
BUSINESS PERFORMANCE

January–June 2018

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Results

Business Units

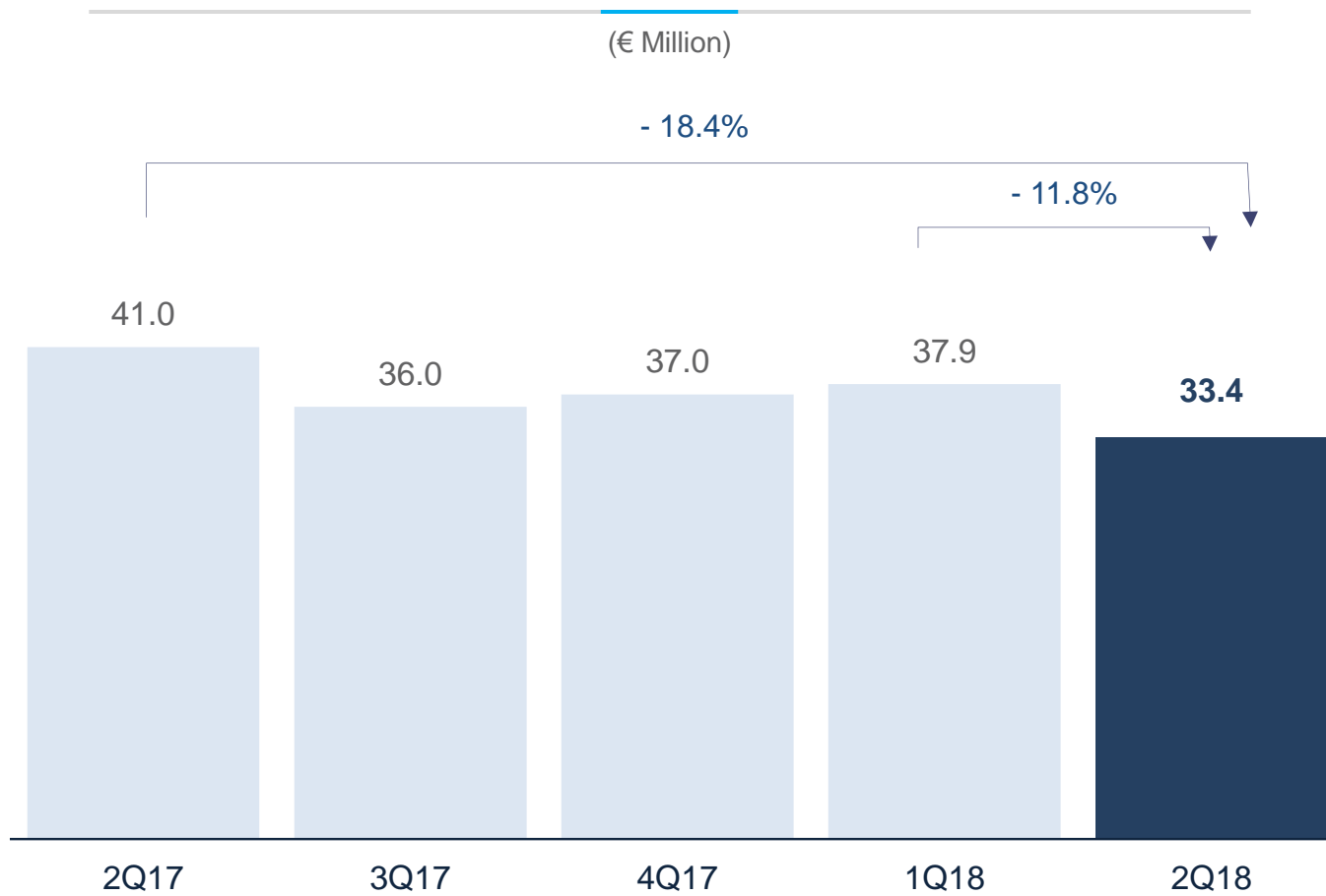
Financials

Business Drivers



RESULTS

