

# Business Performance

## First quarter 2019

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## First quarter 2019

- The net result obtained by Bolsas y Mercados Españoles (BME) in the first quarter of 2019 reached €31.6 million, 16.5% less than that obtained in the same period of the previous year.
  - Total revenue for the first quarter was €71.5 million. It is 9.3% lower than that obtained a year earlier.
  - Total operating costs reached €28.5 million. It is 0.6% higher than that obtained a year earlier.
- The REITs segment of the Alternative Equity Market (MAB) grew with the addition of four new companies in the quarter. With these additions, the number of REITs in the MAB stands at 67, 36.7% more than at the end of March 2018.
- Trading in Fixed Income in BME increased by 88.5% in the first quarter of 2019 to €100.9 billion. In the Alternative Fixed Income Market (MARF), €2.1 billion were issued in the quarter, 23.1% more than in 2018, and the outstanding balance closed at €3.8 billion, up 28.7%.
- In the BME derivatives market, Futures contracts on individual shares increased by 69.8% in the quarter compared to the previous year and IBEX 35® Impact Dividends Futures grew 54.1%. In energy derivative products the volume of contracts traded in electricity experienced an increase of 140.1%.
- Cross-Border Services, the cross-border settlement and custody service, added the Portuguese Central Securities Depository, Interbolsa, to the system. The service is also offered for securities issued in Germany, France, Italy, the Netherlands and Austria.
- The connection between BME Clearing and the European Brokertec platform is now fully operational. This connection enables platform participants to send trades to BME Clearing for registration and clearing.
- REGIS-TR UK Ltd. has been constituted as a repository recognised by the British supervisory authorities after being approved to provide reporting services in the United Kingdom.

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNTS (NON AUDITED)	1Q19	1Q18*	Δ
	(Th.Eur.)	(Th.Eur.)	%
Operating Income	74,302	81,059	-8.3%
Revenue	73,057	80,459	-9.2%
Other operating income	326	256	27.3%
Own work capitalised	919	344	167.2%
Variable direct cost of operations	(2,768)	(2,177)	27.1%
Net Revenue	71,534	78,882	-9.3%
Operating Expenses	(28,526)	(28,348)	0.6%
Employee benefits expense	(18,889)	(18,784)	0.6%
Other operating costs- external services	(9,412)	(9,477)	-0.7%
Taxes	(225)	(87)	158.6%
Earnings before interest, taxes, net impairment losses and depreciation	43,008	50,534	-14.9%
Amortisation	(2,336)	(1,948)	19.9%
Depreciation	(4)	16	-125.0%
Earnings before interest and taxes	40,668	48,602	-16.3%
Net financial income	(264)	21	-1357.1%
Share of profit (loss) of associates	1,150	1,282	-10.3%
Profit before tax	41,554	49,905	-16.7%
Income tax expense	(10,047)	(12,137)	-17.2%
Consolidated profit for the period	31,507	37,768	-16.6%
Profit attributable to non-controlling interests	(45)	(30)	50.0%
Profit attributable to owners of the parent	31,552	37,798	-16.5%
Earnings per share	0.38	0.45	-16.5%

(\* ) The information presented for Q1 2018 corresponds to proforma data in which the effects derived from the first application of IFRS 15 have been reflected, as if it had occurred since January 1, 2018. Therefore, the information corresponding to Q1 2018 differs from the public information presented the first quarter of 2018. The recording and impacts of the application of IFRS 15 were described in Q4 2018.

The net result obtained by Bolsas y Mercados Españoles (BME) in the first quarter of 2019 reached €31.6 million, decreasing by 16.5% with respect to the amount obtained in the same period of the previous year.

Net income for the quarter amounted to €71.5 million, down 9.3% year-on-year. The total operating costs of BME Group stood at €28.5 million, 0.6% more than the same period of the previous year.

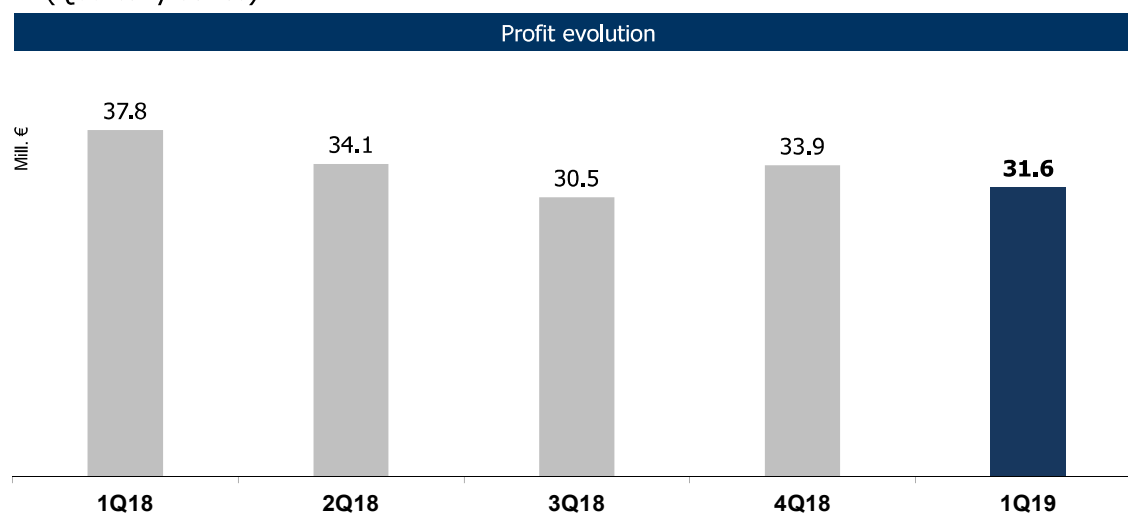
EBITDA for the period was €43.0 million, 14.9% less than in the first quarter of 2018.

Earnings per share for the first three months of the year amounted to €0.38.

On 1 January 2019, IFRS 16 “Leases” entered into force, which requires, as a general rule, the reflection of the leases on the balance sheet and the valuation of lease liabilities. The Group Management has decided to apply the criteria established by IFRS 16 for the retrospective recognition of leases amended by adjusting the opening balance as of 1 January 2019 without restating the comparative figures for the year prior to the initial adoption. This has resulted in the recognition in the first application of a right of use asset for the amount of €20,853 thousand and a financial liability for leasing for the amount of €26,908 thousand, as well as a negative net fiscal impact on reserves in the amount of €4,542 thousand, corresponding to the difference between the asset and the liability for recognised lease.

