

First half 2014

Business Performance

BME
BOLSAS Y MERCADOS ESPAÑOLES



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

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A. Results

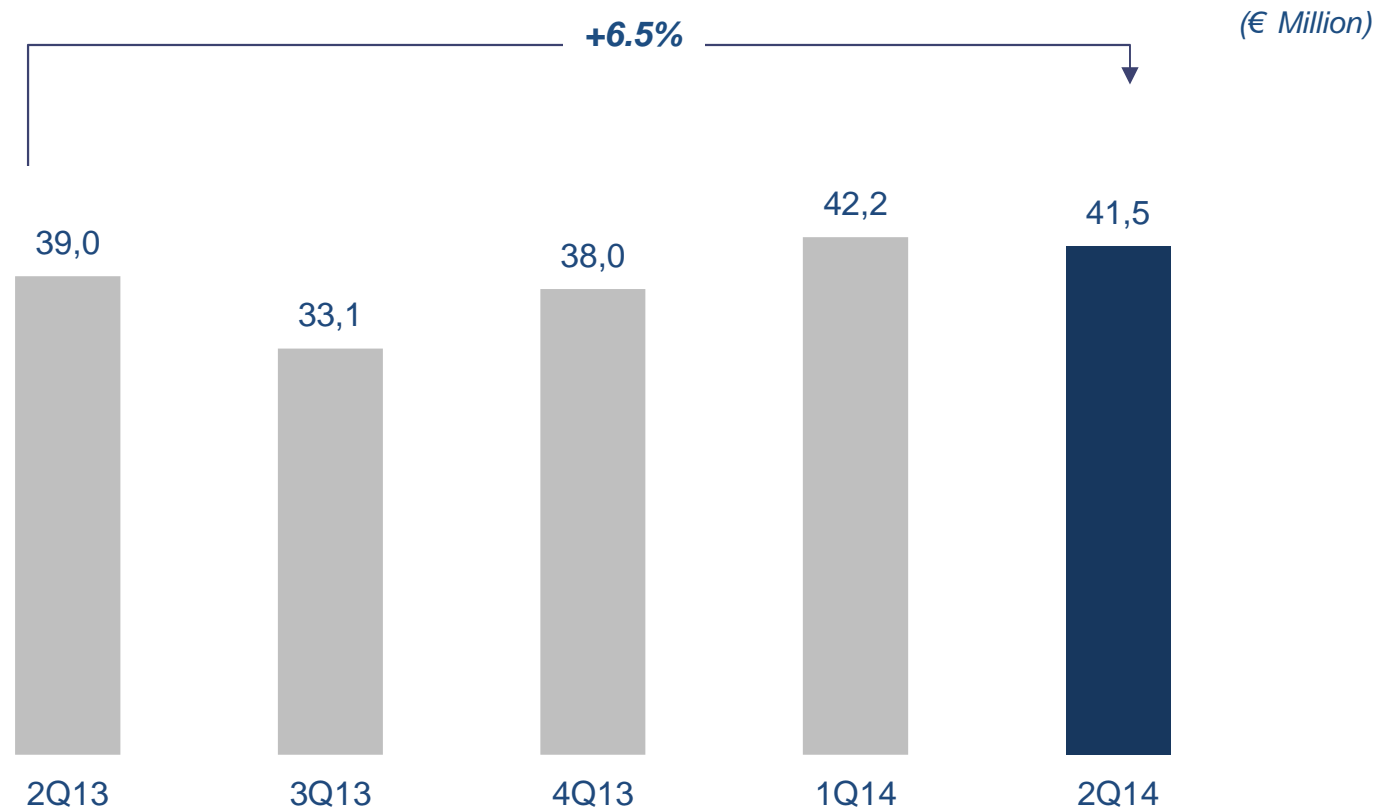
B. Business Overview

C. Financials

D. Business Drivers

Results