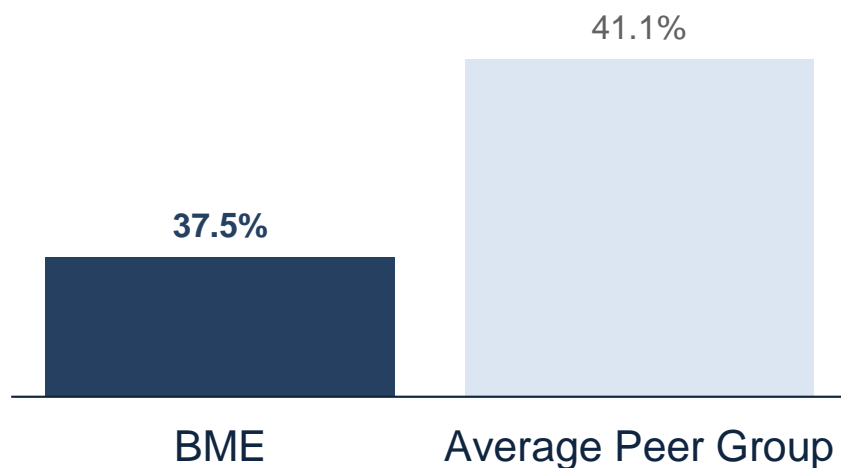
Net Profit



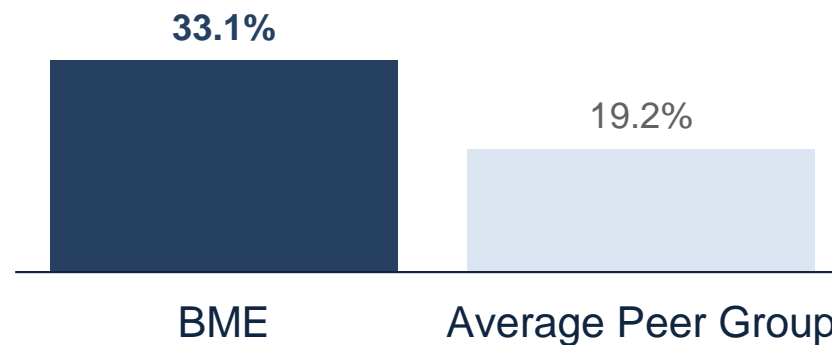
RESULTS

Key ratios benchmarking

- Efficiency



- ROE



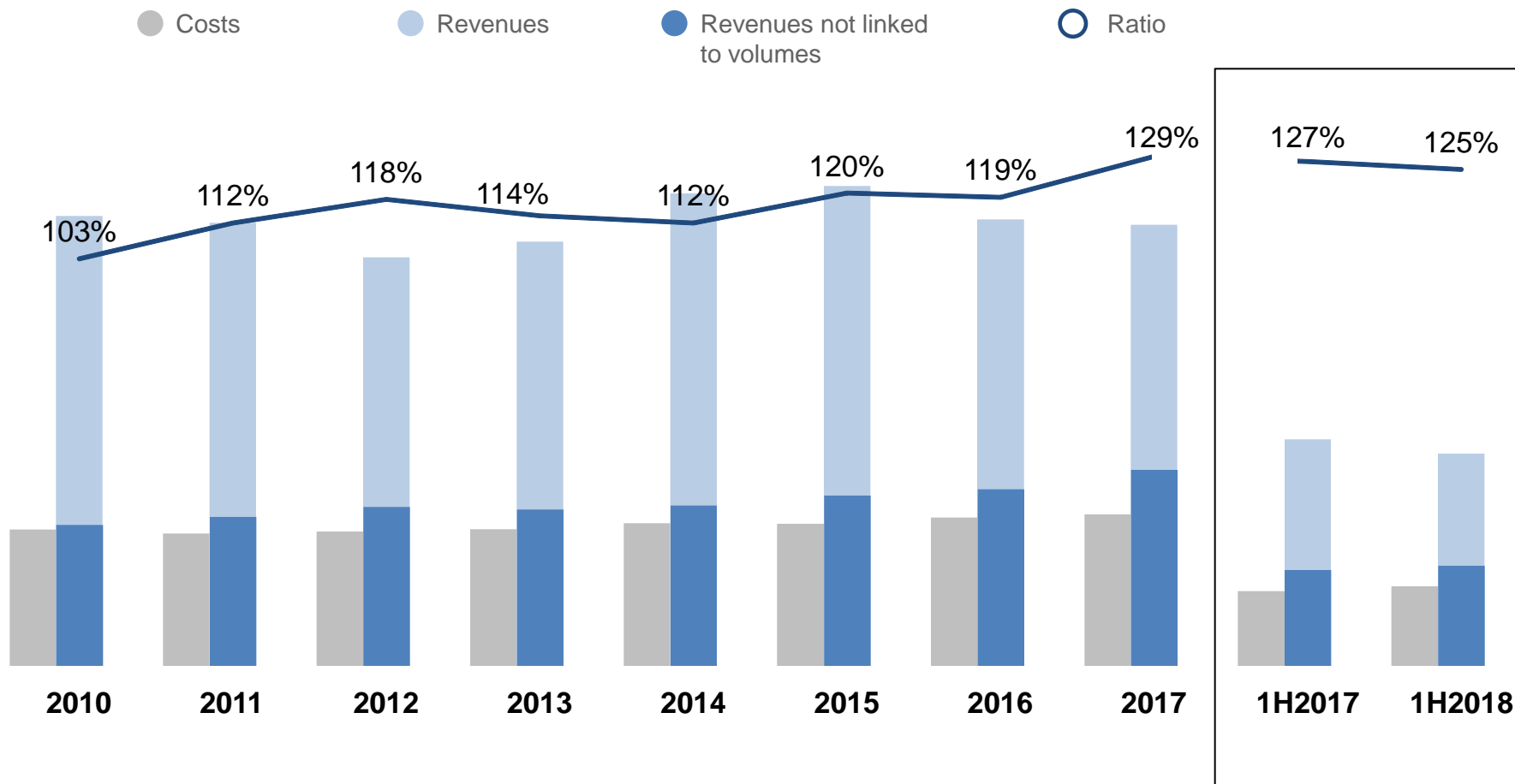
- BME's data as of 30/06/2018.