Also, as a result of the entry into force of IFRS 16, costs related to lease agreements, previously recognised as operating costs (€468 thousand), are recognised as of 1 January 2019 as a combination of amortisation of fixed assets (€356 thousand) and financial expenses (€131 thousand), with its corresponding impact on EBITDA, profit before taxes (€-19 thousand) and consolidated net profit (€-14 thousand).

## BME: Profit attributable to The Group (Quarterly series)



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## Financial Statements

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP	as of 31/03/2019	as of 31/03/2018*	Δ
CONSOLIDATED BALANCE SHEETS AT CLOSING DATES (NON AUDITED)	(Th.Eur.)	(Th.Eur.)	%
<b>NON-CURRENT ASSETS</b>	<b>203,707</b>	<b>180,826</b>	<b>12.7%</b>
Goodwill	87,725	88,718	-1.1%
Other intangible assets	13,548	14,581	-7.1%
Property, plant and equipment	62,718	42,562	47.4%
Non-current financial assets	24,225	20,032	20.9%
Deferred tax assets	15,491	14,933	3.7%
<b>CURRENT ASSETS</b>	<b>10,618,047</b>	<b>18,030,995</b>	<b>-41.1%</b>
Trade and other receivables	87,863	88,156	-0.3%
Current financial assets	6,837	14,706	-53.5%
Other current financial assets- non Group	10,211,378	17,596,564	-42.0%
Other current assets	3,499	3,175	10.2%
Cash and cash equivalents	308,470	328,394	-6.1%
<b>TOTAL ASSETS</b>	<b>10,821,754</b>	<b>18,211,821</b>	<b>-40.6%</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>426,993</b>	<b>451,273</b>	<b>-5.4%</b>
Capital	250,847	250,847	0.0%
Reserves	98,140	95,092	3.2%
Parent company shares or equity holdings	(16,830)	(13,087)	28.6%
Prior years' profit and loss	136,288	153,319	-11.1%
Profit/(loss) for the period	31,552	37,798	-16.5%
Interim dividend	(83,078)	(83,133)	-0.1%
Other equity instruments	5,911	7,723	-23.5%
Valuation adjustments	4,163	2,714	53.4%
<b>Non-controlling interests</b>	<b>370</b>	<b>139</b>	<b>166.2%</b>
<b>NON-CURRENT LIABILITIES</b>	<b>66,057</b>	<b>37,466</b>	<b>76.3%</b>
Non-current provisions	18,382	14,913	23.3%
Non-current financial liabilities	25,560	0	-
Deferred tax liabilities	5,758	5,275	9.2%
Other non-current liabilities	16,357	17,278	-5.3%
<b>CURRENT LIABILITIES</b>	<b>10,328,334</b>	<b>17,722,943</b>	<b>-41.7%</b>
Current financial liabilities	1,011	0	-
Other current financial liabilities- non Group	10,211,294	17,596,479	-42.0%
Trade and other payables	92,713	101,406	-8.6%
Other current liabilities	23,316	25,058	-7.0%
<b>TOTAL LIABILITIES</b>	<b>10,394,391</b>	<b>17,760,409</b>	<b>-41.5%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,821,754</b>	<b>18,211,821</b>	<b>-40.6%</b>

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The group includes as a balance of assets and liabilities the amounts related to:

- Guarantees received from participants
- Financial instruments in which it acts as central counterparty
- Receivables balance (payables) on settlement of daily operations with options and futures
- Receivables balance (payables) of cash withheld for settlement

These amounts increase, for the same amount, the balances of the accounts "Other current financial assets- non Group" in the assets of the balance sheet and "Other current financial liabilities - non Group" in the liabilities of the balance sheet. This presentation criterion has no impact on income or equity.

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP	31/03/2019	31/03/2018*	Δ
CONSOLIDATED CASH FLOW STATEMENT (NON AUDITED)	(Th.Eur.)	(Th.Eur.)	%
Profit before tax	41,554	49,905	-16.7%
Adjustments to profit	1,019	907	12.3%
Changes in working capital	8,954	14,259	-37.2%
Trade and other receivables	(10,808)	(7,883)	37.1%
Current financial assets excluding non-Group current financial assets	(1,661)	(1,135)	46.3%
Trade and other payables	5,573	5,664	-1.6%
Other current liabilities	15,874	17,916	-11.4%
Other non-current assets and liabilities	(24)	(303)	-92.1%
Other amounts received/ (paid) in operating activities	(10,311)	(12,118)	-14.9%
Net cash flows from operating activities	41,216	52,953	-22.2%
Net cash flows from investing activities	(1,659)	363	-557.0%
Net cash flows from financing activities	(1,423)	(661)	115.3%
Net increase/(decrease) in cash and cash equivalents	38,134	52,655	-27.6%
Total cash and cash equivalents at beginning of year	270,336	275,739	-2.0%
Total cash and cash equivalents at period end	308,470	328,394	-6.1%

Note: For the purpose of clear presentation of changes in working capital, cash flows from Other current financial assets and liabilities - non Group are included in the consolidated cash flow statement by its net amount.

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP	as of 31/03/2019	as of 31/03/2018*
CHANGE IN SHAREHOLDERS' EQUITY (NON AUDITED)	(Th.Eur.)	(Th.Eur.)
Equity attributable to owners of the parent Opening balance	399,210	430,147
Transactions with parent company shares and equity holdings	(1,423)	(661)
Increases / (reductions) in equity resulting from business combinations	0	(175)
Equity-settled share-based payments	484	622
Adjustments for changes in accounting criteria	(4,542)	(16,993)
Total recognised income and expense	33,264	38,333
Profit for the year	31,552	37,798
Measurement of financial instruments	2,265	698
Translation differences	13	11
Tax effect	(566)	(174)
Equity attributable to owners of the parent Closing balance	426,993	451,273

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## Highlights

■ The investment flows channelled through Exchange in the form of capital increases during the first quarter of 2019 accounted for €4.0 billion, 5.6% more than in the first quarter of 2018. Of particular note is the capital increase aimed at expanding the activities of Cellnex Telecom, S.A., the telecommunications infrastructure operator, for an amount of €1.7 billion.

The REITs segment of the Alternative Equity Market (MAB) accompanies the good moment the real estate sector in Spain is experiencing and continues to grow with the addition of four new companies during the quarter. With these incorporations,

the number of REITs now totals 67, 36.7% more than at the end of March 2018. In the MAB Growth Companies segment there were 42 companies listed as of March 31, 2019.