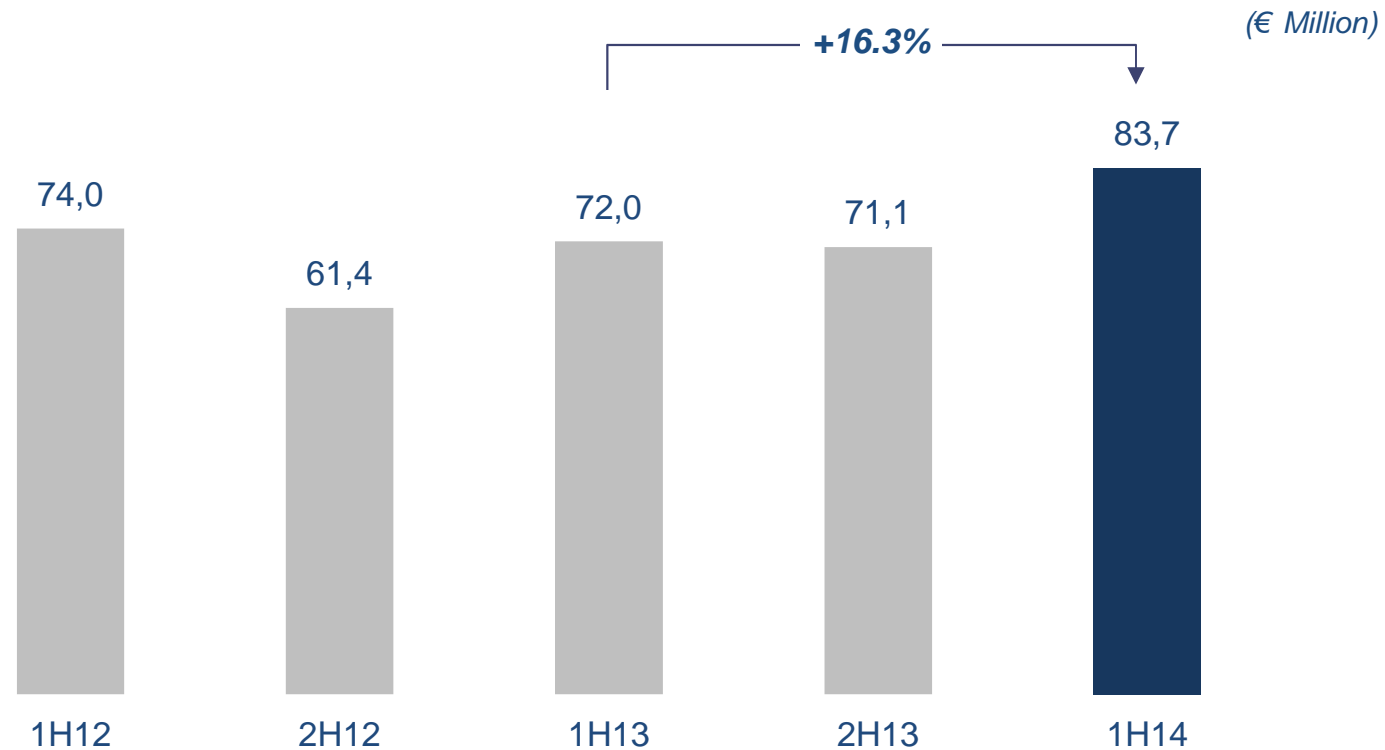
Net profit



Net profit increase of 6.5% compared to 2Q13

Results

Net profit

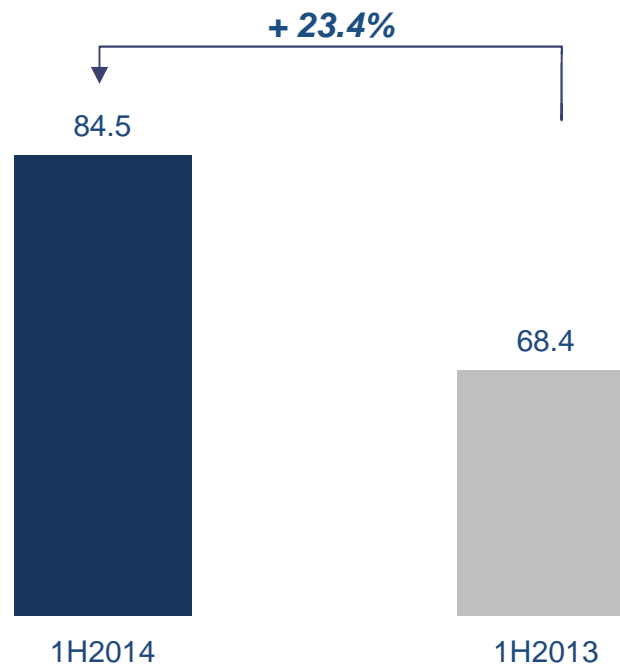


Net profit rose 16.3% compared to 1H13 (Best half year result since 1H10)

Results

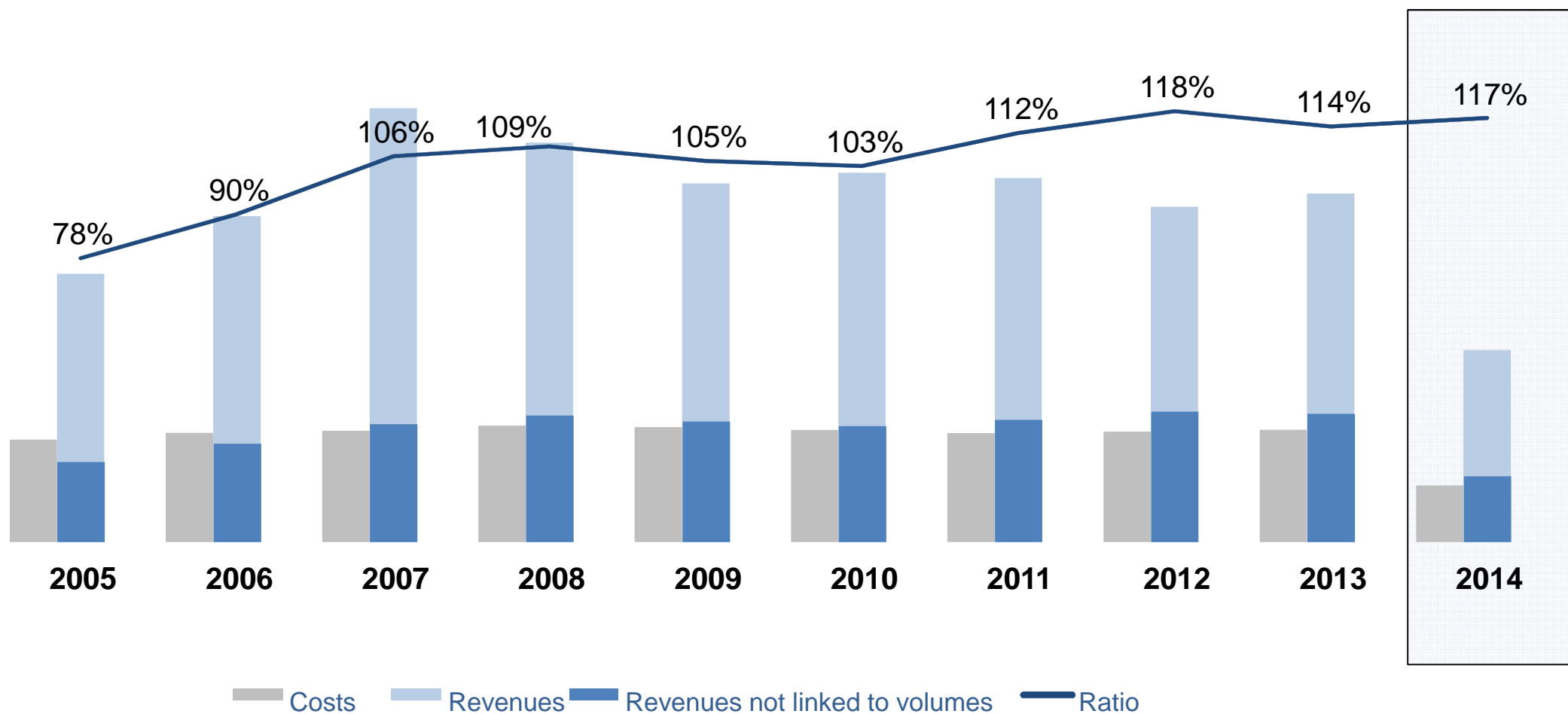
Net profit before extraordinary

(€ Million)