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



RESULTS

Solid operating leverage

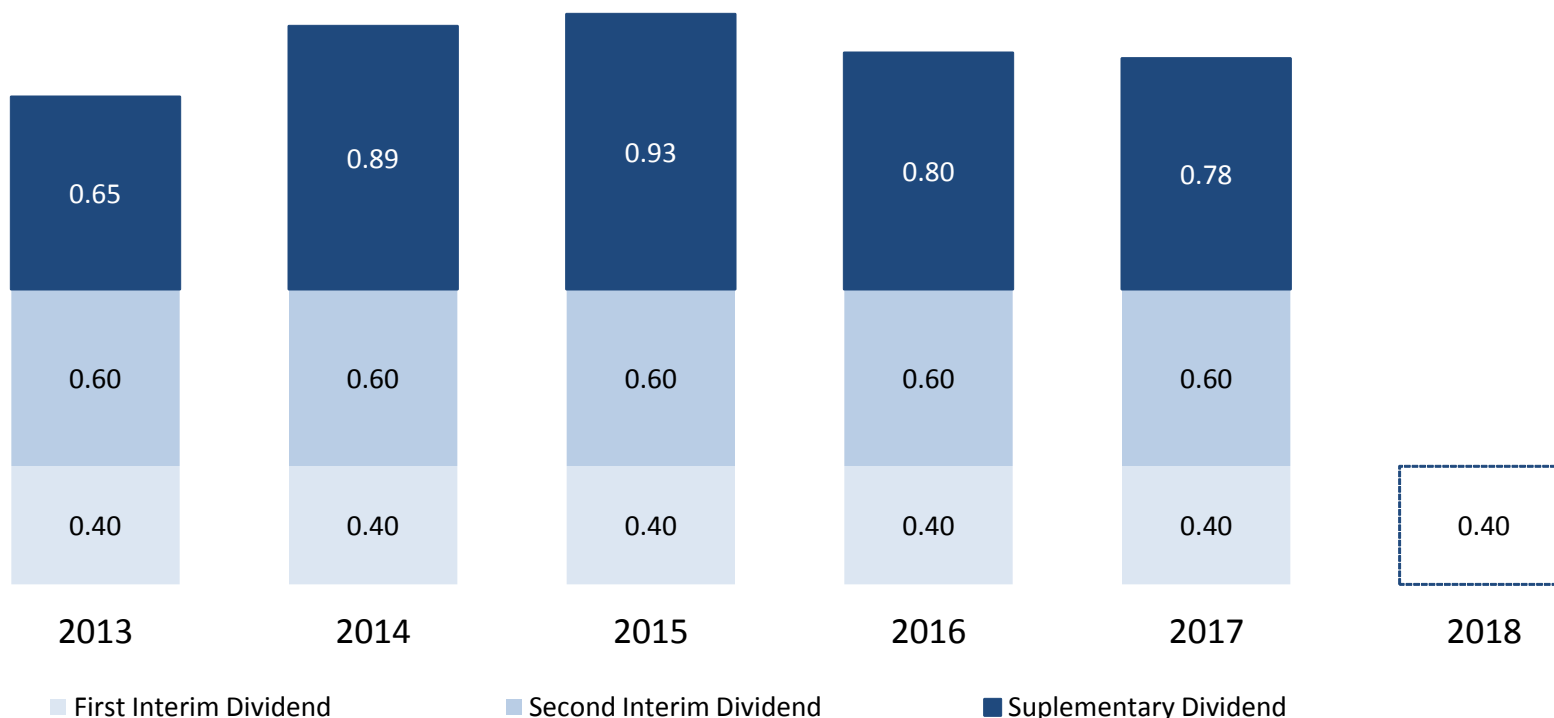




RESULTS

Dividends: Maximizing shareholders' returns

Pay Out	96%	96%	93%	93%	96%
Dividend/share	1.65	1.89	1.93	1.80	1.78



Sustainability of Pay-Out

Interim dividend proposal: 0.40 €/share (14th september 2018)

