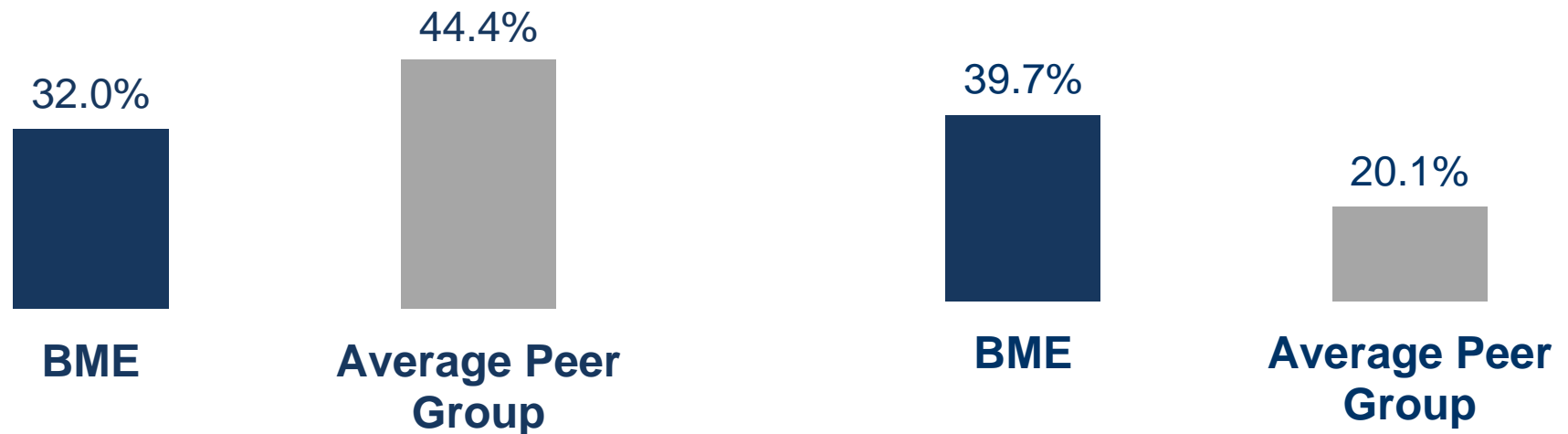
# Solid operating leverage



# Key ratios benchmarking

- Efficiency

- ROE

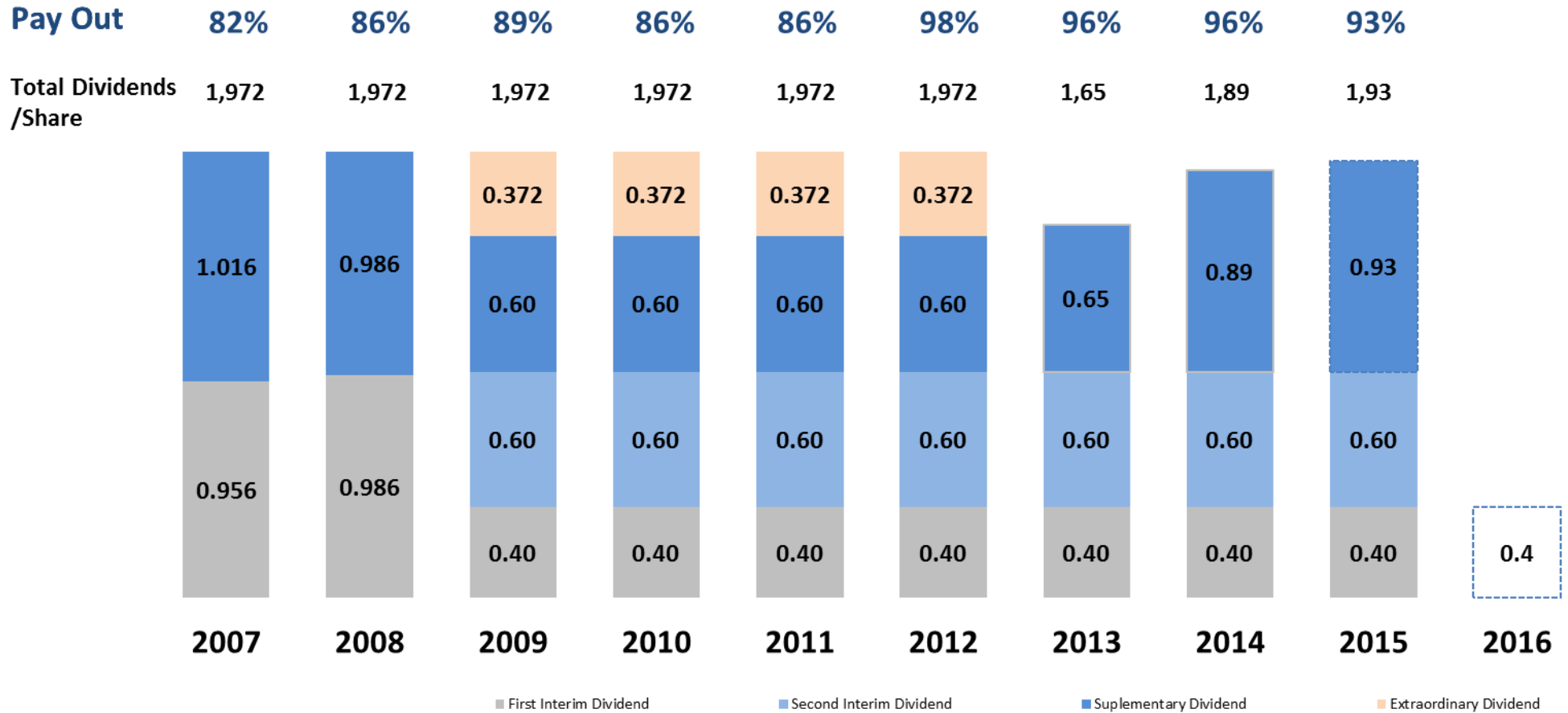


*- BME's data as of 30/06/2016*

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



# Dividends: Maximizing shareholders' returns



## Sustainability of Pay-out

Proposed interim dividend: €0.40 per share (Sept 16<sup>th</sup>)