■ Turnover in Fixed Income in BME increased by 88.5% in the first quarter of 2019 to €100.9 billion, driven mainly by the Spanish government debt for which BME is the leading Regulated Market. The changes introduced in BME platforms due to the adaptation to MiFID II, together with the decision to admit the Treasury issues of several European countries and the European Monetary Stability Mechanism, are favouring the growth in Fixed Income traded in BME via the platform.

Bolsas y Mercados Españoles (Quarterly Overview)	1Q19	1Q18	Δ
<b>Equity</b>			
<b>Trading</b>			
Turnover (€ Mill.)	108,533	147,547	-26.4%
Number of trades	9,516,489	12,505,469	-23.9%
Number of shares (Million)	52,317	41,211	26.9%
Average amount per trade (Euros)	11,405	11,799	-3.3%
<b>Listing (€ Mill.)</b>			
Market Capitalisation	1,105,325	1,142,142	-3.2%
Investment Flows channelled through Exchange	4,188	4,516	-7.3%
<b>Fixed Income</b>			
<b>Trading</b>			
Turnover (€ Mill.)	100,869	53,508	88.5%
Number of Operations	12,845	15,948	-19.5%
<b>Listing</b>			
AIAF volume admitted (nominal € Mill.)	119,883	105,258	13.9%
Public Debt	65,233	72,609	-10.2%
Corporate Fixed Income	52,557	30,949	69.8%
MARF	2,093	1,700	23.1%
<b>Derivatives</b>			
<b>Futures (number of contracts)</b>			
Index Futures	1,847,087	2,147,987	-14.0%
Stock Futures	4,961,782	3,007,320	65.0%
<b>Options (number of contracts)</b>			
Index Options	794,277	1,087,720	-27.0%
Stock Options	3,741,908	4,796,943	-22.0%
Open interest (number of contracts)	9,108,161	8,913,572	2.2%
<b>Clearing</b>			
Financial Derivatives (number of contracts)	11,345,054	11,039,970	2.8%
Energy Derivatives (Volume MWh)	6,401,912	2,644,990	142.0%
Repo (Turnover Mill. Eur.)	41,143	35,489	15.9%
Interest Rates Derivatives (Notional value reg. € Mill.)	0	15	-100.0%
Equity (Transactions cleared)	19,032,118	25,010,302	-23.9%
<b>Settlement &amp; Registration</b>			
Operations settled	2,276,624	2,330,233	-2.3%
Turnover settled (€ Billion daily avg.)	90.3	79.6	13.4%
Volume registered - end of period- (€ Billion)	2,339.3	2,334.0	0.2%



- The Alternative Fixed Income Market (MARF) continues its growth and has consolidated itself as a leader for financing through fixed income issues for Spanish medium-sized companies. Between January and March 2019, €2.1 billion were issued, 23.1% up on the same quarter of 2018. The outstanding balance closed at €3.8 billion, an increase of 28.7%.

- The total volume traded in the financial derivatives market managed by BME was 11.3 million contracts in the first quarter, with an increase of 2.8% compared to the comparable period of 2018. Futures contracts on individual shares increased by 69.8%. In products linked to dividends, the IBEX 35® Impact Dividend Futures, recently launched, particularly stands out and has grown by 54.1% in the quarter.

In the energy derivative products, the volume of traded contracts experienced a strong increase in the quarter (+140.1%) compared to the same period of the previous year.

- Cross-Border Services, the cross-border project of the BME Settlement Unit, has added the Portuguese Central Securities Depository, Interbolsa, to the system. The service is also offered for securities issued in Germany, France, Italy, the Netherlands and Austria.

The first digitisation test of the pledge certification processes for securities was carried out using blockchain technology, replacing the physical certificates and the exchange of paper documentation.

- The connection between BME Clearing and the European Brokertec platform is now fully operational. This connection enables platform participants to send trades to BME Clearing for registration and clearing.

- Market Data & VAS Unit has enriched the Relevant Facts product in a machine-readable format with the inclusion of relevant facts in SWIFT format of the equity, fixed income, ETFs and warrants markets; in addition to the relevant facts of the MAB market at the end of the day.

- REGIS-TR UK Ltd. has been constituted as a repository recognised by the British supervisory authorities after being approved to provide reporting services in the United Kingdom.

- At its meeting on 18 March 2019, the Board of Directors convened the Annual General Shareholders' Meeting which is scheduled to be held at second call on 25 April 2019 in the Palacio de la Bolsa, Plaza de la Lealtad 1, Madrid.

Simultaneously to the notification of the call to the ordinary General Shareholders' Meeting, the Company announced that, in line with the best practices in corporate governance matters, it is foreseen that with the holding of the General Meeting the process of reorganising the corporate governance structure that began in fiscal year 2017 with the appointment of Mr. Javier Hernani Burzako as Chief Executive Officer, due to Mr. Antonio J. Zoido Martínez resigning the executive functions he has held in the Company. Mr. Antonio J. Zoido Martínez will continue in his capacity as Chairman of the Board of Directors without executive functions.

As a consequence of this modification to the corporate governance structure, the proposals that the Board of Directors submits to the General Shareholders' Meeting are the amendments to several articles of the Articles of Association to maintain the figure of the Lead Director irrespective of the Chairman's status as non-executive Director and remove the statutory obligation to set up an Executive Committee. Likewise, the new Directors' Remuneration Policy is submitted for approval, which includes the new remuneration conditions applicable to the Chairman of the Board of Directors in his capacity as non-executive Director and the basic conditions of his contract.

The Board of Directors also submits before the General Meeting proposals for the re-election of Directors Mr. Juan March Juan and Mr. Santos Martínez-Conde y Gutiérrez-Barquín, both qualified as proprietary directors by representing the significant shareholder Corporación Financiera Alba, S.A. on the Board of Directors and the distribution of a final dividend for the amount of €0.57 gross per share (€0.4617 net) that will be effective on 10 May 2019. The shareholders registered in the Shareholder Register on 9 May 2019 (record date) will be entitled to receive this dividend. The ex-dividend trading date (ex-date) will be 8 May 2019.

## Key performance indicators

BME monitors and compares its performance to other companies in the sector using three indicators. The efficiency ratio measures the operating costs over total net revenue, the ROE measures the return on own funds and the indicator for revenues not linked to volumes (RNLV) over operating costs measures the extent of the coverage of costs with revenues that do not depend on trading volume cycles.

The consolidated level of the efficiency ratio has gone from a value of 35.9% for the first quarter of the previous year to a value of 39.9% for the first quarter of the current year, an unfavourable performance because the indicator is better the lower its value. It is, however, at levels lower than the 40% that it surpassed in the third quarter of 2018 and is 1.7 points higher than the average of its peers in the sector.