Adjusted net profit increases 23.4%

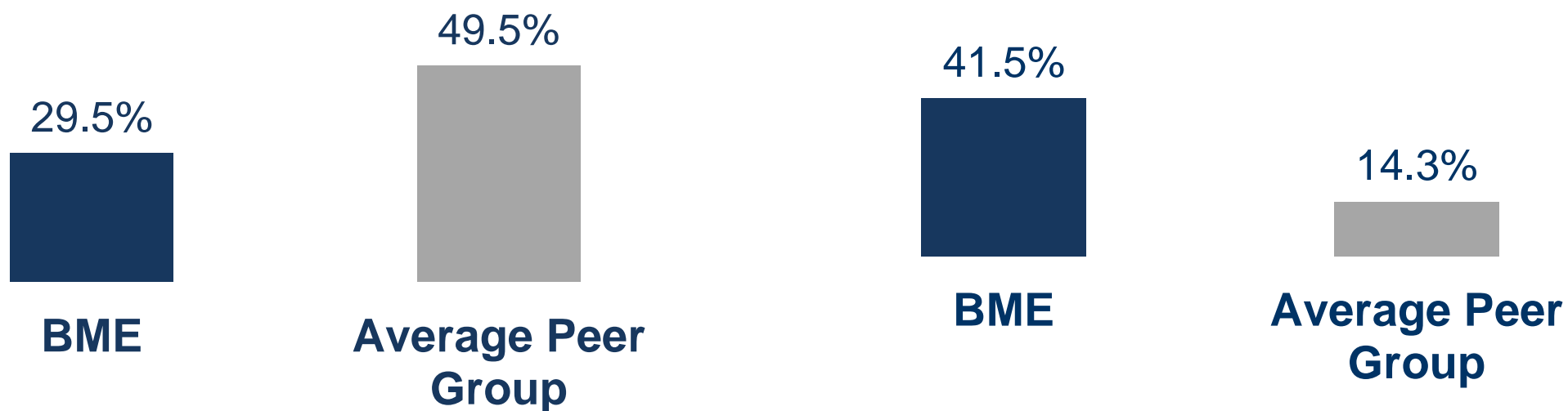
Solid operating leverage



Key ratios benchmarking

- Efficiency

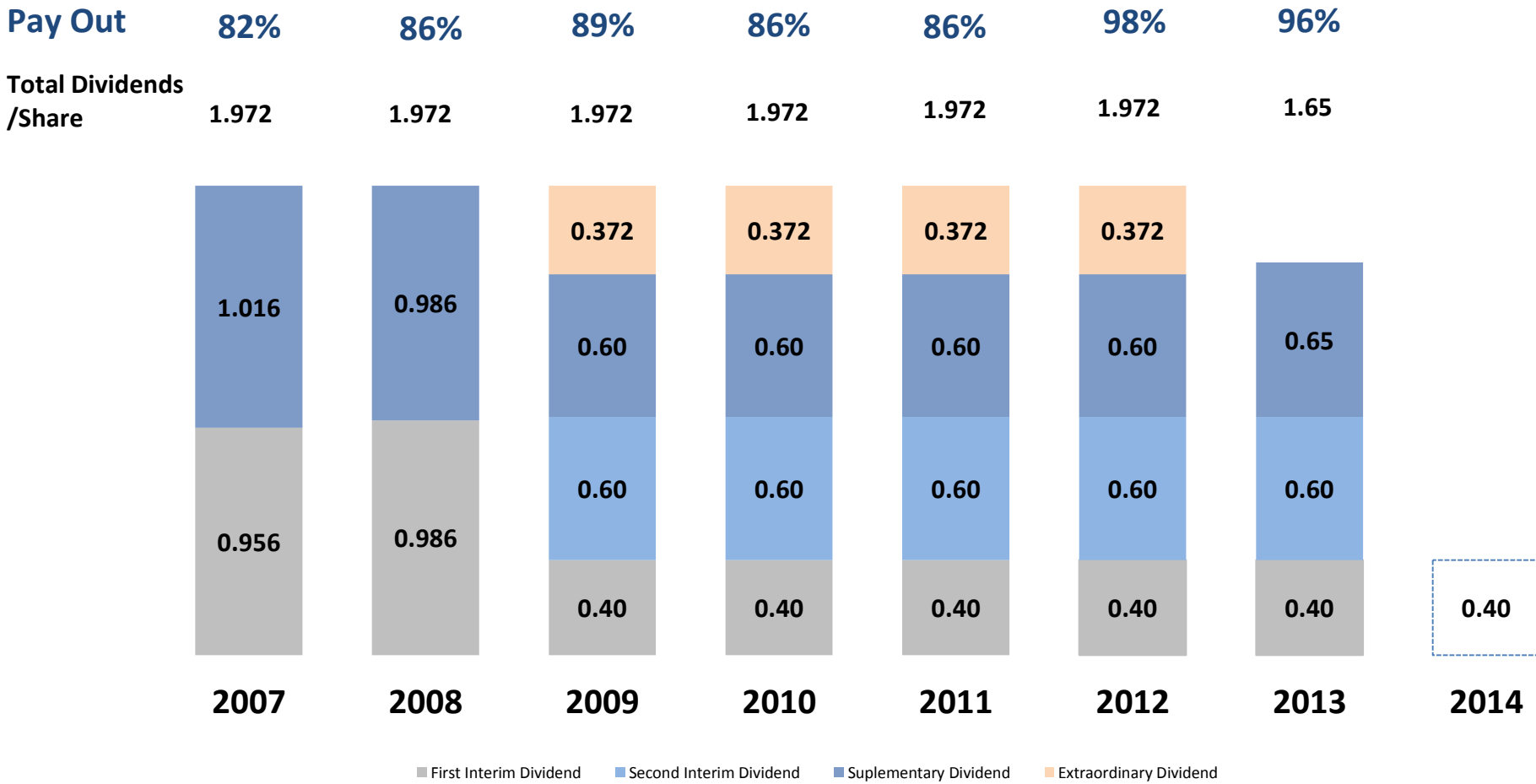
- ROE



- BME's data as of 30/06/2014

- 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

- Approval of first interim dividend of €0.40 per share (September, 12th)