# Index

A. Results

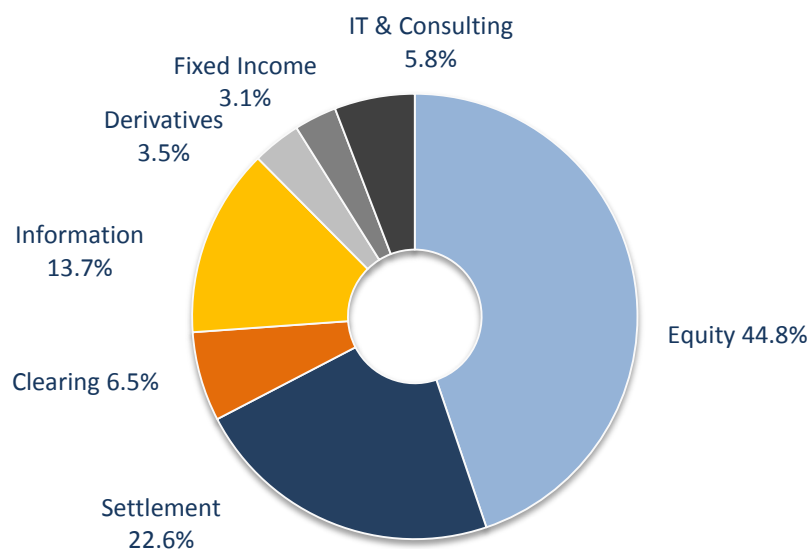
**B. Business Units**

C. Financials

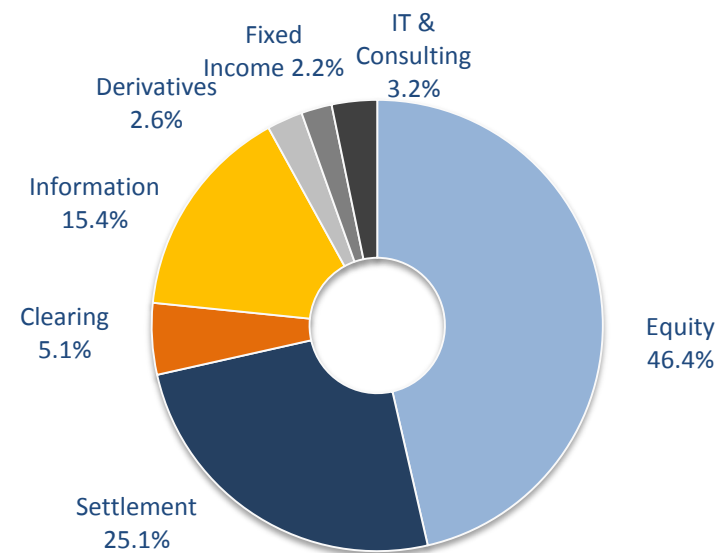
D. Business Drivers

# Business Areas

## Consolidated Net Revenues 1H 2016 - %



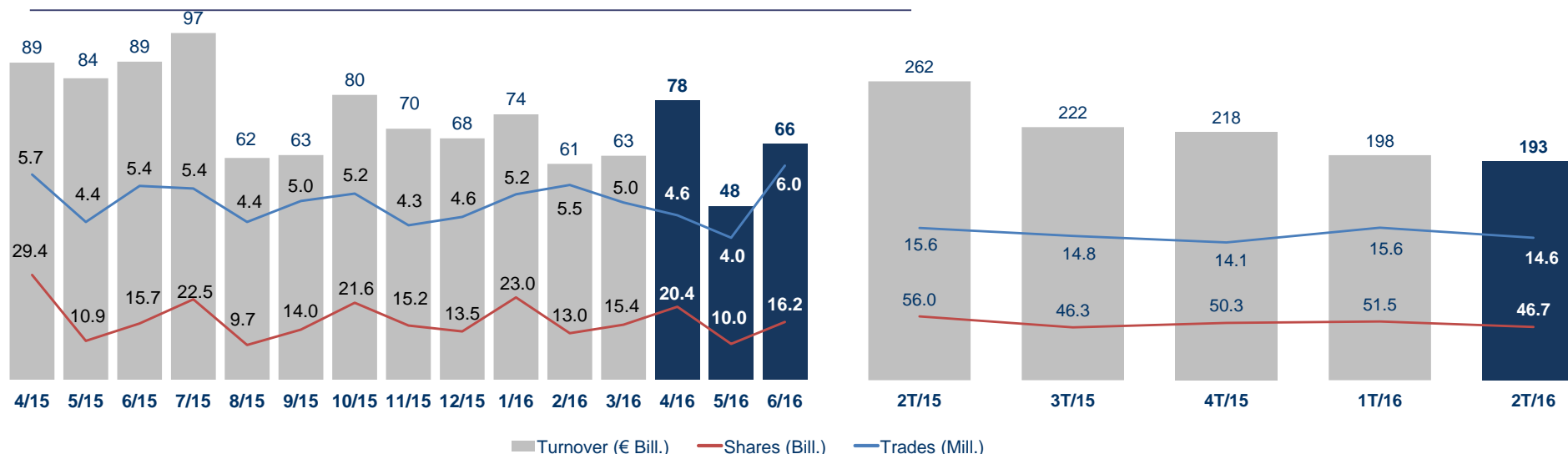
## EBITDA 1H 2016 - %



# Equity Market

Thousands of €	2Q 2016	2Q 2015	%	1H 2016	1H 2015	%