Return on equity (ROE) fell almost 4 percentage points between the first quarter of 2018 and that of 2019, from 34.5% to 30.8%. The difference with regard to the average value of comparables in the sector exceeds 12 percentage points in favour of BME.

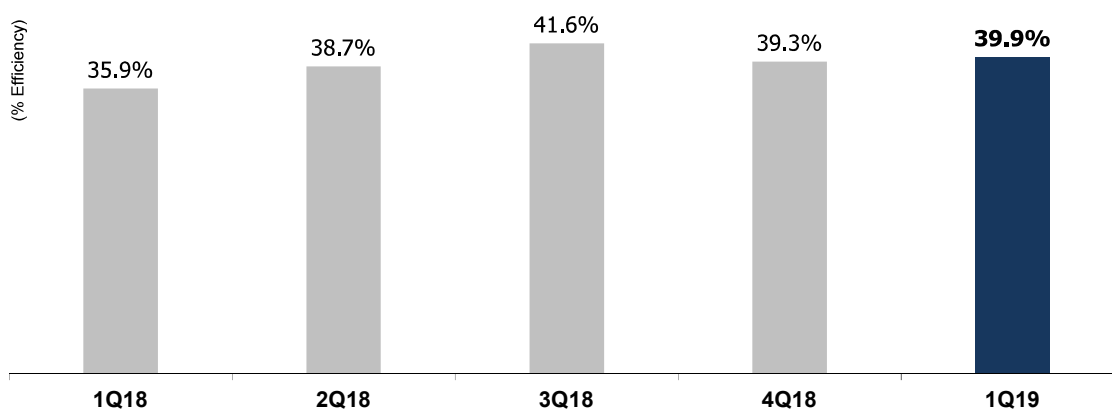
The ratio of revenues not linked to volumes based on costs, reflecting the degree to which revenues not linked to trading volumes are able to cover the company's operating costs, presented a value of 124% in the first quarter, a decrease of 4 points with respect to the value that the indicator presented in the first quarter of the previous year, although standing 2 points above the value of the ratio at the end of the previous year.

Bolsas y Mercados Españoles Group (KPIs)	1Q19	1Q18*
RNLV/Cost base ratio	124%	128%
Efficiency ratio (%)	39.9%	35.9%
ROE (%)	30.8%	34.5%

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## BME efficiency ratio (Quarterly series)\*

Consolidated efficiency ratio evolution



(\*) Quarterly comparative data calculated using net revenues

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## Staff

Bolsas y Mercados Españoles (Staff)	1Q19	1Q18
Average number of staff	756	743
Employees as at balance sheet date	756	745

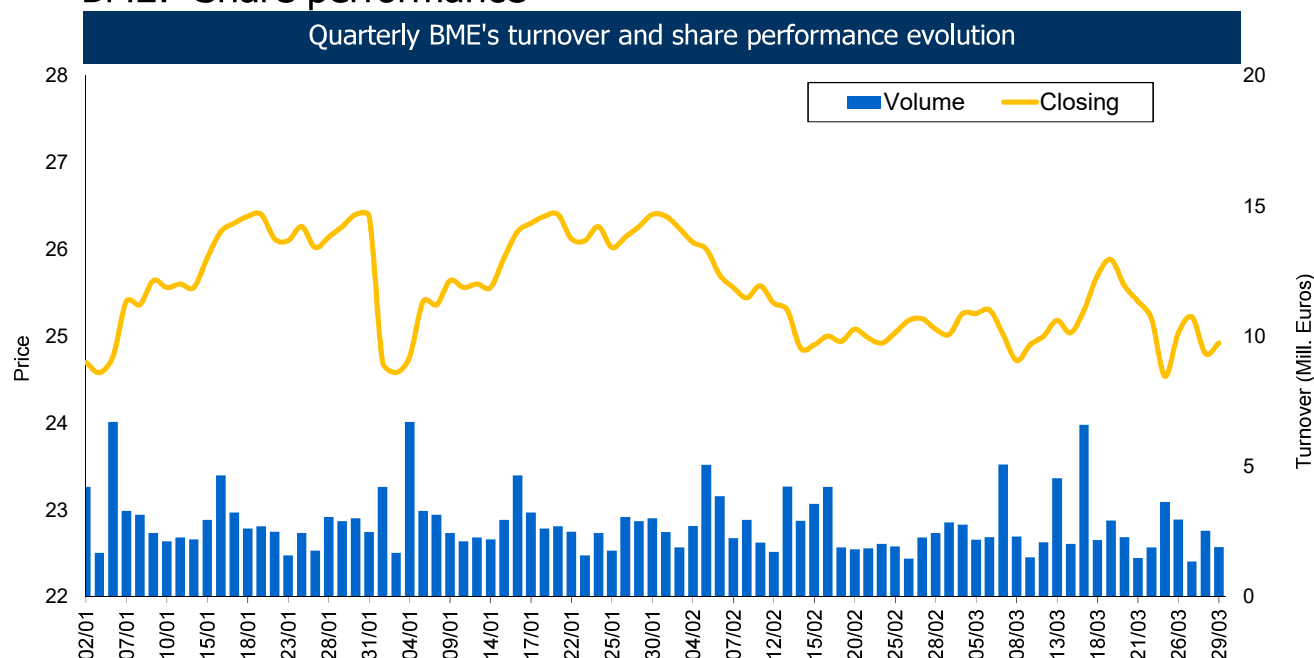
## Share Performance

The share price of BME at the close of the first quarter of 2019 was €24.92, up 2.5% on the close of 2018. The IBEX 35® rose 8.2%, from 8,539.9 points to 9,240.3 points.

Compared to the first quarter of 2018, BME share price fell by 9.4%, while the fall of the IBEX 35® was 3.8%. In terms of total return, with distribution and reinvestment of dividends, the return on BME shares for the twelve-month period was negative 3.4%, while that of the IBEX 35® with Dividends was 0.3%.

The activity in BME's stock decreased during the first quarter of the year compared to the same period of the previous year. The number of trades in the stock fell 19.9%, the total number of securities traded fell by 20.7% and the daily average volume by 26.3% to €2.8 million.