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Results

Business Units

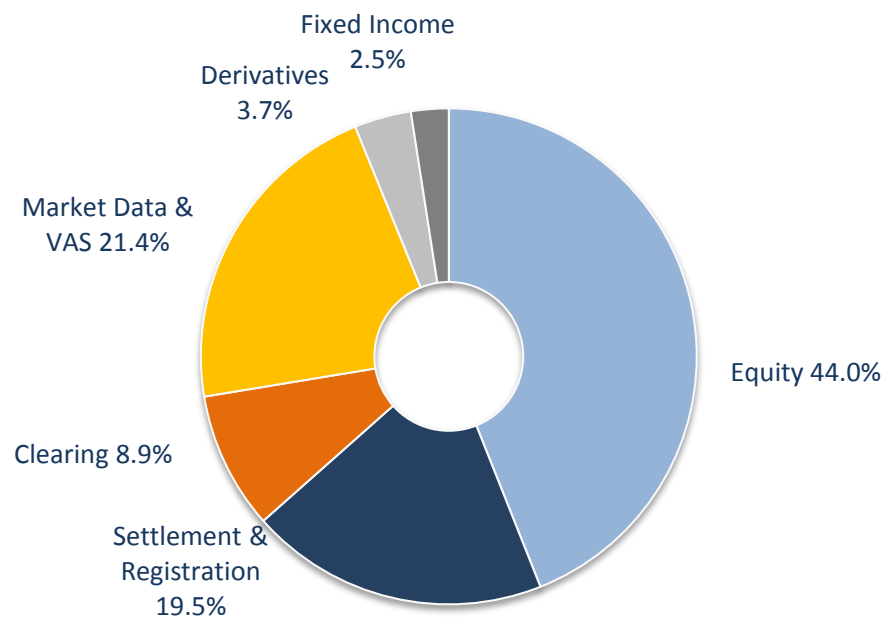
Financials

Business Drivers

Business Areas

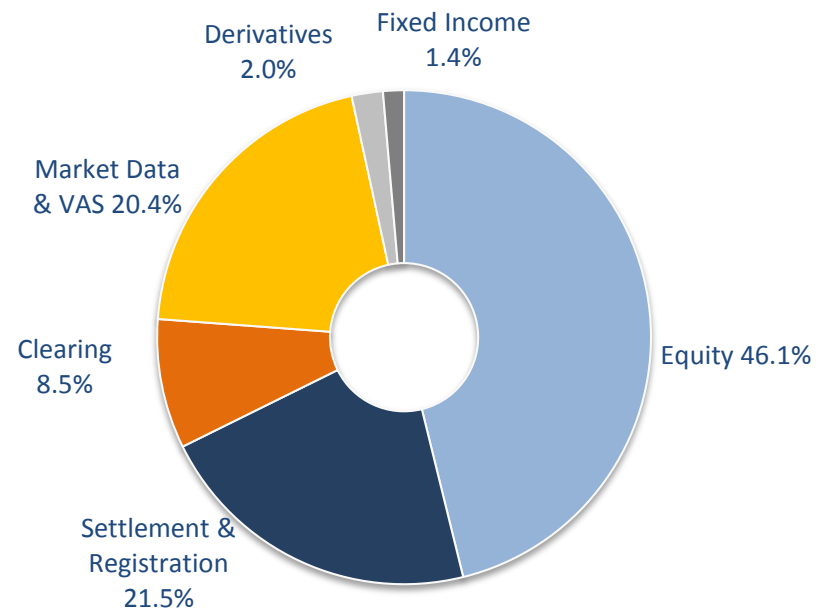
Consolidated Net Revenues

1H 2018 - %



EBITDA

1H 2018 - %

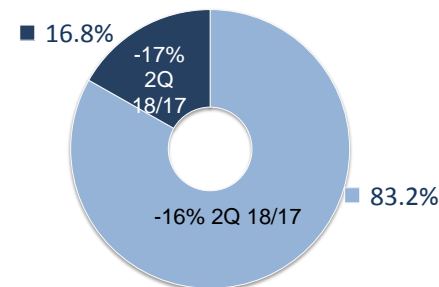




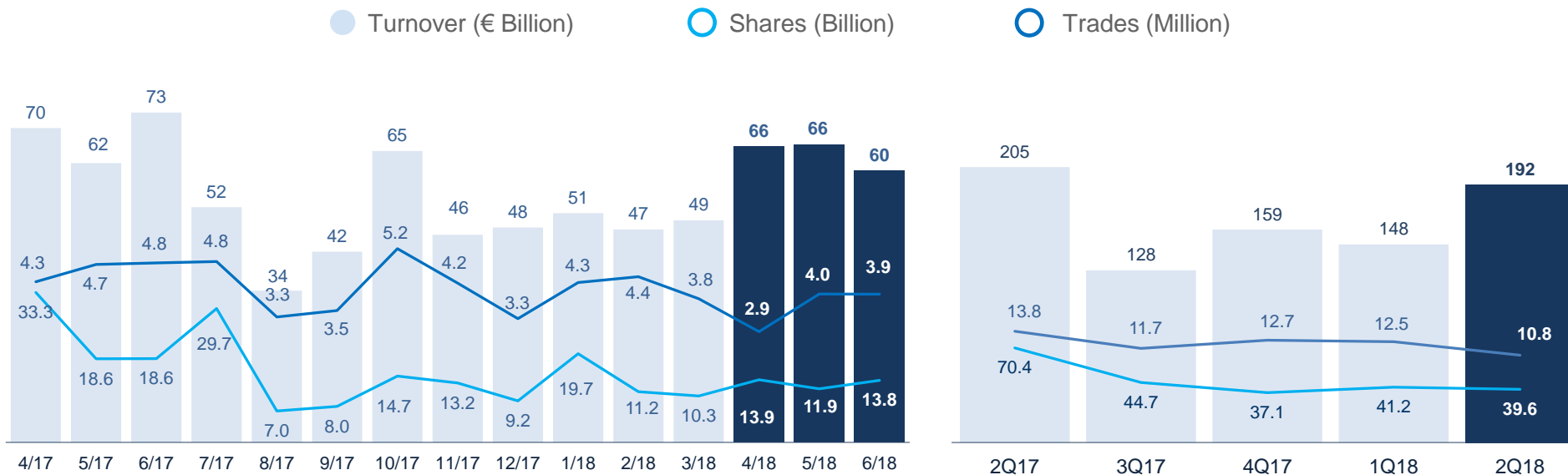
Equity Market

Thousands of €	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
Net Revenue	32,098	38,366	-16.3%	67,599	76,087	-11.2%
Operating Costs	(10,063)	(10,239)	-1.7%	(20,156)	(20,574)	-2.0%
EBITDA	22,035	28,127	-21.7%	47,443	55,513	-14.5%

■ Per trade and regarding characteristics of the orders
 ■ Listing and other services

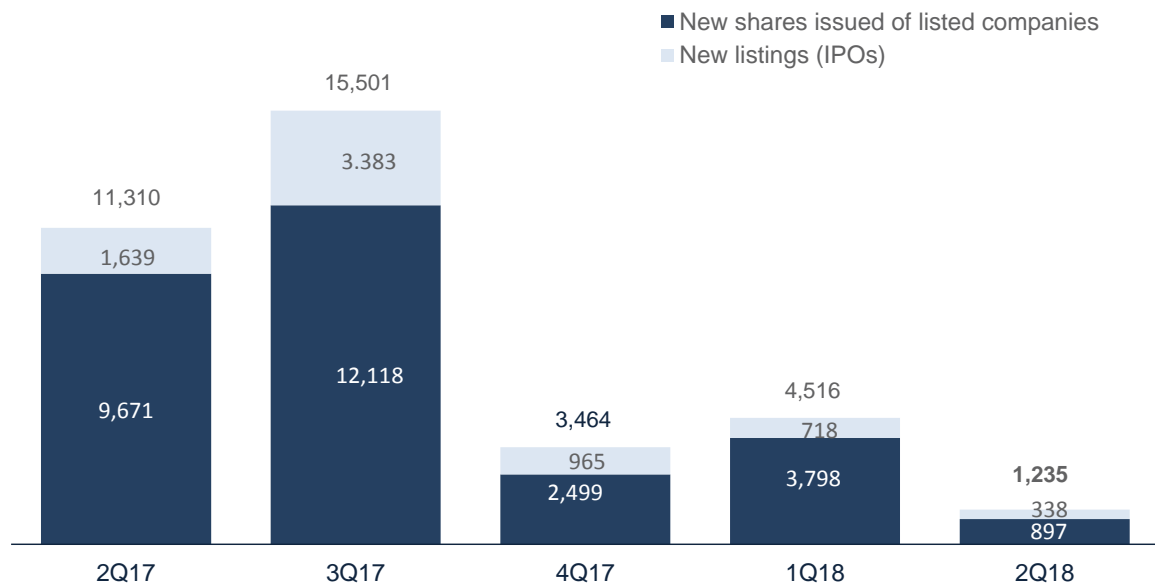


Equity (Turnover. number of trades and number of shares traded)



Equity Market

Listing activity



Source: FESE (Federation of European Stock Exchanges)

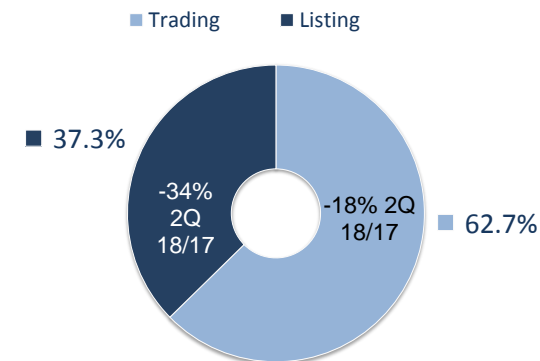
Total investment flows channeled to the Stock Exchange in 2Q18 reached €1.24 billion.

The quarter has not had IPOs. The activity has been concentrated in operations of the Alternative Stock Market (MAB) with 6 additions in 2Q18. In July there are 8 new admissions to market.