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A. Results

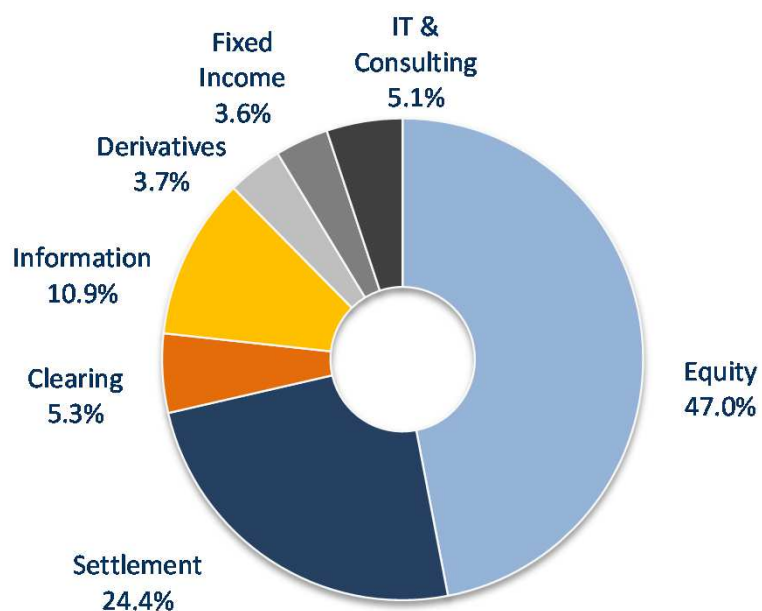
B. Business Overview

C. Financials

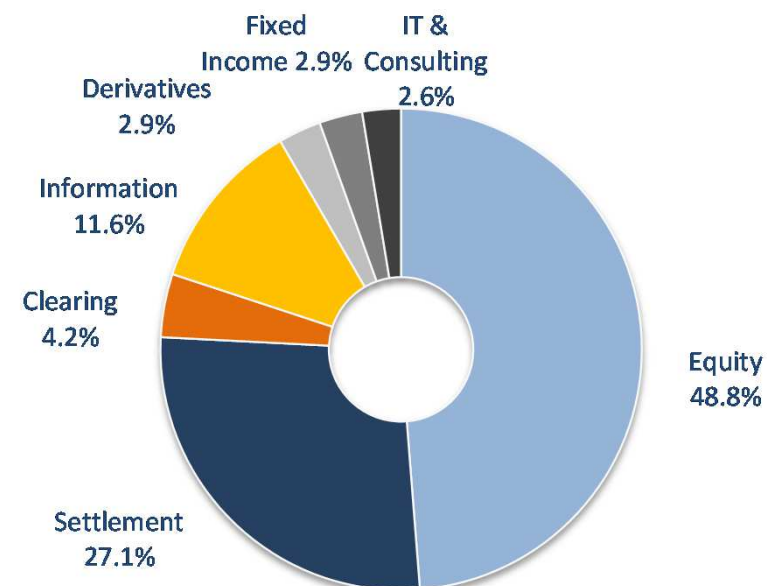
D. Business Drivers

Business Areas

Consolidated Revenues
1H 2014 - %



EBITDA
1H 2014 - %

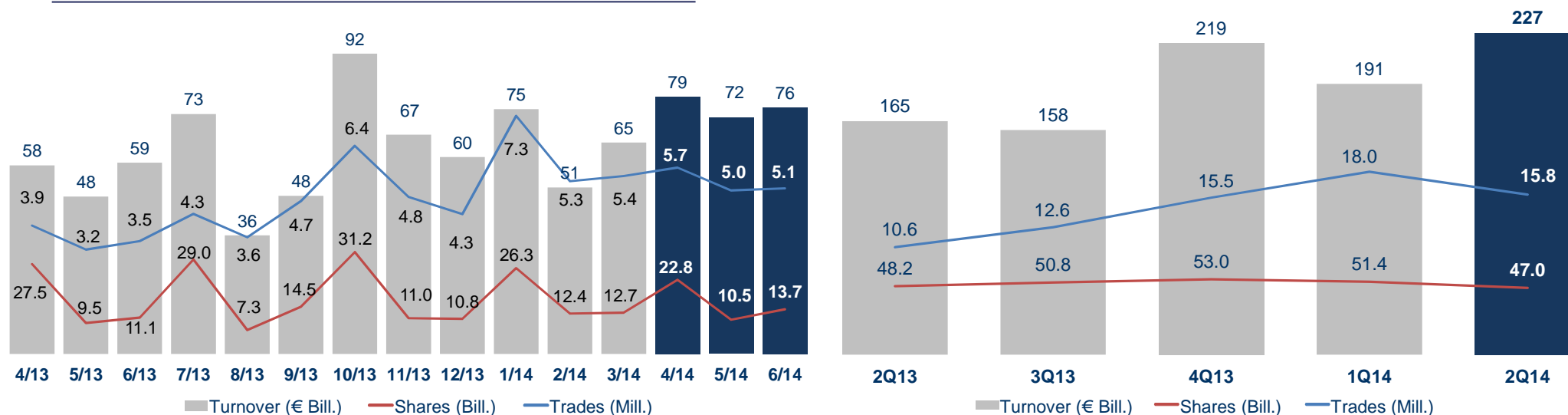


Redefining Business Units

Equity Market

Thousands of €	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	37,539	30,562	22.8%	79,114	62,554	26.5%
Expenses	(9,720)	(9,476)	2.6%	(19,525)	(19,195)	1.7%
EBITDA	27,819	21,086	31.9%	59,589	43,359	37.4%

Equity (Turnover, volume and shares traded)



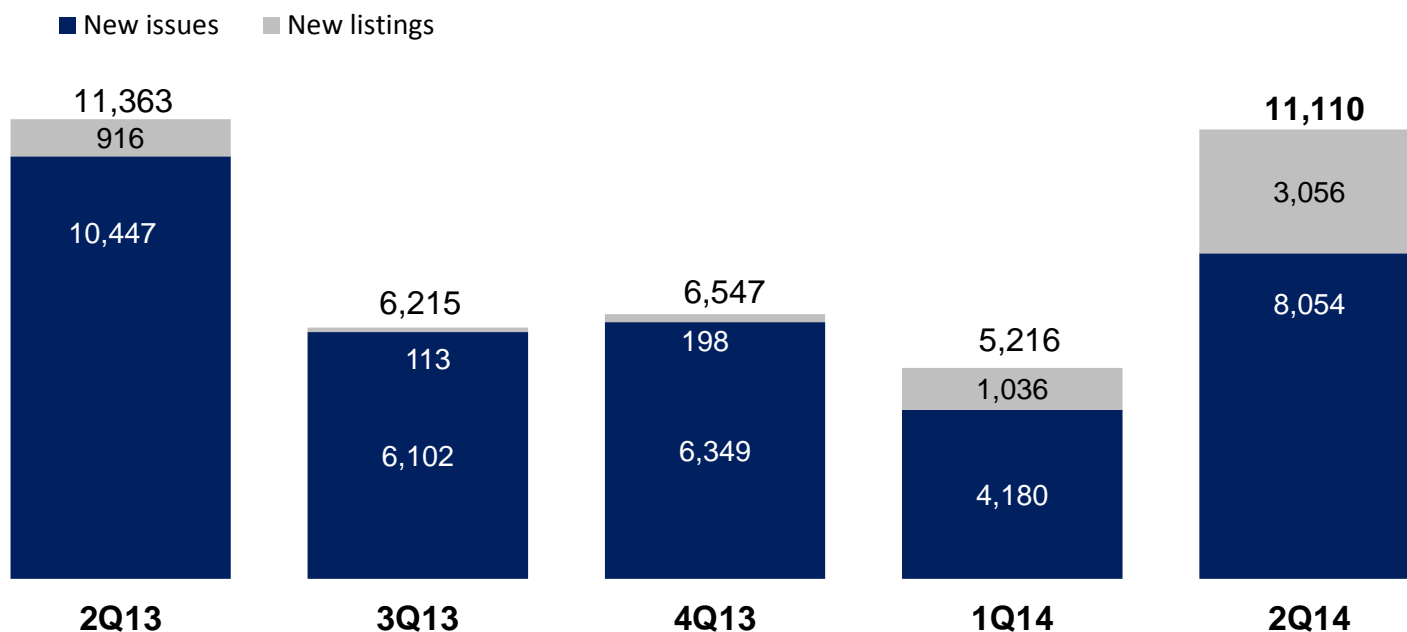
Maintenance of growth in turnover and number of trades

Note: Business Unit is redefined incorporating activity, income and expenses of the Equity Listing

Equity Market

- Listing activity

Investment flows channeled to the Exchange (€ Million)



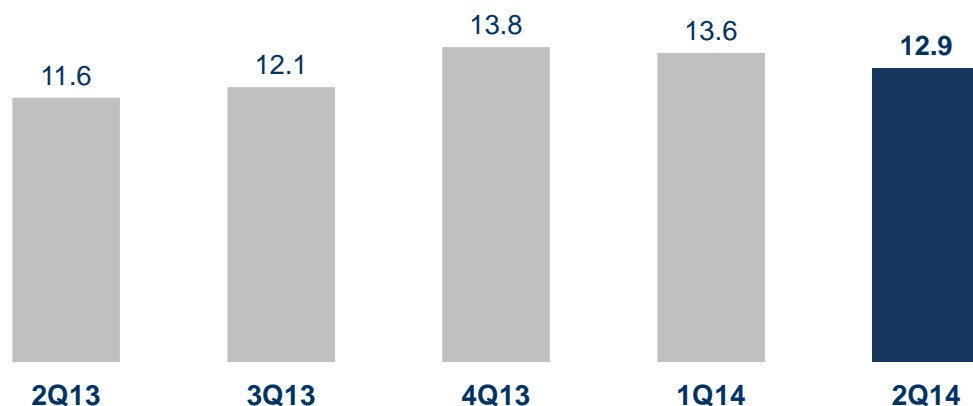
Source: FESE (Federation of European Stock Exchanges)

- In the second quarter funds raised on new admissions increased in 233.6% compared to 2013, to €3.056 million. 5 new companies to market in the first half and 4 admissions in the MAB.
- BME was the main issuer in the first half at European level by IPOs and flows channeled to Exchange: €4.092 million in IPOs, with a total of €16.326 million channeled to Exchange (FESE statistics).