## BME: Share performance



Bolsas y Mercados Españoles (Share performance)	1Q19	1Q18	Δ
BME's share performance			
Higher quote	26.50	28.24	-6.2%
Lower quote	23.86	26.20	-8.9%
Average quote	25.44	27.48	-7.4%
Closing quote	24.92	27.50	-9.4%
BME's trading daily turnover (Mill. Euros)			
Higher daily turnover	6.7	8.1	-17.3%
Lower daily turnover	1.4	1.5	-6.7%
Average daily turnover	2.8	3.8	-26.3%
BME's shares trading (Mill. Shares)	6.9	8.7	-20.7%
BME's number of trades	33,381	41,673	-19.9%

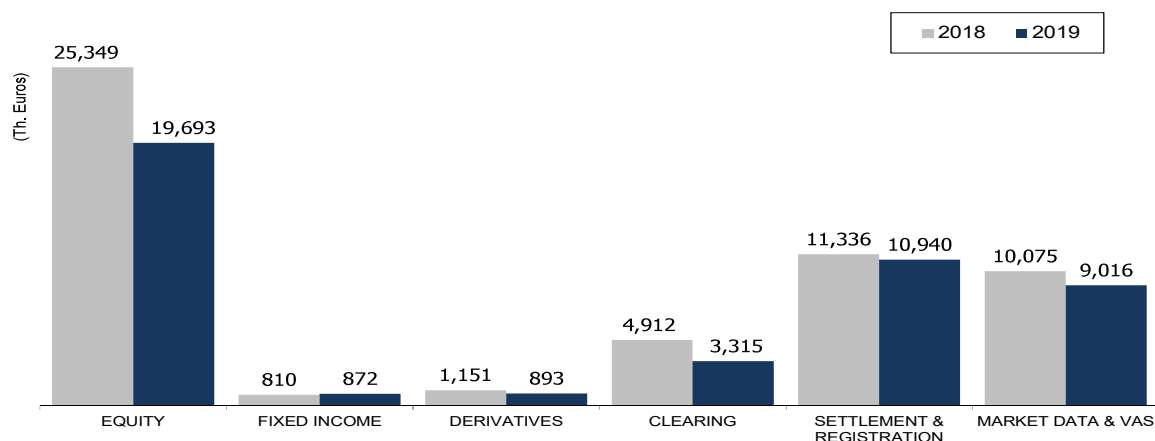
## Business Units Quarter Overview

Bolsas y Mercados Españoles (Business Units 1Q19) (Thousands of Euros)	Equity	Fixed Income	Derivatives	Clearing	Settlement & Registration	Market Data & VAS
Net Revenues	29,085	1,916	2,771	6,015	14,715	16,195
Operating Costs	(9,392)	(1,044)	(1,878)	(2,700)	(3,775)	(7,179)
EBITDA	19,693	872	893	3,315	10,940	9,016

### Key Investment Highlights

#### Key Financial Business Units overview

#### EBITDA evolution by Business Unit (1Q19)



Bolsas y Mercados Españoles	Net Revenues		
Business Units Net Revenues (Thousands of Euros)	1Q19	1Q18*	Δ
Equity	29,085	35,442	-17.9%
Fixed Income	1,916	2,011	-4.7%
Derivatives	2,771	2,925	-5.3%
Clearing	6,015	7,436	-19.1%
Settlement & Registration	14,715	15,071	-2.4%
Market Data & VAS	16,195	15,861	2.1%
Total	70,697	78,746	-10.2%
Corporate Unit	6,461	4,536	42.4%
Consolidation adjustments	(5,624)	(4,400)	27.8%
Consolidated	71,534	78,882	-9.3%

Bolsas y Mercados Españoles	EBITDA		
Business Units EBITDA (Thousands of Euros)	1Q19	1Q18*	Δ
Equity	19,693	25,349	-22.3%
Fixed Income	872	810	7.7%
Derivatives	893	1,151	-22.4%
Clearing	3,315	4,912	-32.5%
Settlement & Registration	10,940	11,336	-3.5%
Market Data & VAS	9,016	10,075	-10.5%
Total	44,729	53,633	-16.6%
Corporate unit	(1,721)	(3,099)	-44.5%
Consolidation adjustments			
Consolidated	43,008	50,534	-14.9%

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## Equity

In the first quarter of 2019, €108.5 billion were traded in equities, 26.4% less than in the same period of 2018, in line with events in the main equities markets and trading systems in the world. In terms of trades, there has been a decrease of 23.9% compared to the first quarter of 2018 to 9.5 million.

The equity markets have reflected a situation marked by doubts concerning the strength of the global economic growth, shifting the preference of the capitals towards lower risk investments. Given the macroeconomic data showing a slowdown in growth rates, the Central Banks of both sides of the Atlantic have decided to postpone their plans to raise interest rates, while the main international agencies have revised their forecasts of economic growth downwards. Similarly, geopolitical factors such as the effects of a possible exit of the United Kingdom from the European Union or the difficulties to conclude trade

agreements between the main economies, are elements that have not contributed to creating a favourable climate for investing in equities. The effect of these factors on the European market has resulted in an average decrease of 19.6% in the first quarter compared to the turnover traded a year earlier.

The decline in volumes traded in shares has also taken place in the warrants and ETFs markets which have recorded quarterly declines of 30.4% and 52.4%, respectively, in their turnover traded compared to that recorded in the first quarter of 2018.

The lower trading activity has been noted in the revenue flow that the unit attracts via the volumes traded on the market. The net revenue from trading and characteristics of the orders amounted to €23,224 thousand in the first quarter of the year, representing a fall of 21.1% compared to the same quarter of

Bolsas y Mercados Españoles (Equity Business Unit Income) (Th.Eur.)	1Q19	1Q18*	Δ
Net Revenues	29,085	35,442	-17.9%
Per transaction and regarding characteristics of the orders	23,224	29,447	-21.1%
Listing and other services	5,861	5,995	-2.2%
Operating Costs	(9,392)	(10,093)	-6.9%
EBITDA	19,693	25,349	-22.3%

Note: As detailed on page 5 and deriving from the entry into force of IFRS 16, in the first quarter of 2019 certain lease expenses for the amount of €468 thousand have ceased to be recognised as operating costs (€462 thousand were recognised as operating costs by the unit in the first quarter of the 2018 fiscal year).

(\* ) The information presented for Q1 2018 corresponds to proforma data in which the effects derived from the first application of IFRS 15 have been reflected, as if it had occurred since January 1, 2018. Therefore, the information corresponding to Q1 2018 differs from the public information presented the first quarter of 2018. The recording and impacts of the application of IFRS 15 were described in Q4 2018.