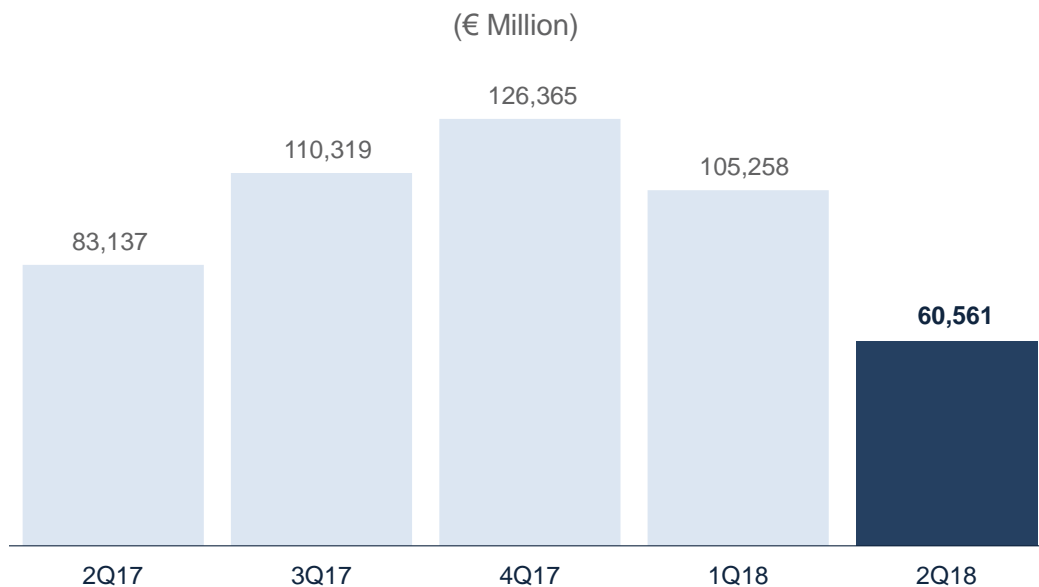
The REITs sector maintains strong growth. As of June 30, 58 companies were listed, and their total market value doubled in a year to reach 22,441 million euros.

Fixed income

Thousands of €	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
Net Revenue	1,685	2,242	-24.8%	3,769	4,556	-17.3%
Operating Costs	(1,164)	(1,115)	4.4%	(2,365)	(2,289)	3.3%
EBITDA	521	1,127	-53.8%	1,404	2,267	-38.1%



AIAF. Volume admitted



The number of issues available for trading is increasing. In the first half there was an admission to trading of €5.30 trillion in European Public Debt.

Trading through electronic platform reached €53.3 billion in 2Q18, 62.2% more than a year earlier.

The Alternative Fixed Income Market (MARF) ended the first half of 2018 with an issued volume of €3.0 billion, 46.9% higher than in 2017.

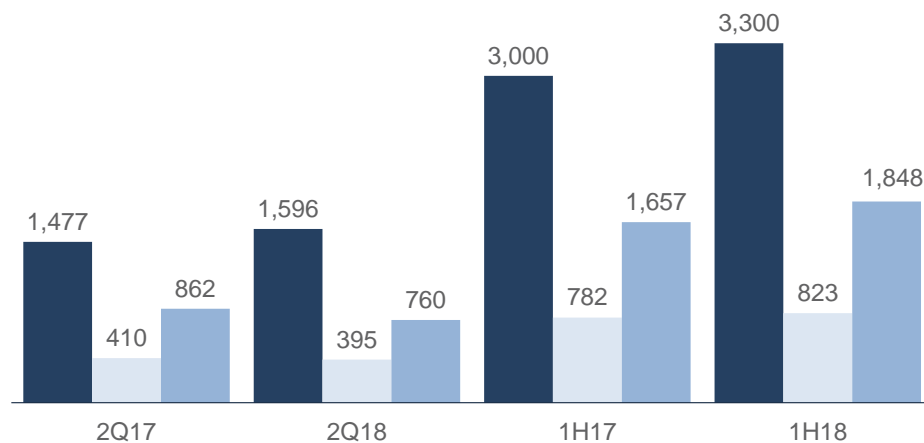
Derivatives

<i>Thousands of €</i>	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
Net Revenue	2,772	2,520	10.0%	5,697	5,119	11.3%
Operating Costs	(1,818)	(1,543)	17.8%	(3,592)	(3,108)	15.6%
EBITDA	954	977	-2.4%	2,105	2,011	4.7%

Index derivatives contracts traded

(Thousand of contracts)

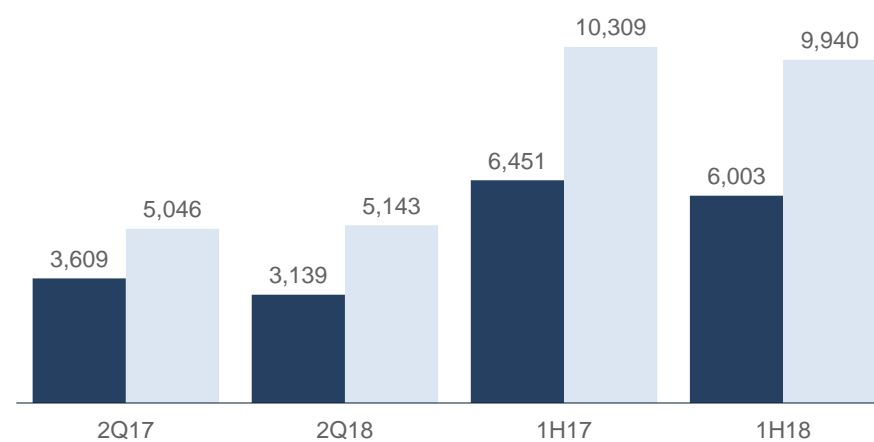
● Futures IBEX 35® ● Futures MiniIBEX ● Options IBEX 35®



Stock derivatives contracts traded

(Thousand of contracts)