<b>Net Revenue</b>	37,396	40,373	-7.4%	73,258	84,027	-12.8%
<b>Operating Costs</b>	(10,006)	(9,427)	6.1%	(19,768)	(18,859)	4.8%
<b>EBITDA</b>	<b>27,390</b>	<b>30,946</b>	<b>-11.5%</b>	<b>53,490</b>	<b>65,168</b>	<b>-17.9%</b>

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

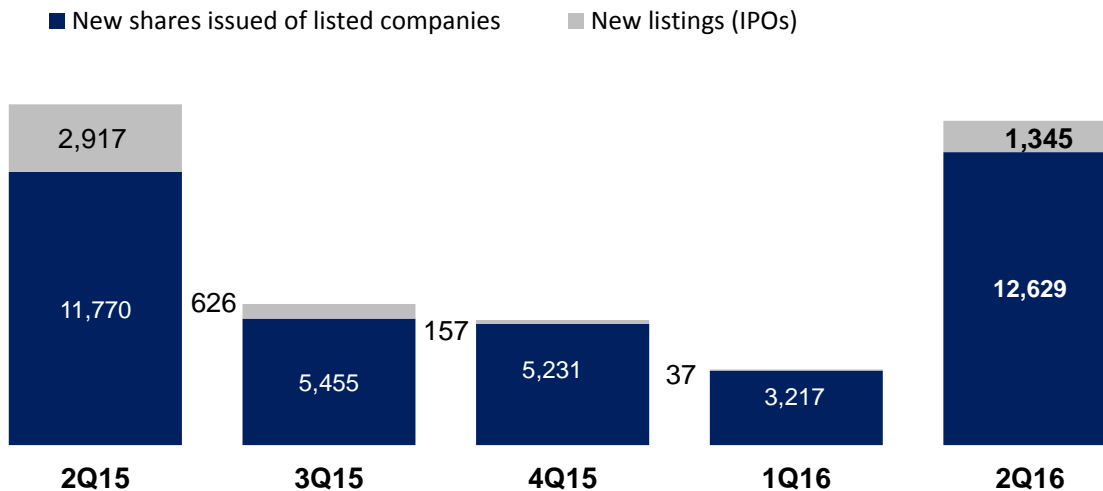


Revenue growth compared to 1Q16 (+ 4.3%)