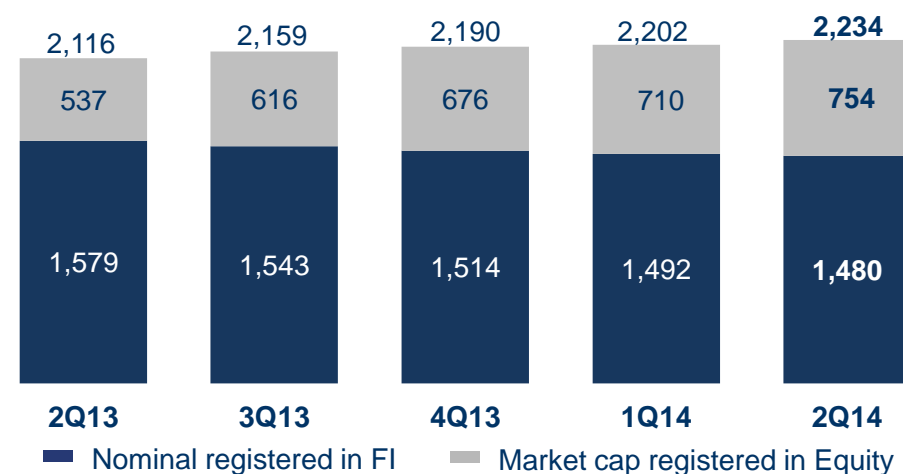
Settlement

Thousands of €	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	20,899	24,859	-15.9%	41,145	43,465	-5.3%
Expenses	(4,243)	(3,552)	19.5%	(8,073)	(6,932)	16.5%
EBITDA	16,656	21,307	-21.8%	33,072	36,533	-9.5%

Settlement: Number of trades settled
(Million of trades)



Securities under custody: Volumes
(€ Billion)

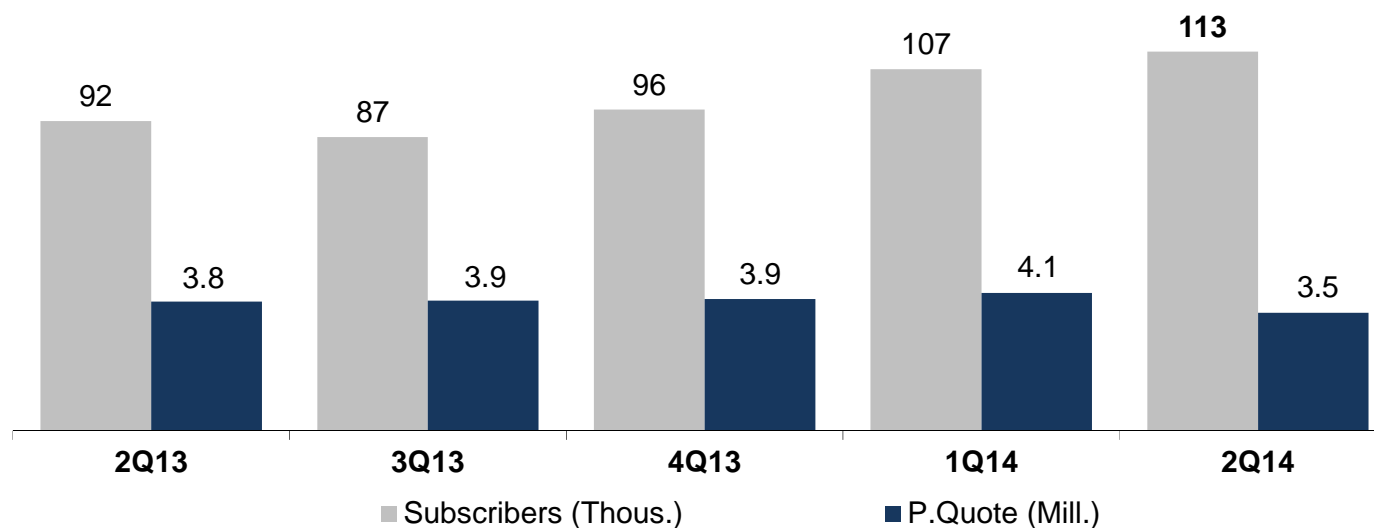


Comparison affected by 2T13 extraordinary items (adjusted EBITDA + 5.6%)

Market Data & Information

Thousands of €	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	9,440	8,351	13.0%	18,294	16,443	11.3%
Expenses	(2,083)	(1,850)	12.6%	(4,150)	(3,725)	11.4%
EBITDA	7,357	6,501	13.2%	14,144	12,718	11.2%

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

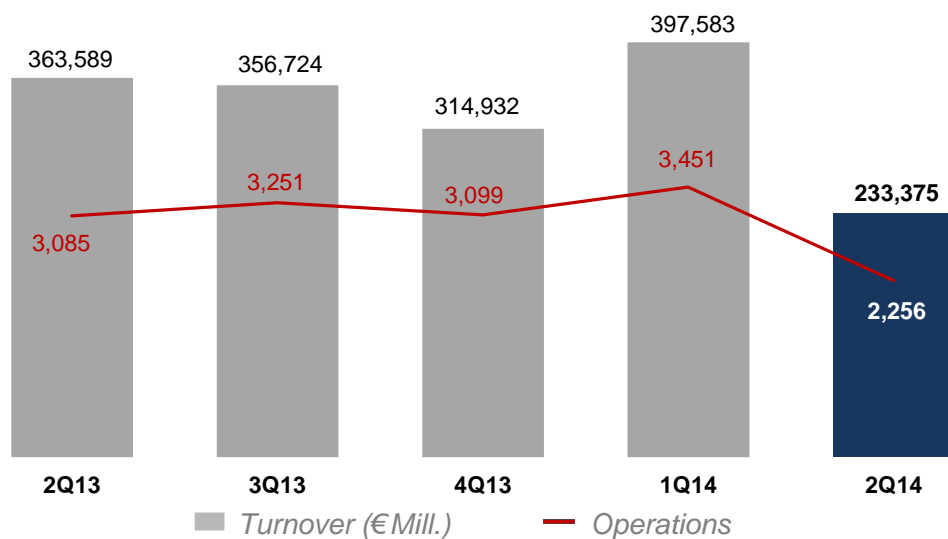


Increased activity in users and connections

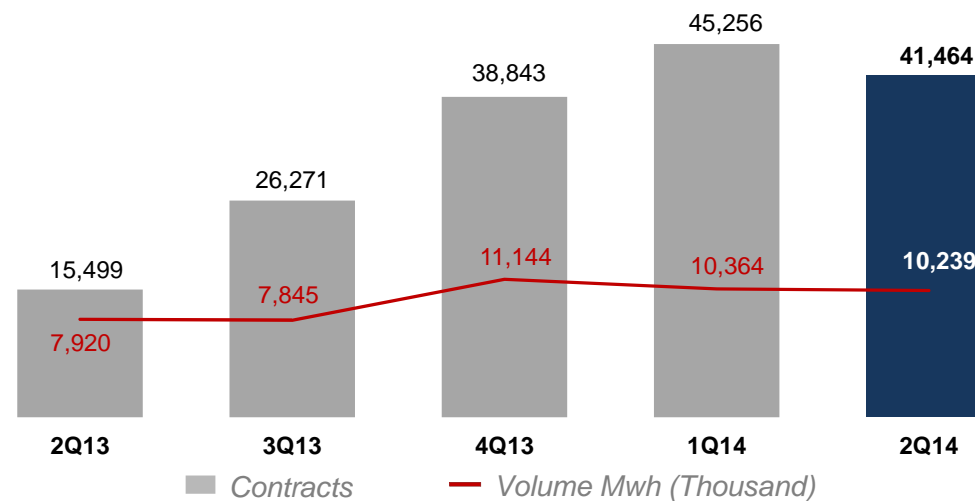
Clearing

Thousands of €	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	4,211	3,808	10.6%	8,940	7,639	17.0%
Expenses	(2,158)	(1,433)	50.6%	(3,746)	(2,948)	27.1%
EBITDA	2,053	2,375	-13.6%	5,194	4,691	10.7%