● Stock Futures ● Stock Options

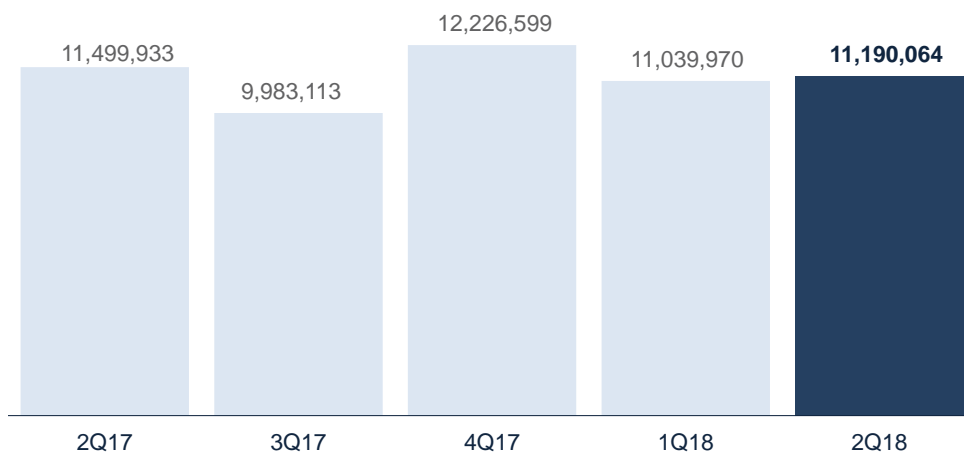


Clearing

<i>Thousands of €</i>	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
Net Revenue	6,316	6,825	-7.5%	13,752	13,366	2.9%
Operating Costs	(2,512)	(2,354)	6.7%	(5,036)	(4,677)	7.7%
EBITDA	3,804	4,471	-14.9%	8,716	8,689	0.3%

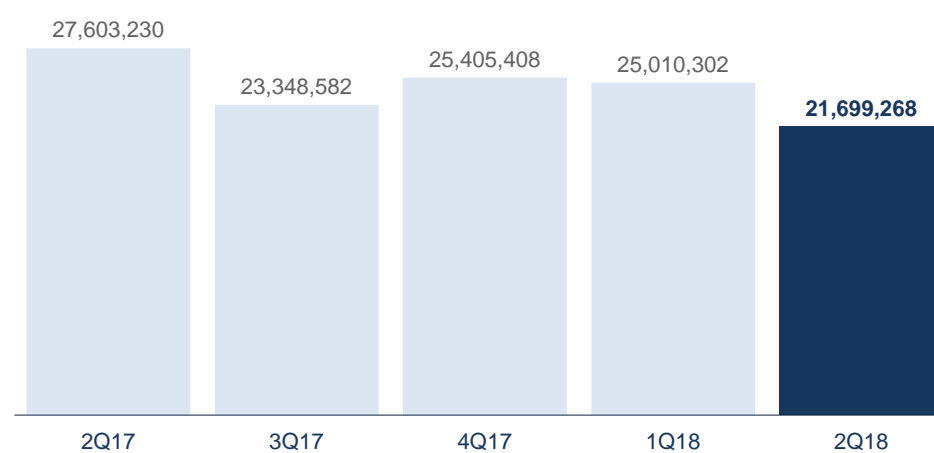
Financial Derivatives

(Number of contracts)



Number of equity transactions cleared

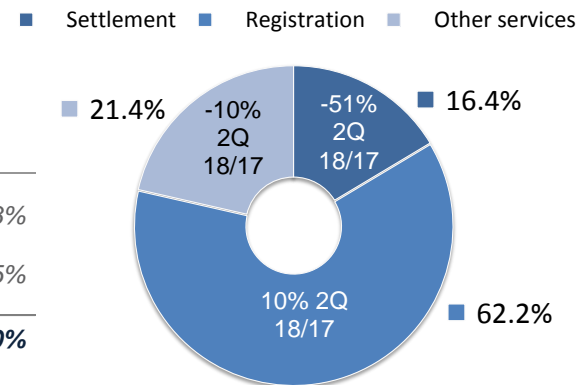
(Number of transactions)





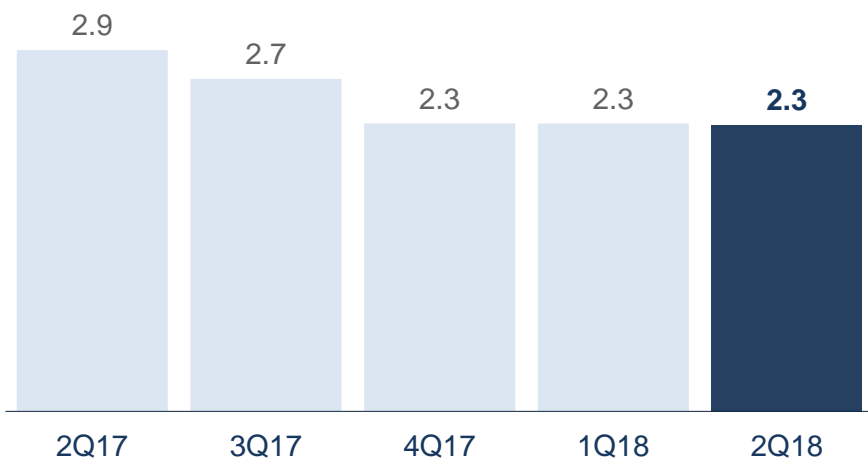
Settlement & Registration

Thousands of €	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
Net Revenue	14,877	16,955	-12.3%	29,948	32,845	-8.8%
Operating Costs	(4,060)	(3,817)	6.4%	(7,795)	(7,677)	1.5%
EBITDA	10,817	13,138	-17.7%	22,153	25,168	-12.0%



Settlement: Number of trades settled

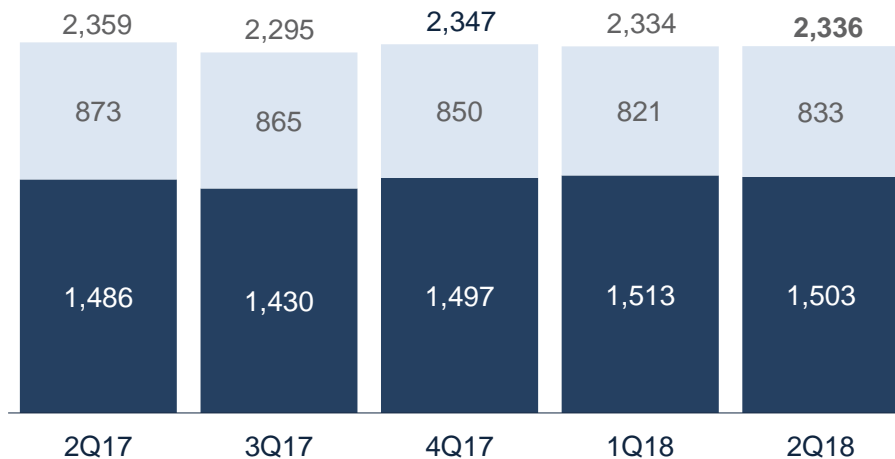
(Million of trades)