# Equity Market

- Listing activity

## Investment flows channeled through the Exchange (€ Million)



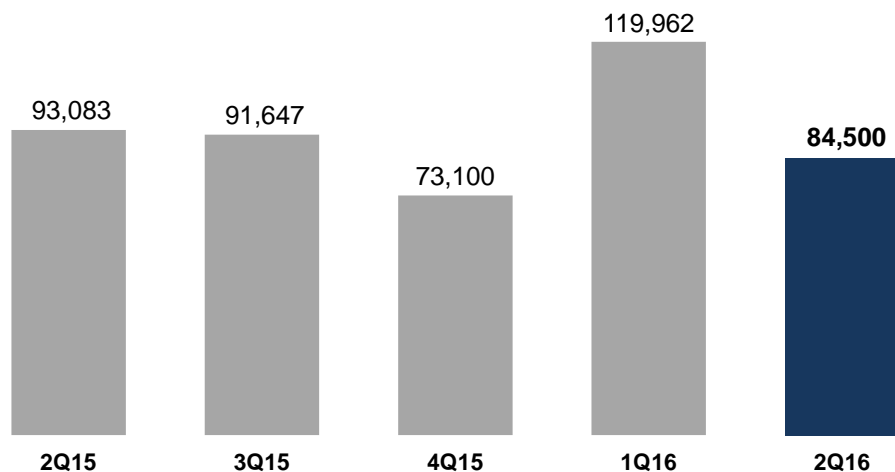
Source: FESE (Federation of European Stock Exchanges)

- Second-quarter flows through the Exchange in the form of already listed shares reached €12.6 billion, up 7.3% on the same period a year earlier and 292.6% higher than in the previous quarter.
- Four companies were admitted to the regulated market during the quarter: Global Dominion Access, Telepizza Group, Parques Reunidos and Coca-Cola European Partners. The joint capitalisation of these companies totalled €20.6 billion. In the SOCIMIs segment 21 entities listed at present in this segment.

# Fixed income

<i>Thousands of €</i>	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>%</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>%</b>
<b>Net Revenue</b>	2,722	2,634	3.3%	5,047	5,138	-1.8%
<b>Operating Costs</b>	(1,242)	(1,287)	-3.5%	(2,516)	(2,558)	-1.6%
<b>EBITDA</b>	<b>1,480</b>	<b>1,347</b>	<b>9.9%</b>	<b>2,531</b>	<b>2,580</b>	<b>-1.9%</b>

## *AIAF – Volume admitted (Million €)*



- The primary market in corporate fixed income has picked up compared to previous quarters. Second quarter issuances amounted to €31.6 billion, 6.6% higher than the second quarter of 2015.
- Alternative Fixed Income Market, MARF continues its growth path. The volume issued in the first half reached 1.1 billion (+174.2%), bringing the outstanding amount to 1.4 billion euros (+89.2%).

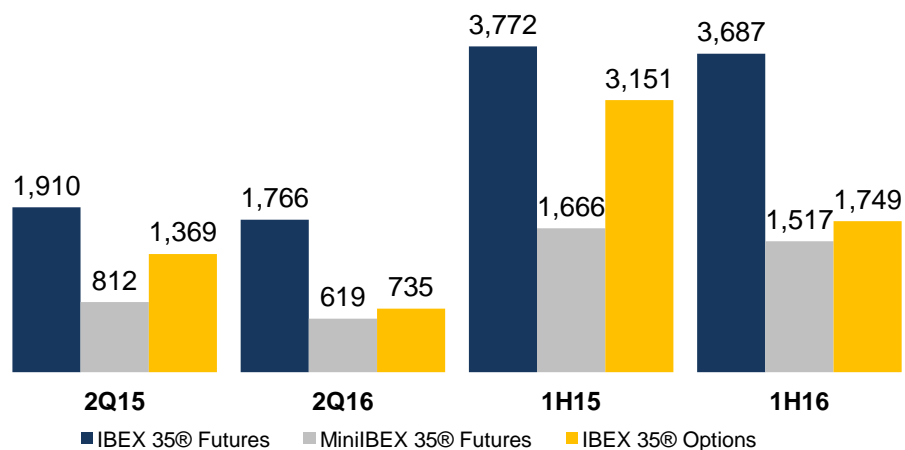
Significant improvement on listing revenues

# Derivatives

Thousands of €	2Q 2016	2Q 2015	%	1H 2016	1H 2015	%
<b>Net Revenue</b>	2,739	3,148	-13.0%	5,759	6,307	-8.7%
<b>Operating Costs</b>	(1,441)	(1,270)	13.5%	(2,802)	(2,544)	10.1%
<b>EBITDA</b>	<b>1,298</b>	<b>1,878</b>	<b>-30.9%</b>	<b>2,957</b>	<b>3,763</b>	<b>-21.4%</b>