Bolsas y Mercados Españoles (Equity Business Unit Activity Overview)	1Q19	1Q18	Δ
TRADING (Mill. Euros)	108,533	147,547	-26.4%
Equity			
Turnover (Mill. Euros)	107,979	146,441	-26.3%
Of securities with 0,3 bps trading fee	67,774	94,771	-28.5%
Rest of securities	40,205	51,670	-22.2%
Number of trades	9,482,280	12,450,140	-23.8%
Average amount per trade (Euros)	11,387	11,762	-3.2%
Exchange Traded Funds (ETFs)			
Turnover (Mill. Euros)	467	981	-52.4%
Number of trades	15,575	30,608	-49.1%
Warrants			
Turnover (Mill. Euros)	87	125	-30.4%
Number of Trades	18,634	24,721	-24.6%
Number of shares (Mill. Shares)	52,317	41,211	26.9%
LISTING			
Number of Companies listed	2,991	3,086	-3.1%
Market Capitalisation listed (Mill.Euros)	1,105,325	1,142,142	-3.2%
Investment Flows channeled through Exchange (Mill. Euros)			
New listed companies	178	718	-75.2%
Already listed companies	4,010	3,798	5.6%

## Business Units Quarter Overview

2018. The contribution of trading revenue to the total revenue for the unit has fallen from 83.1% a year ago to 79.8% in 2019.

To the contrary, the first quarter of the year was favourable in terms of the trend in the prices on the equity markets and their reference indices. The capitalisation of the companies admitted to trading on the markets managed by BME recovered 11.6% in value during the first quarter, compared to the close of 2018, to reach €1.11 trillion, 3.2% down year-on-year.

The turbulences of the market in the last stretch of the previous year, together with the uncertainty created by the call for general elections, have had an effect on stock market activity, causing some to delay their incorporation into the market. The quarter registered a decrease with respect to 2018 of 75.2% with regard to IPOs in the Spanish market, from €718 million to €178 million in the first quarter of 2019. This result is aligned with what happened in Europe. According to PwC's IPO Watch Europe, the European market for IPOs suffered a 46% fall in the first quarter of 2019 compared to the first quarter of 2018: 32 operations in what is the lowest figure for this period since 2009.

In the REITs segment of the MAB, four new entities were included. With these additions, the number of REITs totals

to 67, 36.7% more than in 2018. In the Growth Companies segment there were 42 companies listed as of 31 March 2019.

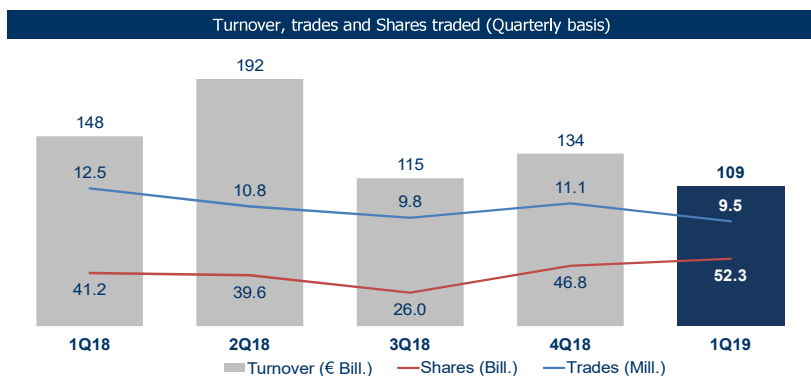
The investment flows channelled through the Exchange in already listed shares presented better performance. This represented €4.0 billion during the first quarter of 2019, 5.6% more than in the first quarter of 2018. Among these flows, the €1.7 billion increase by Cellnex Telecom, S.A. is of particular note.

Total investment flows channelled through the Exchange totalled €4.2 billion for the quarter, 7.3% less than in the same quarter of 2018.

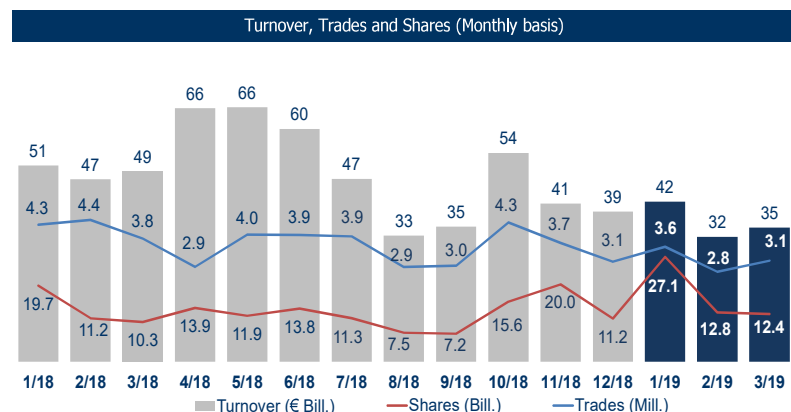
As a result of this activity, the revenue obtained by Listing and Other Services has reached €5,861 thousand, a quarterly decrease of 2.2% with respect to that of the first quarter of 2018.

The operating costs of the unit have fallen by 6.9% in the quarter compared to 2018, reaching €9,392 thousand. As a result of the combination of revenues and costs, EBITDA reached €19,693 thousand in the first quarter of 2019, 22.3% less than that obtained in Q1 2018.

### Equity Business unit Activity Overview



### Equity Business unit Activity Overview



## Fixed Income

Trading in Fixed Income in BME increased by 88.5% in the first quarter of 2019 to €100.9 billion, driven mainly by the Spanish government debt for which BME is the leading Regulated Market. The changes introduced in the BME platforms due to the adaptation to MiFID II, together with the decision to admit the Treasury issues of several European countries and the European Monetary Stability Mechanism, are favouring the growth in Fixed Income traded in BME via the platform.

In the first quarter, total admissions to trading increased by 13.9% to €119.9 billion compared to the same period of 2018. The admissions of Spanish government debt represented 65.2 billion, with a decrease of 10.2%, while private fixed income admissions amounted to 52.6 billion (+69.8%). In overall admissions, Green Bond issues stood out, as well as the reincorporation of the fixed income markets of the Autonomous Communities with new issues from the Balearic Islands, Galicia and Castile and León. With the aim of improving the competitive position and attracting the issuance of corporate debt of large Spanish companies abroad, the admission fees have been reduced, which has been reflected in listing revenues.

The total net revenue for the Fixed Income unit for the first quarter amounted to €1,916 thousand, 4.7% less than that obtained in the same period of 2018. The part of this revenue that comes from trading grew by 5.6% while the listing revenue fell by 19.3%. The EBITDA has shown an increase of 7.7% after the allocation of operating costs, which have registered a decrease of 13.1% with respect to the previous year.

The Alternative Fixed Income Market (MARF) continues its growth and has consolidated itself as a leader for financing through fixed income issues for Spanish medium-sized companies. Between January and March 2019, €2.1 billion were issued, 23.1% up on the same quarter of 2018. The outstanding balance closed at €3.8 billion, an increase of 28.7%.