Securities under custody: Volume registered

(€ Billion)

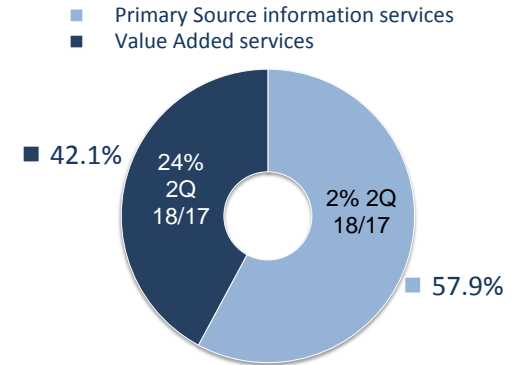
● Par Value registered in FI ● Market value registered in Equity





Market Data & VAS

<i>Thousands of €</i>	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
Net Revenue	17,099	15,574	9.8%	32,960	31,298	5.3%
Operating Costs	(6,189)	(5,609)	10.3%	(11,975)	(11,212)	6.8%
EBITDA	10,910	9,965	9.5%	20,985	20,086	4.5%



Market Data & VAS: Unit Drivers

Primary Source information services

Number of customers in highs. End users descending 12.4% against 2017

Value Added Services

Transaction Cost Analysis (TCA) and portfolio management and advice solutions
BME Inntech : Broker-on-line, Roboadvisor

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FINANCIALS

Net Revenues

<i>Thousands of €</i>	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
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FINANCIALS

EBITDA

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FINANCIALS

Balance sheet

<i>as of June, 30th</i> <i>(Thousands of €)</i>	2018	2017
Goodwill	88,718	88,718
Other non-current assets	84,898	86,086
Cash and cash equivalents	308,153	274,066
Current financial assets	7,815	47,209
Non-Group current financial assets	15,044,240	21,567,233
Other current assets	100,072	99,394
Total assets	15,633,896	22,162,706
Owners' Equity	435,712	439,492
External Partners	77	257
Non-current liabilities	20,742	20,075
Current liabilities	15,177,365	21,702,882
Total equity and liabilities	15,633,896	22,162,706

FINANCIALS

P/L

<i>Thousands of €</i>	2Q 2018	2Q 2017	%	1H 2018	1H 2017	%
Net Revenue	74,898	82,811	-9.6%	153,912	164,301	-6.3%
Expenses	(29,348)	(26,671)	10.0%	(57,696)	(54,397)	6.1%
EBITDA	45,550	56,140	-18.9%	96,216	109,904	-12.5%
EBIT	43,537	54,109	-19.5%	92,271	105,841	-12.8%
Financial results	473	370	27.8%	494	370	33.5%
Share of profit (loss) of associates	373	(22)	-	1,655	422	292.2%
EBT	44,383	54,457	-18.5%	94,420	106,633	-11.5%
Net Profit	33,424	40,977	-18.4%	71,321	80,296	-11.2%

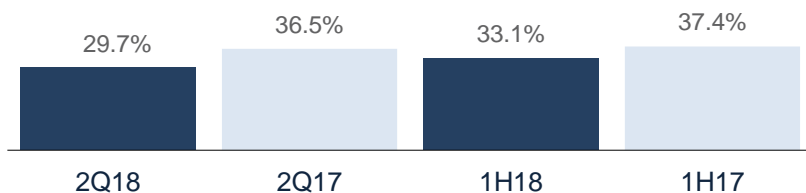


FINANCIALS

Efficiency & Profitability

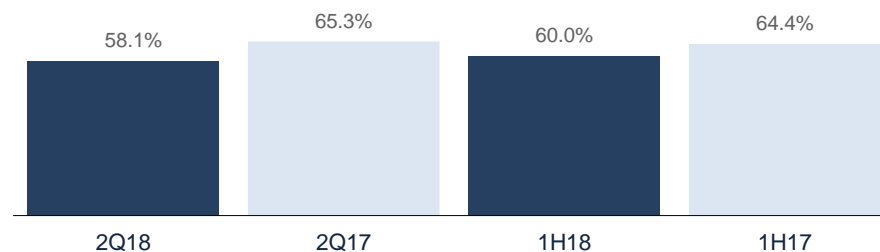
ROE Evolution

(% ROE)



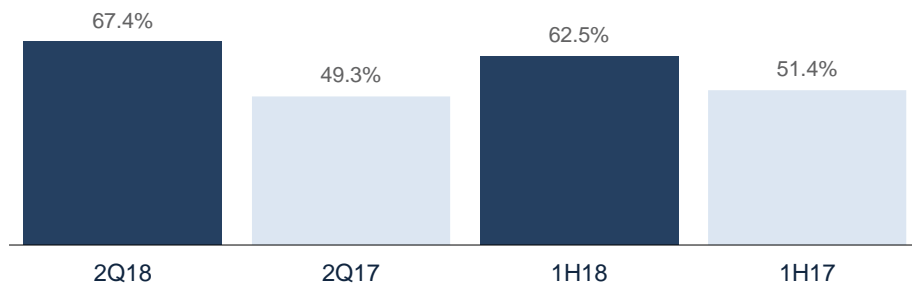
EBIT/Net Revenues Ratio Evolution

(% EBIT/Net Revenues)



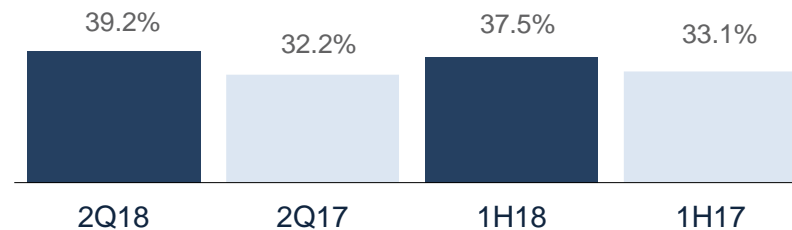
Cost/EBIT Ratio Evolution

(% Cost/EBIT)