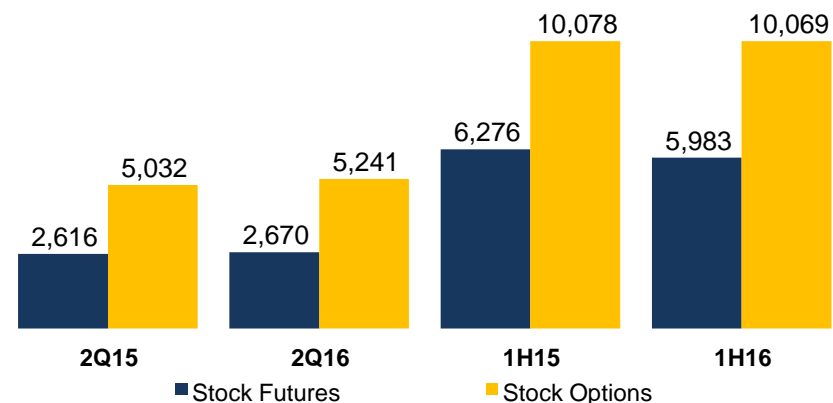
## Index derivatives contracts traded

(Thousand of contracts)



## Stock derivatives contracts traded

(Thousand of contracts)



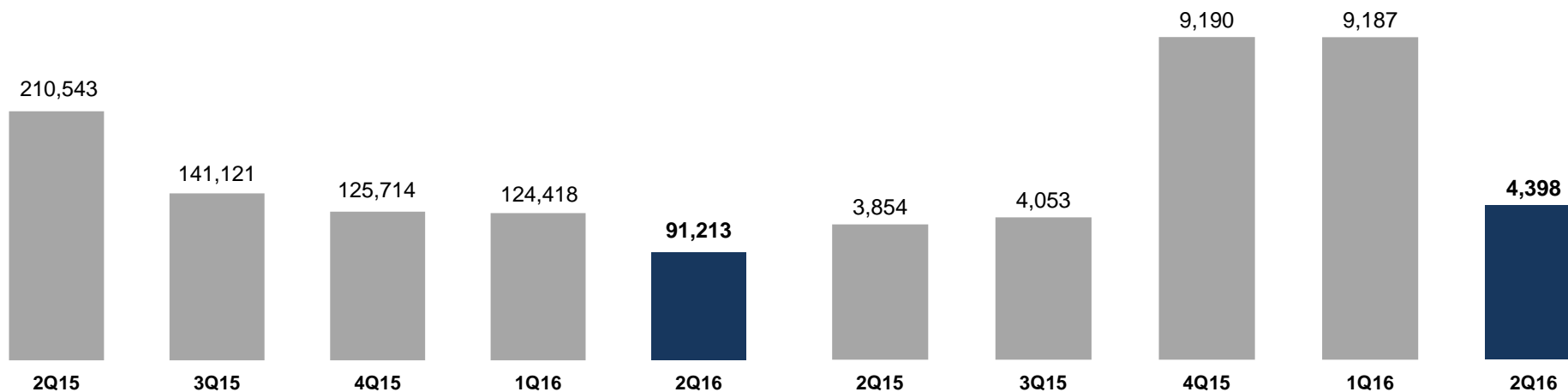
New underlyings in dividend futures and weekly options

# Clearing

<i>Thousands of €</i>	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>%</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>%</b>
<b>Net Revenue</b>	6,588	4,619	42.6%	10,629	9,054	17.4%
<b>Operating Costs</b>	(2,494)	(2,496)	-0.1%	(4,731)	(5,019)	-5.7%
<b>EBITDA</b>	<b>4,094</b>	<b>2,123</b>	<b>92.8%</b>	<b>5,898</b>	<b>4,035</b>	<b>46.2%</b>