Bolsas y Mercados Españoles (Fixed Income Business Unit Income) (Th.Eur.)	1Q19	1Q18*	Δ
Net Revenues	1,916	2,011	-4.7%
Trading	1,241	1,175	5.6%
Listing	675	836	-19.3%
Operating Costs	(1,044)	(1,201)	-13.1%
EBITDA	872	810	7.7%

(\* ) The information presented for Q1 2018 corresponds to proforma data in which the effects derived from the first application of IFRS 15 have been reflected, as if it had occurred since January 1, 2018. Therefore, the information corresponding to Q1 2018 differs from the public information presented the first quarter of 2018. The recording and impacts of the application of IFRS 15 were described in Q4 2018.

Bolsas y Mercados Españoles (Fixed Income Business Unit Activity Overview)	1Q19	1Q18	Δ
TRADING (Mill. Euros)	100,869	53,508	88.5%
Public Debt	100,793	53,332	89.0%
Private Fixed Income	76	176	-56.8%
Total Operations	12,845	15,948	-19.5%
LISTING (Mill. Euros)			
Volume admitted (nominal)	119,883	105,258	13.9%
Public Debt	65,233	72,609	-10.2%
Private Fixed Income	52,557	30,949	69.8%
MARF	2,093	1,700	23.1%

Note: In the first quarter of 2019 have been admitted to trading foreign government debt issues for the amount of €191.9 billion, which have not been included in the figures corresponding to Public Debt.

## Derivatives

The total volume traded in the financial derivatives market managed by BME was 11.3 million contracts in the first quarter, with an increase of 2.8% compared to the same period of 2018. Volatility in the Spanish Stock Exchange remained very low during the quarter: 14.7% daily average, one percentage point less than the same quarter year-on-year, according to the VIBEX® volatility index of the Spanish Stock Exchange. According to data from the Futures Industry Association (FIA) on the derivatives markets of the developed economic areas, the quarter was characterised by weak activity with decreases in the volume of traded negotiated contracts of 5.6% in Europe and 15.3% in North America.

There was mixed behaviour within the derivatives market managed by BME. Despite the global increase in contracts in relation to the previous year, the IBEX 35® Futures contracts, the product with the highest revenues and margins of the unit, reduced its volume of traded contracts by 13.5% in the first quarter. Equity futures contracts, more variable in terms of activity and with lower margins, increased by 69.8% compared to the same period of 2018. In the most recently launched

products linked to dividends, the IBEX 35® Impact Dividends Futures stood out with a growth of 54.1% for the quarter.

Due to the mix of the trading of the various products, the net revenue of the business unit decreased by 5.3% to €2,771 thousand in the first quarter compared to the same quarter of the previous year. EBITDA fell by 22.4% in the quarter, as a result of the 5.9% increase in the operating costs of the unit, related to the development of new underlying assets that will be launched soon.

The number of open interest in contracts increased at the end of March 2019 compared to the first quarter of 2018 in both IBEX 35® and equity products. In the former by 1.4% and in equity derivatives contracts by 2.3%.

In the energy derivative products, the volume of traded contracts in electricity experienced a strong increase in the first quarter (140.1%) compared to the same period of the previous year.

Bolsas y Mercados Españoles (Derivatives Business Unit Income) (Th.Eur.)	1Q19	1Q18	Δ
Net Revenues	2,771	2,925	-5.3%
Operating Costs	(1,878)	(1,774)	5.9%
EBITDA	893	1,151	-22.4%

Bolsas y Mercados Españoles (Derivatives Business Unit Activity Overview)	1Q19	1Q18	Δ
Financial Derivatives (number of contracts)	11,345,054	11,039,970	2.8%
Index Derivatives (number of contracts)			
IBEX 35® Index Futures	1,473,355	1,704,051	-13.5%
Micro & Mini IBEX 35® Index Futures	349,715	427,489	-18.2%
IBEX 35® Div Impact Futures	24,017	15,588	54.1%
IBEX® Sectorial Futures	0	859	-100.0%
IBEX 35® Index Options	794,277	1,087,720	-27.0%
Open Interest	1,011,027	997,362	1.4%
Total notional value (Mill.Euros)	143,575	184,575	-22.2%
Equity Derivatives (number of contracts)			
Equity Futures	4,865,427	2,864,619	69.8%
Equity dividend Futures	96,355	142,701	-32.5%
Equity Options	3,741,908	4,796,943	-22.0%
Open Interest	8,097,134	7,916,210	2.3%
Total notional value (Mill.Euros)	5,695	5,228	8.9%
Energy Derivatives- Electricity (MWh)	6,349,494	2,644,990	140.1%
Number of Trades	835,648	937,755	-10.9%



## Clearing

With the commencement of 2019, BME's Clearing business unit has made progress in its objectives for the diversification of activities. These activities include: the clearing of equity spot trades traded on the systems managed by BME; the clearing and settlement of all financial derivatives and electricity transactions traded or registered on the MEFF and natural gas derivatives (added in 2018); the clearing of repo operations with fixed income securities (Spanish government debt repo trades); and the clearing and settlement of OTC traded interest rate derivatives.

The total net revenues of BME's clearing house activities fell 19.1% in the first quarter of 2019 compared to the same period of 2018, mainly as a result of the reduction in activity in the equity market and in the derivative contracts on the IBEX 35® index. The 11.5% increase in equity derivatives contracts and the 2.2% increase in the open interest in financial derivatives at the end of the quarter have not been enough to offset the lower revenues in the products mentioned. The EBITDA fell by 32.5% compared to the first quarter of 2018.

However, both the clearing operation on transactions with repo agreements on fixed income securities and energy derivatives have performed favourably.

A total of 553 trades with fixed-income securities (repos) were cleared in the first quarter of 2018, up 3.9% year-on-year, for a value of €41.1 billion, up 15.9%. The connection between BME Clearing and the European Brokertec platform that allows the participants in the platform to send the transactions made to BME Clearing for their registration and clearing is already fully operational.

The volume cleared in energy derivatives (electricity and gas) in the first quarter of 2019 amounted to 6.4 TWh, 142.0% more than in the same period year-on-year. The open interest at the end of the quarter was 9.0 TWh, 21.8% higher than the previous year. Of this volume, the clearing activity in Gas Natural, in what is its first year of operation as a Counterparty Clearing House, reached 0.5 TWh, with an open position at the end of the quarter of 0.8 TWh.