Turnover and operations MEFFREPO



Contracts and Mwh volume traded in Energy market



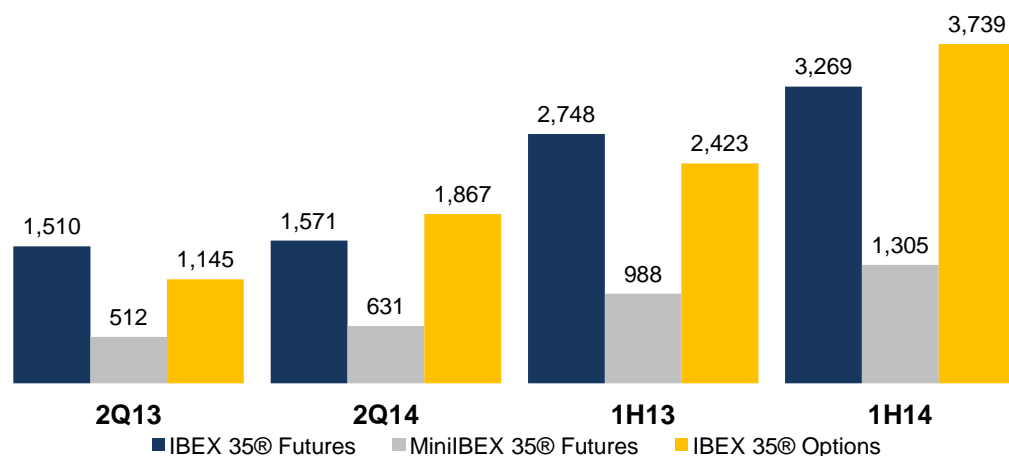
Activity growth in energy and derivatives and decreases in repo market

Derivatives

Thousands of €	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	3,022	3,007	0.5%	6,252	5,977	4.6%
Expenses	(1,360)	(1,302)	4.5%	(2,730)	(2,710)	0.7%
EBITDA	1,662	1,705	-2.5%	3,522	3,267	7.8%

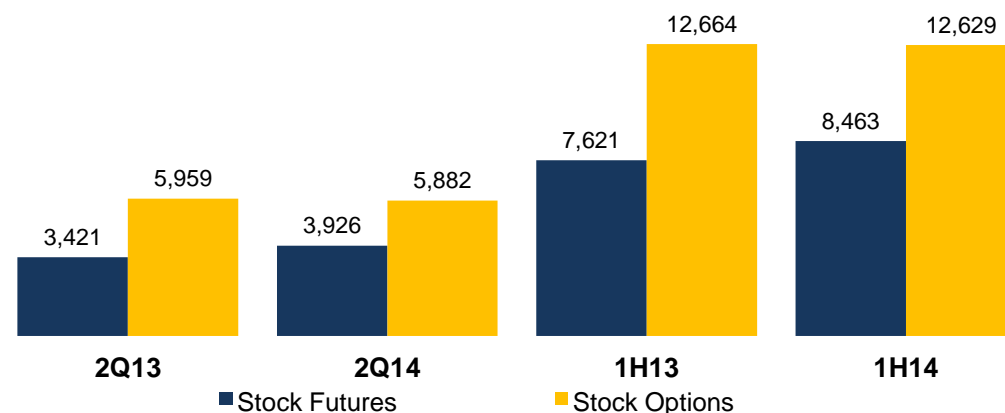
Index derivatives contracts traded

(Thousand of contracts)



Stock derivatives contracts traded

(Thousand of contracts)



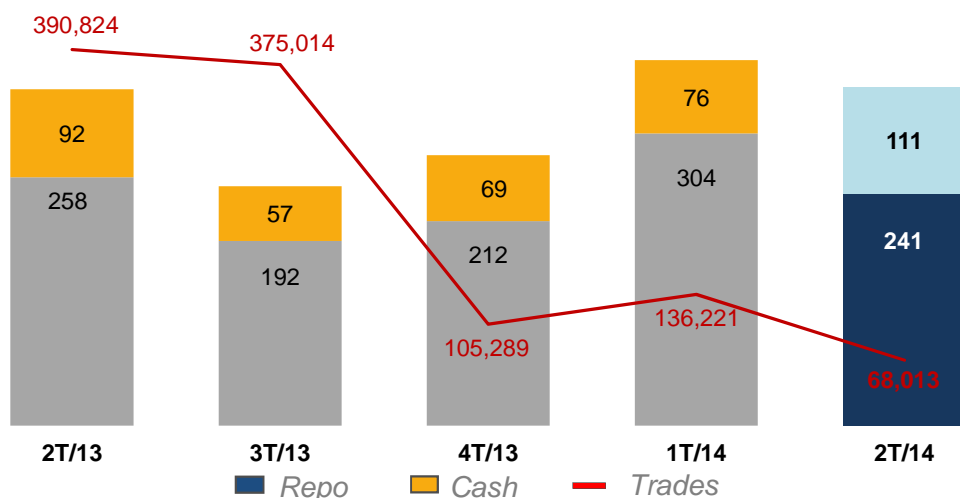
The activity keeps growing

Note: Business Unit is redefined excluding revenue from clearing and settlement and now are recognized in the Clearing Business Unit

Fixed income

Thousands of €	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	2,752	3,235	-14.9%	6,050	6,288	-3.8%
Expenses	(1,260)	(1,328)	-5.1%	(2,509)	(2,689)	-6.7%
EBITDA	1,492	1,907	-21.8%	3,541	3,599	-1.6%

AIAF – Turnover (Billion €)



MARF (Alternative Fixed Income Market) activity after 6 months:

- 16 Market Members and 15 registered Advisers
- 2 issues maturing 5 years (€85 million)
- 2 promissory note issue programmes (máximo balance of €129.5 million)
- 8 promissory note payments (€60 million)

A demanding 2T/13 in number of trades

Note: Business Unit is redefined incorporating activity, income and expenses of the Fixed Income Listing

IT & Consulting

<i>Thousands of €</i>	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	4,821	4,945	-2.5%	8,605	9,374	-8.2%
Expenses	(2,736)	(2,643)	3.5%	(5,434)	(5,092)	6.7%
EBITDA	2,085	2,302	-9.4%	3,171	4,282	-25.9%

Confidence Net

maX Terminal

Access/Interface markets

Compliance services. EU Solvency reporting requirement

New features for HFT

International markets access

Breakdown by business areas

Revenues

<i>Thousands of €</i>	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Equity	37,539	30,562	22.8%	79,114	62,554	26.5%
Settlement	20,899	24,859	-15.9%	41,145	43,465	-5.3%
Clearing	4,211	3,808	10.6%	8,940	7,639	17.0%
Information	9,440	8,351	13.0%	18,294	16,443	11.3%
Derivatives	3,022	3,007	0.5%	6,252	5,977	4.6%
Consulting & IT	4,821	4,945	-2.5%	8,605	9,374	-8.2%
Fixed income	2,752	3,235	-14.9%	6,050	6,288	-3.8%

Breakdown by business areas

EBITDA

<i>Thousands of €</i>	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Equity	27,819	21,086	31.9%	59,589	43,359	37.4%
Settlement	16,656	21,307	-21.8%	33,072	36,533	-9.5%
Clearing	2,053	2,375	-13.6%	5,194	4,691	10.7%
Information	7,357	6,501	13.2%	14,144	12,718	11.2%
Derivatives	1,662	1,705	-2.5%	3,522	3,267	7.8%
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Balance sheet