Efficiency Ratio Evolution

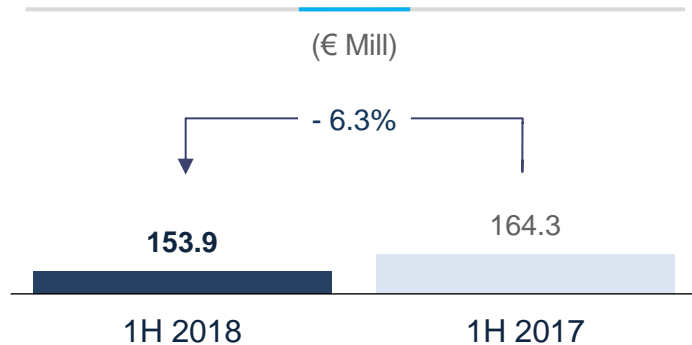
(% Efficiency)



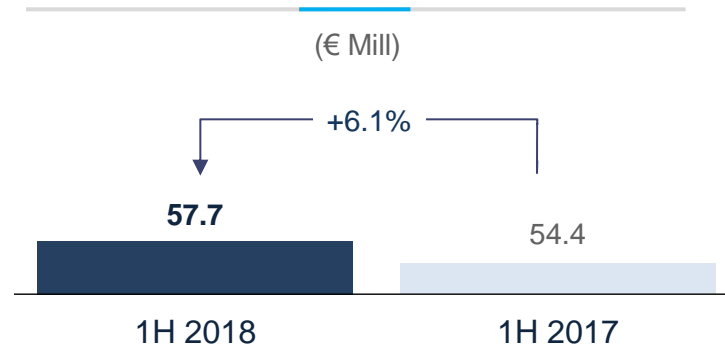
FINANCIALS

Comparison with 1H 2017

Net Revenue 1H 2018/2017

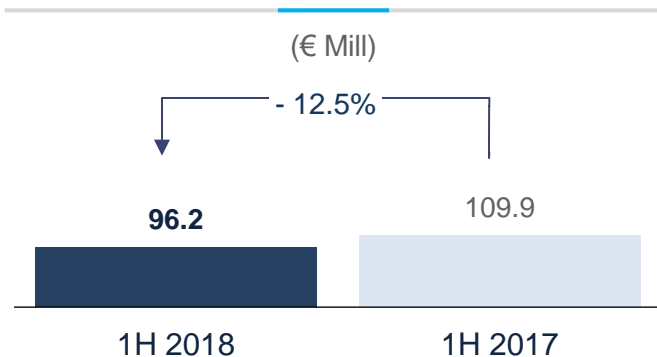


Costs 1H 2018/2017

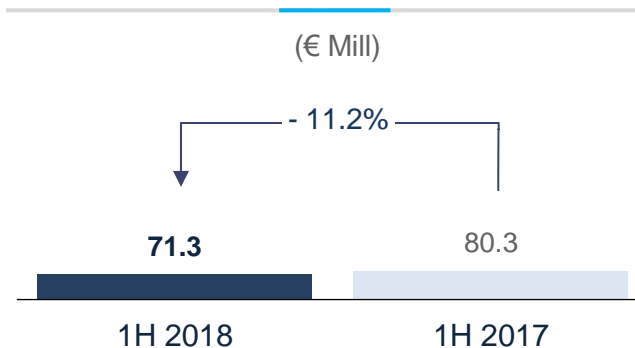


Margins

EBITDA 1H 2018/2017



Net Profit 1H 2018/2017



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Results














Business Units

Financials

Business Drivers

Business drivers: Highly liquid market

Spanish blue-chips are of the most liquid stocks in the EMU

RK	Company	1H18	Daily avg. 1H18	Relative weight at EuroStoxx50 (%) ¹⁾
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	89.2	0.71	3.75%
2	 TOTAL	73.6	0.58	5.15%
3	 Bayer	68.2	0.55	3.37%
4	 INTESA SANPAOLO	67.3	0.53	1.91%
5	 SAP	63.7	0.51	3.73%
6	 SIEMENS	63.7	0.51	3.89%
7	 adidas	61.8	0.49	1.52%
8	DAIMLER	61.2	0.49	2.94%
9	 Allianz	60.6	0.48	3.60%
10	 SANOFI	53.1	0.42	3.23%
18	 BBVA	45.7	0.36	1.89%
27	 Telefonica	38.2	0.30	1.61%
28	 INDITEX	36.2	0.29	1.23%
32	 IBERDROLA	27.5	0.22	1.48%

Source: Bloomberg

1) As of 30/06/18

Business drivers

Highly liquid market

Quality of spreads and best market impact for Spanish stocks

Year/Month	Top Cap – 0.3 bps	IBEX35	IBEX Medium Cap	IBEX SmallCap
	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)	Avg. Spread (%)
201706		0.052%	0.261%	0.543%
201707		0.049%	0.253%	0.647%
201708		0.050%	0.249%	0.657%
201709		0.046%	0.228%	0.649%
201710		0.050%	0.223%	0.695%
201711		0.052%	0.241%	0.621%
201712		0.051%	0.253%	0.517%
201801	0.042%	0.051%	0.237%	0.454%
201802	0.047%	0.056%	0.252%	0.488%
201803	0.046%	0.054%	0.219%	0.411%
201804	0.044%	0.051%	0.215%	0.418%
201805	0.043%	0.051%	0.214%	0.419%
201806	0.043%	0.052%	0.211%	0.427%

The average spread of the IBEX 35® remains around 5 basis points, ending the quarter at 5.2 basis points.

Both, IBEX® Medium Cap and IBEX® SmallCap, continue to improve the spread by 5.0 and 11.6 basis points, respectively.

The average spread of the stocks included in the new tariff of 0.3 basis points had the same pattern and a narrower spread than IBEX35® close to the basic point.

Source: Market monthly reports



Q&A