*Turnover BME Clearing REPO (€ Million)*

*Volume (Mwh) traded in Energy market (Thousand)*



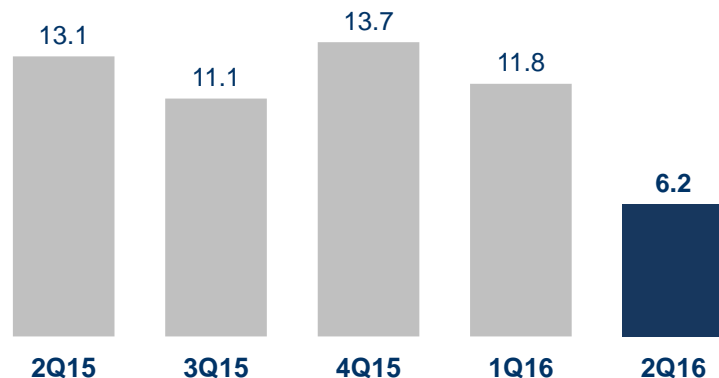
Incorporation of cash market segment



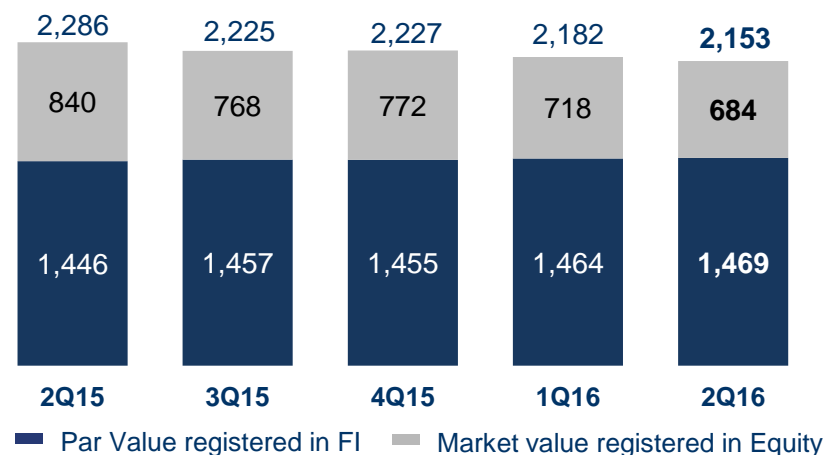
# Settlement & Registration

<i>Thousands of €</i>	2Q 2016	2Q 2015	%	1H 2016	1H 2015	%
<b>Net Revenue</b>	17,576	21,071	-16.6%	36,931	42,637	-13.4%
<b>Operating Costs</b>	(3,685)	(4,347)	-15.2%	(8,013)	(9,142)	-12.3%
<b>EBITDA</b>	<b>13,891</b>	<b>16,724</b>	<b>-16.9%</b>	<b>28,918</b>	<b>33,495</b>	<b>-13.7%</b>

*Settlement: Number of trades settled  
(Million of trades)*



*Securities under custody: Volumes  
(€ Billion)*

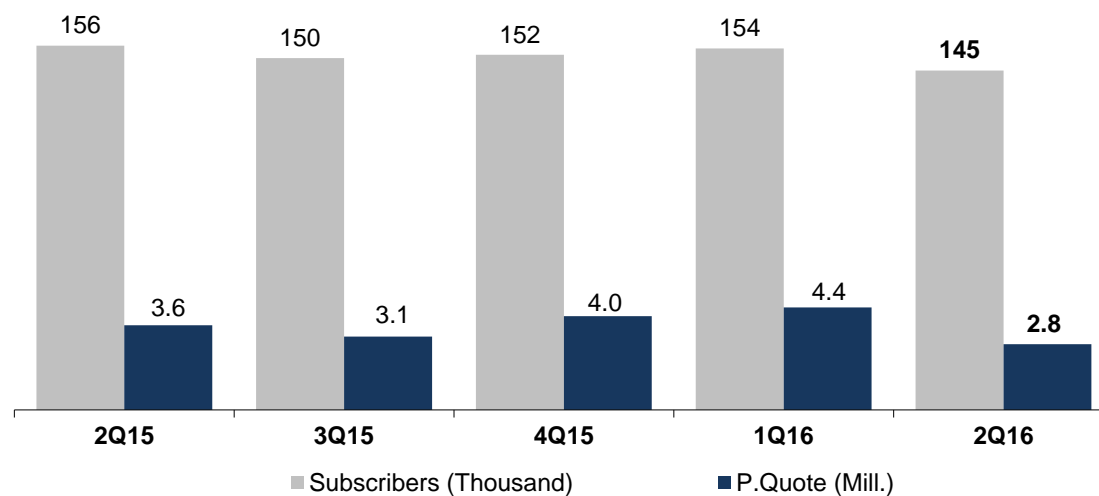


Entry into force of the Post-trading Reform

# Information

Thousands of €	2Q 2016	2Q 2015	%	1H 2016	1H 2015	%
<b>Net Revenue</b>	11,590	9,295	24.7%	22,398	18,710	19.7%
<b>Operating Costs</b>	(3,043)	(838)	263.1%	(4,665)	(1,645)	183.6%
<b>EBITDA</b>	<b>8,547</b>	<b>8,457</b>	<b>1.1%</b>	<b>17,733</b>	<b>17,065</b>	<b>3.9%</b>

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



Core growth and Infobolsa acquisition

# IT & Consulting

<i>Thousands of €</i>	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>%</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>%</b>
<b>Net Revenue</b>	4,800	4,409	8.9%	9,535	8,984	6.1%
<b>Operating Costs</b>	(3,145)	(2,526)	24.5%	(5,792)	(5,265)	10.0%
<b>EBITDA</b>	<b>1,655</b>	<b>1,883</b>	<b>-12.1%</b>	<b>3,743</b>	<b>3,719</b>	<b>0.6%</b>