<i>as of June, 30th</i> <i>(Thousands of €)</i>	2014	2013
Goodwill	80,619	82,190
Other non-current assets	90,113	88,901
Cash and cash equivalents	213,544	247,722
Current financial assets	92,862	44,711
Non-Group current financial assets	33,103,456	39,791,450
Other current assets	100,718	93,125
Total assets	33,681,312	40,348,099
Owners' Equity	421,268	403,802
External Partners	0	159
Non-current liabilities	17,393	18,759
Current liabilities	33,242,651	39,925,379
Total equity and liabilities	33,681,312	40,348,099

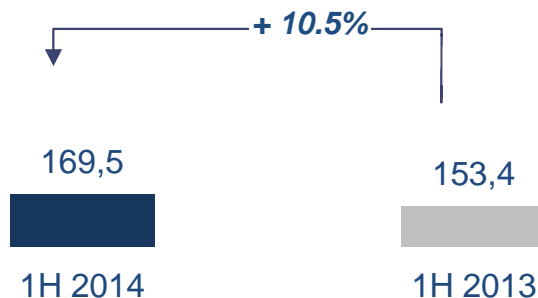
P/L

<i>Thousands of €</i>	2Q 2014	2Q 2013	%	1H 2014	1H 2013	%
Revenues	83,528	80,349	4.0%	169,530	153,381	10.5%
Expenses	(24,836)	(25,622)	-3.1%	(49,958)	(50,783)	-1.6%
EBITDA	58,692	54,727	7.2%	119,572	102,598	16.5%
EBIT	57,107	52,978	7.8%	116,362	99,062	17.5%
Financial results	1,033	1,559	-33.7%	1,511	2,405	-37.2%
Share of profit (loss) of associates	550	(130)	-523.1%	732	(243)	-401.2%
EBT	58,690	54,407	7.9%	118,605	101,224	17.2%
Net Profit	41,549	39,030	6.5%	83,734	72,018	16.3%

Comparison with 1H 2013

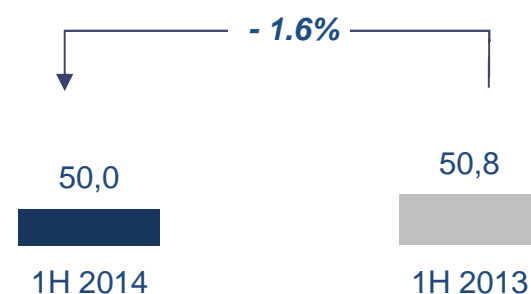
Revenues 1H 2014/2013

[€ Mill.]



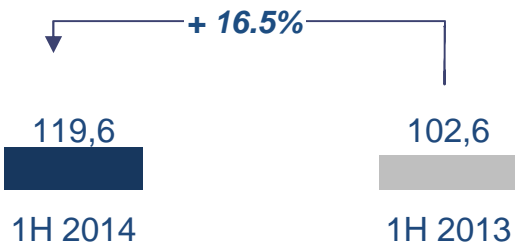
Costs 1H 2014/2013

[€ Mill.]

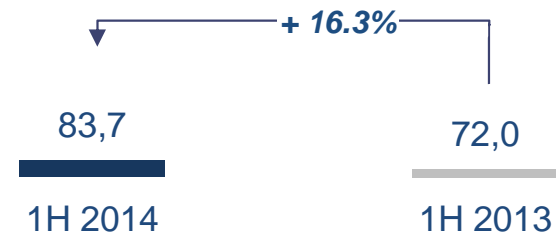


Margins

EBITDA 1H 2014/2013 [€ Mill.]



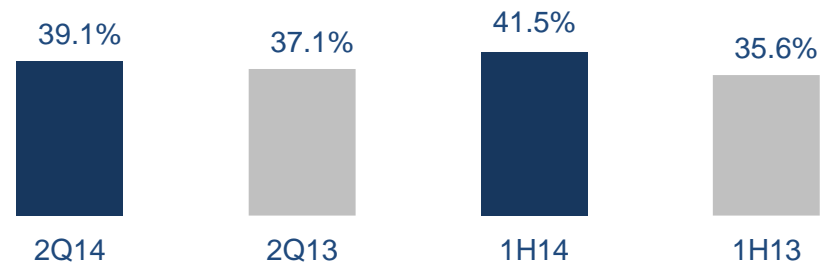
Net Profit 1H 2014/2013 [€ Mill.]