Bolsas y Mercados Españoles (Clearing Business Unit Income) (Th.Eur.)	1Q19	1Q18	Δ
Net Revenues	6,015	7,436	-19.1%
Operating Costs	(2,700)	(2,524)	7.0%
EBITDA	3,315	4,912	-32.5%

Bolsas y Mercados Españoles (Clearing Business Unit Activity Overview)	1Q19	1Q18	Δ
<b>Financial Derivatives</b>			
Index Derivatives (number of contracts)	2,641,364	3,235,707	-18.4%
Equity Derivatives (number of contracts)	8,703,690	7,804,263	11.5%
Open Interest (number of contracts)	9,108,161	8,913,572	2.2%
<b>Energy Derivatives (Electricity and Natural Gas)</b>			
Volume (MWh)	6,401,912	2,644,990	142.0%
Open Interest (MWh)	8,958,815	7,355,597	21.8%
<b>Repo</b>			
Turnover (€ Mill.)	41,143	35,489	15.9%
Number of Operations	553	532	3.9%
<b>Interest Rates Derivatives</b>			
Notional value registered (€ Mill.)	0	15	-100.0%
Open Interest (€ Mill.)	460	485	-5.2%
<b>Equity</b>			
Number of transactions cleared	19,032,118	25,010,302	-23.9%
Equity turnover cleared (€ Mill.)	213,170	290,080	-26.5%

## Settlement & Registration

The beginning of 2019 has represented the consolidation of the Settlement and Registration business unit's basic functions and stabilisation in its quarterly comparisons after implementing the farthest reaching changes of the Reform and the connection to the settlement operation in the Target2-Securities environment of the European Central Bank. Subsequently, resources aimed at promoting projects and services that support growth and business diversification have begun to be allocated.

In the first quarter of 2019, the volumes registered rose by 0.2%, compared to the same period of 2018, to reach €2.34 trillion. The behaviour has been a differentiating factor between the fixed income and equity markets with regard to the outstanding balances at the end of the first quarter of 2018. The fixed income notional amounts registered showed a growth of 1.8% while cash volume for equity registered a decrease of 2.7%.

The number of settled operations in the first quarter of 2019 reached 2,276,624, a decrease of 0.8% compared to the previous quarter and 2.3% year-on-year.

The unit's activities during the quarter have generated a revenue of €14,715 thousand, 2.4% less than in the first quarter of 2018. The services provided to issuers and participating entities, framed within the category of Other services, presented a favourable behaviour of 2.5% compared to the previous year, while there were declines in both Settlement and Registration revenues of 6.9% and 2.8%, respectively.

Registration services accounted for 60.5% of the total amount invoiced, 16.5% for Settlement and 23.0% for Other services.

EBITDA of the unit for the first three months of 2019 decreased by 3.5% compared to the start of the previous year and closed at a quarterly amount of €10,940 thousand.

During the quarter, Interbolsa, the Portuguese Central Securities Depository, joined the CBS (Cross-Border Services) service project as an entity. The service is also offered for securities issued in Germany, France, Italy, the Netherlands and Austria.

The quarter also saw the first digitisation test of the pledge certification processes for securities being carried out using blockchain technology, replacing the physical certificates and the exchange of paper documentation. This milestone is added to the already available to entities (Instruction 5/2019, of 12 March), concerning the electronic management procedure for pledging securities for beneficiaries that are not settlement participants, or have an individual account open in Iberclear.

Bolsas y Mercados Españoles (Settlement Business Unit Income) (Th.Eur.)	1Q19	1Q18	Δ
Net Revenues	14,715	15,071	-2.4%
Settlement	2,430	2,609	-6.9%
Registration	8,906	9,164	-2.8%
Other services	3,379	3,298	2.5%
Operating Costs	(3,775)	(3,735)	1.1%
EBITDA	10,940	11,336	-3.5%

Bolsas y Mercados Españoles (Settlement Business Unit Activity Overview)	1Q19	1Q18	Δ
Operations settled	2,276,624	2,330,233	-2.3%
Turnover settled (€ Billion daily avg.)	90.3	79.6	13.4%
Volume registered - end of period- (€ Billion)	2,339.3	2,334.0	0.2%
Nominal Registered in Fixed Income	1,540.2	1,512.6	1.8%
Market Cap registered in Equity	799.1	821.4	-2.7%

## Market Data & VAS

Revenue for the first quarter of 2019 of the Market Data & VAS business unit reached €16,195 thousand with a growth of 2.1% compared to the same period of 2018. However, EBITDA decreased by 10.5% compared to the same period of 2018 to €9,016 thousand, mainly as a result of the 24.1% increase in operating costs to support the plans defined for this unit.

Of the unit's total revenue, €9,276 thousand, 57.3% corresponded to Primary Source Information Services, whose main activity is the sale of information products in real time and End-of-Day products.

In the sale of information in real time, even though the total number of end users subscribed to the different levels of information increased by 1.3% at the end of the first quarter, compared to the figures for the same period of the previous year, the combination was not positive in terms of revenue, as there were increases in users subscribed to terminals with lower levels of information and decreases in those of greater depth. The trend towards direct client connection continues and increased by 3.8% from the close of the first quarter of 2018, reaching a new maximum.

In the End-of-Day environment, the machine readable Relevant Facts product was enriched during the first quarter with the inclusion of relevant facts in SWIFT format for equity, fixed income, ETFs and warrants markets, such as dividends, splits, shareholders' meetings, tender offerings and IPOs (for equities), or amortisations, payment of coupons and bondholders' meetings for fixed income. In the Front Office Relevant Facts product, the relevant facts of the MAB market at the end of day have been included as the primary source.

The revenues corresponding to Value Added Services grew during the quarter by 19.5% year-on-year, up to an amount of €6,919 thousand and already represent 42.7% of the total revenue of the unit.

The consulting projects are ongoing, with developments already advanced in Algeria and Bolivia.

The Market Abuse Identification Service (SICAM) maintains a positive performance by increasing the number of clients and the services contracted. The regulatory compliance services relating to the Best Execution and Transaction Cost Analysis Reports also continue the growth path that they initiated in the middle of last year.

During the quarter, the development of the information and broker-online platforms and the production of information dissemination platforms have been finalised, making the services available to internal and external users in a multichannel environment.

The total number of orders managed through Visual Trader routing systems grew by 1.9% during the quarter year-on-year, highlighting the growth of 2.1% in the number of orders to SIBE.

Bolsas y Mercados Españoles (Information Business Unit Income) (Th.Eur.)	1Q19	1Q18	Δ
Net Revenues	16,195	15,861	2.1%
Primary Source information services	9,276	10,069	-7.9%
Value Added services	6,919	5,792	19.5%
Operating Costs	(7,179)	(5,786)	24.1%
EBITDA	9,016	10,075	-10.5%