Interface/Market access

Confidence.Net

Tech.Infrastructure/Highway

Market access  
Proximity/Co-location

Regulatory services

Contingency and outsourcing

# Breakdown by business areas

## Net Revenues

<i>Thousands of €</i>	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>%</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>%</b>
Equity	37,396	40,373	-7.4%	73,258	84,027	-12.8%
Settlement & Registration	17,576	21,071	-16.6%	36,931	42,637	-13.4%
Clearing	6,588	4,619	42.6%	10,629	9,054	17.4%
Information	11,590	9,295	24.7%	22,398	18,710	19.7%
Derivatives	2,739	3,148	-13.0%	5,759	6,307	-8.7%
Consulting & IT	4,800	4,409	8.9%	9,535	8,984	6.1%
Fixed income	2,722	2,634	3.3%	5,047	5,138	-1.8%

# Breakdown by business areas

## EBITDA

<i>Thousands of €</i>	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>%</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>%</b>
Equity	27,390	30,946	-11.5%	53,490	65,168	-17.9%
Settlement & Registration	13,891	16,724	-16.9%	28,918	33,495	-13.7%
Clearing	4,094	2,123	92.8%	5,898	4,035	46.2%
Information	8,547	8,457	1.1%	17,733	17,065	3.9%
Derivatives	1,298	1,878	-30.9%	2,957	3,763	-21.4%
Consulting & IT	1,655	1,883	-12.1%	3,743	3,719	0.6%
Fixed income	1,480	1,347	9.9%	2,531	2,580	-1.9%

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**C. Financials**

D. Business Drivers

# Balance sheet

<i>as of June, 30th (Thousands of €)</i>	<b>2016</b>	<b>2015</b>
<b>Goodwill</b>	88,718	80,619
<b>Other non-current assets</b>	87,081	87,459
<b>Cash and cash equivalents</b>	200,204	250,347
<b>Current financial assets</b>	115,538	83,373
<b>Non-Group current financial assets</b>	31,360,937	31,143,704
<b>Other current assets</b>	115,213	110,292
<b>Total assets</b>	<b>31,967,691</b>	<b>31,755,794</b>
<b>Owners' Equity</b>	437,112	436,819
<b>External Partners</b>	209	0
<b>Non-current liabilities</b>	19,000	17,907
<b>Current liabilities</b>	31,511,370	31,301,068
<b>Total equity and liabilities</b>	<b>31,967,691</b>	<b>31,755,794</b>

# P/L

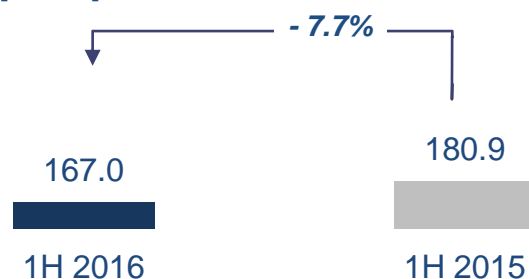
<i>Thousands of €</i>	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>%</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>%</b>
<b>Net Revenue</b>	85,294	88,043	-3.1%	167,016	180,884	-7.7%
<b>Expenses</b>	(26,998)	(25,501)	5.9%	(53,376)	(52,061)	2.5%
<b>EBITDA</b>	58,296	62,542	-6.8%	113,640	128,823	-11.8%
<b>EBIT</b>	56,218	60,955	-7.8%	110,083	125,673	-12.4%
<b>Financial results</b>	406	582	-30.2%	2,940	807	264.3%
<b>Share of profit (loss) of associates</b>	24	213	-88.7%	135	279	-51.6%
<b>EBT</b>	56,648	61,750	-8.3%	113,158	126,759	-10.7%
<b>Net Profit</b>	<b>43,107</b>	<b>44,519</b>	<b>-3.2%</b>	<b>85,971</b>	<b>91,554</b>	<b>-6.1%</b>



# Comparison with 1H 2015

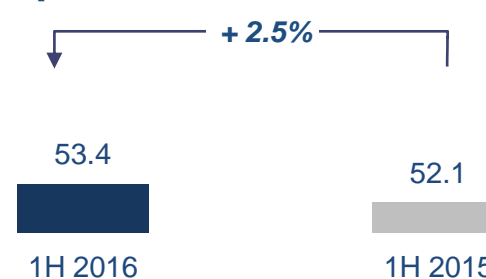
## Net Revenue 1H 2016/2015

[€ Mill.]



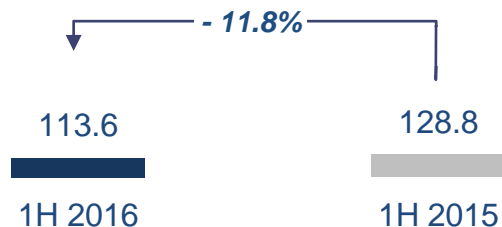
## Costs 1H 2016/2015

[€ Mill.]