Efficiency & Profitability

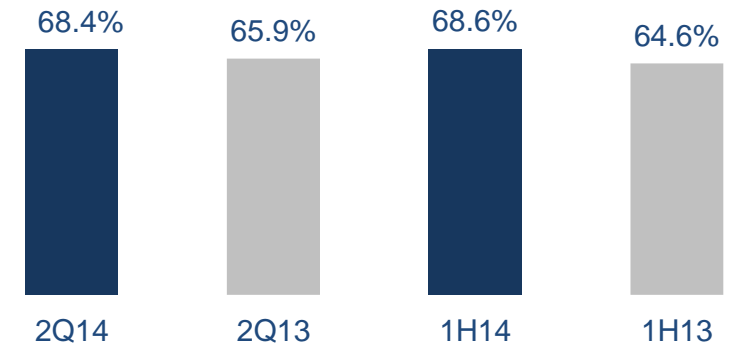
ROE Evolution

% ROE



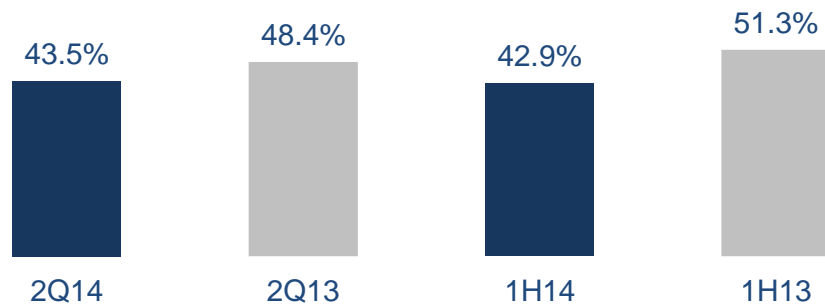
EBIT/Revenues Ratio Evolution

% EBIT/Revenues



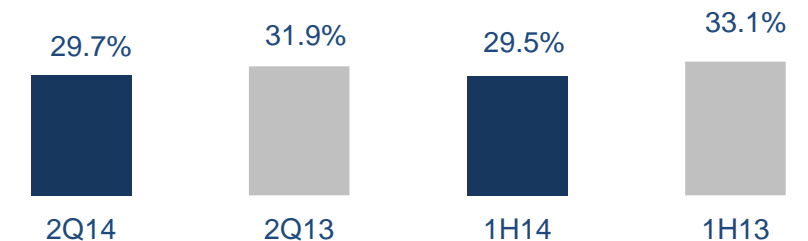
Cost/EBIT Ratio Evolution

% Cost/EBIT



Efficiency Ratio Evolution

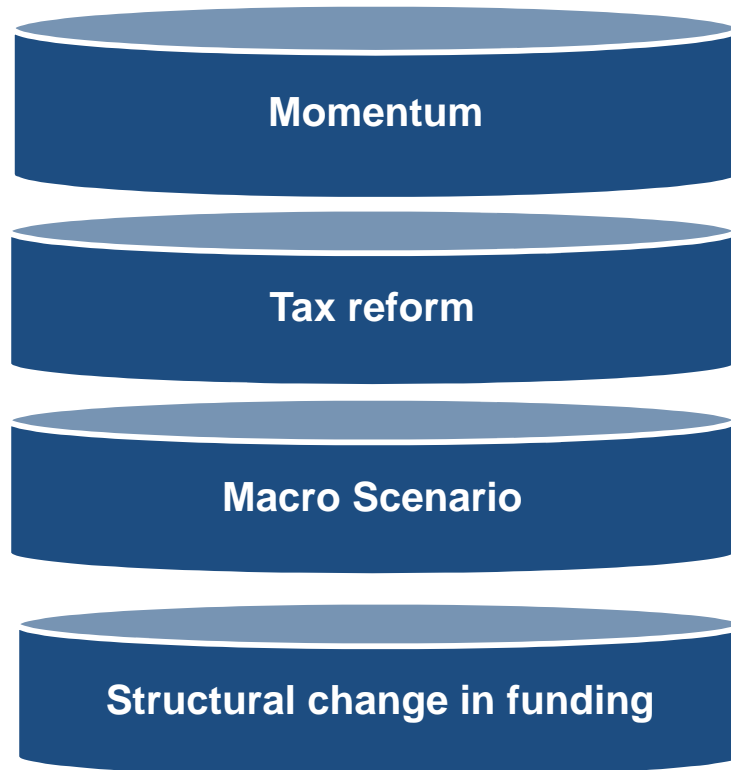
% Efficiency



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BME: Positive environment for business



Decline in the premium risk
Reforms for restructuring the Spanish Economy
Price recovery

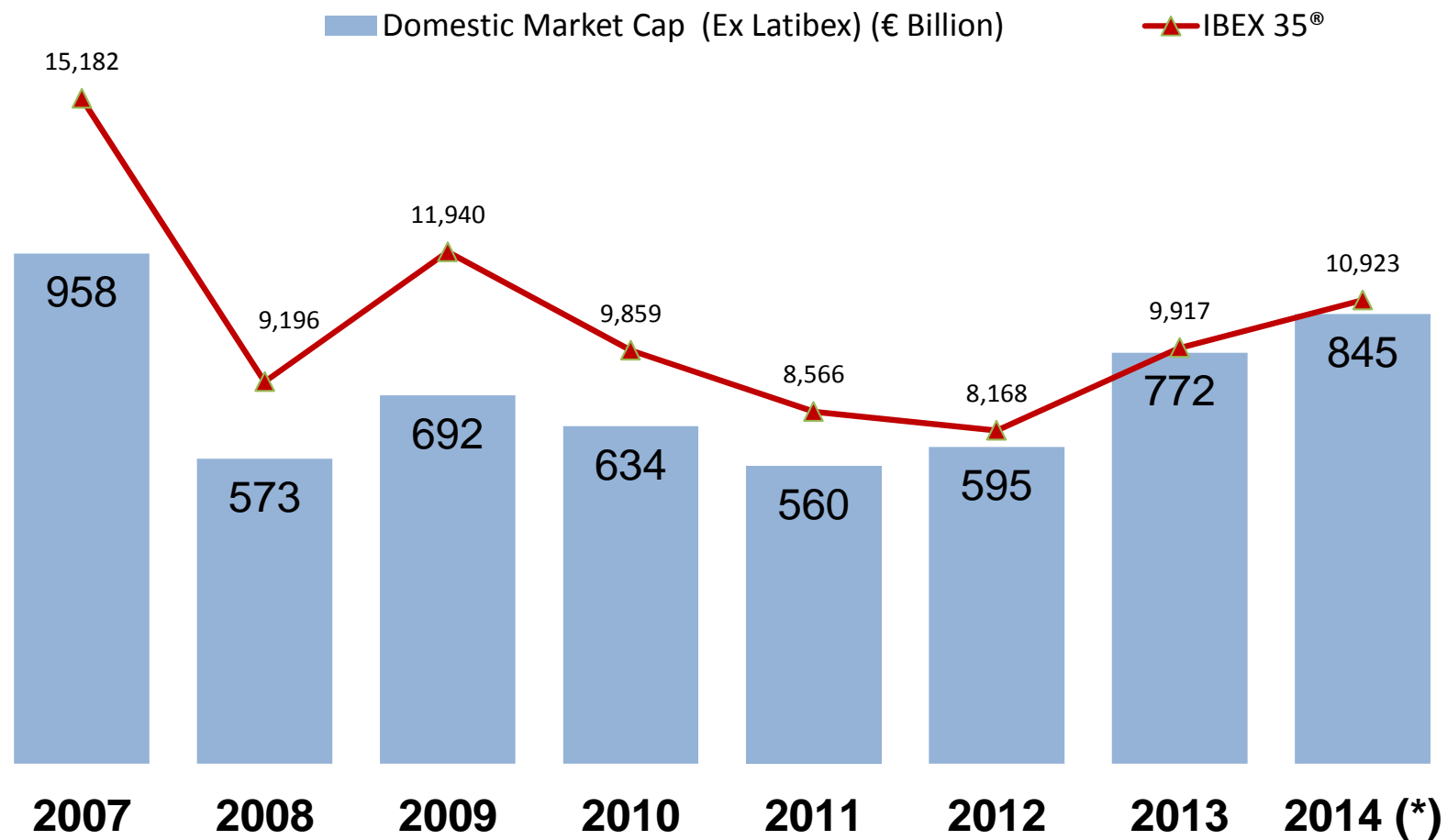
Effective corporate tax reduction
Lowering Income/Saving taxes

Savings and financial investments towards market instruments as an alternative to deposits and fixed income

Diversification of corporate financing to markets

BME: Positive environment for business













- Effect in domestic market capitalization of flows channelled to Exchange



(*) Data as of 30/06/14

Business drivers: Highly liquid market

- Spanish blue-chips among the most liquid stocks in the EMU

RK	Company	1H14	Daily avg. 1H14	Relative weight at EuroStoxx50 (%) ¹⁾
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 UniCredit	71.1	0.57	1.660%
2	 Grupo Santander	68.6	0.55	4.460%
3	 Telefonica	61.6	0.49	2.470%
4	 INTESA SANPAOLO	58.7	0.47	1.560%
5	 BBVA	50.9	0.41	2.720%
6	 Eni	47.9	0.38	2.650%
7	 BNP PARIBAS	46.6	0.37	2.770%
8	 Deutsche Bank	46.3	0.37	1.660%
9	 TOTAL	42.3	0.34	6.220%
10	DAIMLER	42.0	0.34	3.330%
17	 REPSOL YPF	36.2	0.29	0.900%
21	 IBERDROLA	29.1	0.23	1.470%
24	 INDITEX	27.4	0.22	1.180%

Source: Bloomberg

1) As of 30/06/14

Business drivers: Highly liquid market

- Quality of spreads and best market impact for Spanish stocks

	IBEX₃₅ Avg.Spread (%)	IBEX Medium Cap Avg.Spread (%)	IBEX Small Cap Avg.Spread (%)
201306	0.076%	0.376%	1.582%
201307	0.078%	0.418%	1.540%
201308	0.073%	0.400%	1.350%
201309	0.070%	0.359%	1.193%
201310	0.062%	0.332%	1.029%
201311	0.063%	0.336%	1.021%
201312	0.068%	0.359%	1.037%
201401	0.066%	0.304%	1.010%
201402	0.068%	0.290%	0.984%
201403	0.064%	0.275%	0.927%
201404	0.062%	0.271%	0.988%
201405	0.061%	0.273%	1.022%
201406	0.058%	0.249%	0.960%

The average spread continue to narrow in increasing liquidity:

- IBEX 35® average spread falling by 1.8 basis points from June 2013
- Medium and small cap companies have improved the average spread 12.7 and 62.2 basis points respectively

Source: Market annual and monthly reports

Q&A