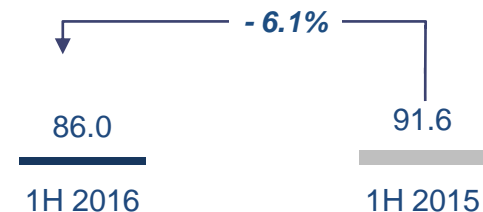


## Margins

### EBITDA 1H 2016/2015 [€ Mill.]



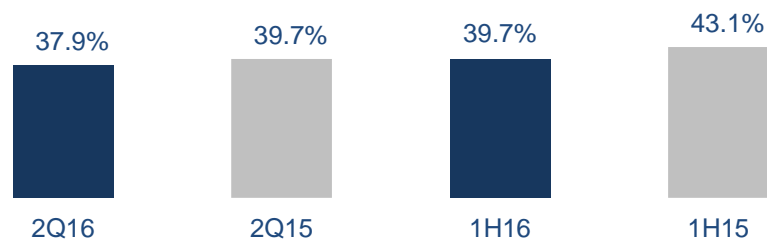
### Net Profit 1H 2016/2015 [€ Mill.]



# Efficiency & Profitability

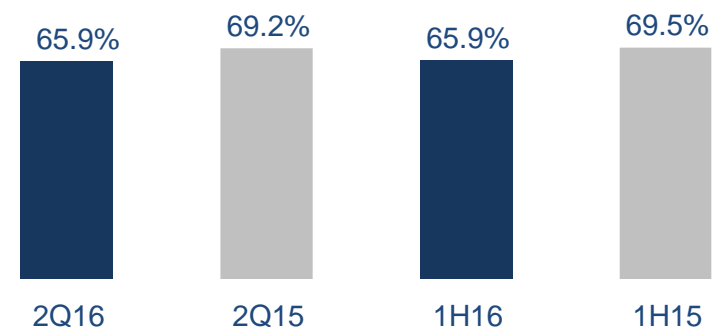
## ROE Evolution

% ROE



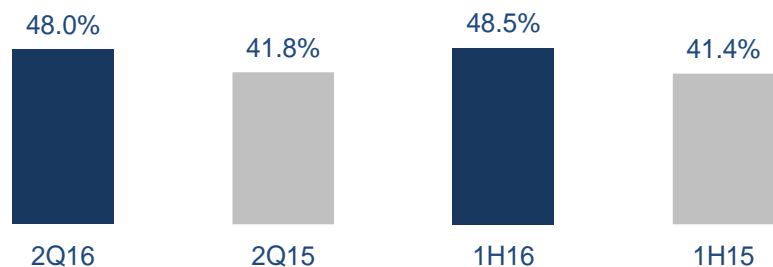
## EBIT/Net Revenues Ratio Evolution

% EBIT/Revenues



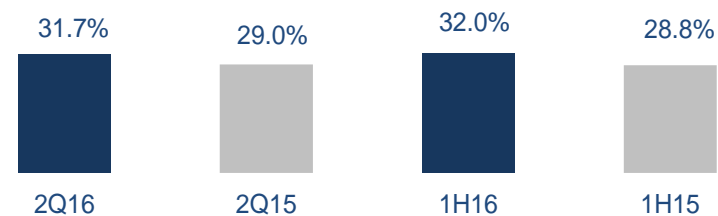
## Cost/EBIT Ratio Evolution

% 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	1H16	Daily avg. 1H16	Relative weight at EuroStoxx50 (%) <sup>1)</sup>
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	79.5	0.63	2.94%
2	 Bayer	66.0	0.52	3.89%
3	DAIMLER	65.6	0.52	2.97%
4	 TOTAL	65.6	0.52	5.41%
5	INTESA  SANPAOLO	61.8	0.49	1.57%
6	<b>BBVA</b>	56.5	0.45	1.84%
7	 UniCredit	53.8	0.42	0.73%
8	<b>SIEMENS</b>	52.8	0.42	3.95%
9	<b>Allianz</b> 	51.5	0.41	3.18%
10	 SAP	49.0	0.39	3.56%
15	 Telefonica	46.8	0.37	2.01%
20	<b>INDITEX</b>	37.9	0.30	1.64%
26	 IBERDROLA	31.0	0.24	1.79%

Source: Bloomberg

1) As of 30/06/16

# Business drivers: Highly liquid market

- Quality of spreads and best market impact for Spanish stocks

Year/Month	IBEX <sub>35</sub>	IBEX Medium Cap	IBEX Small Cap
	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)
201506	0.061%	0.258%	0.840%
201507	0.057%	0.255%	0.714%
201508	0.063%	0.277%	0.823%
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%



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

Excluding data of June, affected by the outcome of the elections on Brexit in UK:

- IBEX 35® narrowed back below 6 basis points.
- IBEX® Medium Cap touched lows, went down 3.4 basis points
- IBEX® Small spread improved 12 basis points, a new record low.

Source: Market annual and monthly reports

# Q&A