

2019 IN REVIEW

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Good afternoon.

Thank you all for attending this Christmas meeting that, like every year, allows us to reflect on how the markets have been performing and have a nice time together on a professional and personal level.

We have changed to a drinks party, which is a more dynamic and simpler format, so that we can greet each other more easily.

In addition, with the dual objective of advancing in digitalisation and promoting sustainable practices, we have decided not to distribute paper documentation. The review of the 2019 markets and this speech are available on BME's website.

A few short lines to summarise what the highlights of the year have been:

- 1. Securities markets are strengthened as a financing alternative.** Spain is approaching the Anglo-Saxon model and **financing via capital markets is close to 50%**. An economy that is less dependent on bank credit is more sound and solid.

Share prices have recovered in 2019, overcoming uncertainties. Up to December, the IBEX 35® rose 13% and the performance of small caps has been even more positive. The best performance has been that of the **IBEX MAB15, which ranks among the indexes with the highest annual returns, up 70%**.

Trading volumes in stock markets around the world are experiencing widespread declines, while volatility remains historically low. BME is still the main venue for trading and liquidity of its listed securities, with about 70% of the volume. BME provides the most efficient prices and spreads, in terms of best execution.

- 2. Spain remains in a strong position in the world ranking for new investment flows.** Ranking thirteenth in the world and second in the EU, up to November investment flows reached **15.3 billion euros**, in a year in which European stock exchanges have once again registered few IPOs.

The IPO market continues to be very restricted, down 40% in 2019. In general, there is a situation of uncertainty that is leading companies to delay their plans to start trading.

3. Capital increases are registering very positive behaviour in 2019, with 106 made, worth **12.1 billion euros**.

4. MAB, BME's Growth Market, continues to grow. There are already 122 companies in this market. **A total of 22 companies have joined MAB so far this year** and they have raised 1.6 billion euros.

There are already 12 companies from different sectors that have joined the Pre-Market Environment (EPM). This project, which we launched in 2017, aims to help *start-ups* to discover the advantages offered by the markets.

5. The number of REITS in the BME markets has increased to 83, of which 79 are in MAB. Since January, **these companies have increased capital 32 times raising 1.3 billion euros.**

The global capitalisation of REITs exceeds 22.3 billion euros, and together with the other securities in the real estate sector they currently represent 3% of market capitalisation, when in May 2012, in the midst of crisis, it fell to 1%.

6. Dividends are once again a benchmark of profitability in the world and the Spanish stock market holds leading positions internationally with a dividend yield of 4.6%.

Total shareholder remuneration in the Spanish Stock Exchange reached 28.2 billion euros up to November, 8.9% more than a year ago.

7. Trading in BME's Fixed Income Markets exceeded 319 billion euros up to November, up 64.5%.

The new regulatory framework has contributed to the growth of the Fixed Income market just as did the strategy adopted by the unit to incorporate the price of all public debt issues of the European Union.

Bond issues that meet sustainability criteria and fight against global warming continue to increase. **In 2019, the total issued by Spanish companies is over 9 billion euros.**

8. BME's alternative Fixed Income market, MARF, has become a benchmark in financing through the capital markets for small and medium-sized companies with issues of 78 companies included since its creation in 2013, six of which are Portuguese. **In the first eleven months of 2019, issuances worth 9.5 billion euros were admitted, an increase of 67%.**

9. Trading of derivatives products aimed at managing and covering dividend payments is growing, also this year, at a good pace: stock dividend Futures increased by 96% and IBEX 35® Futures Impacto by 111%.

The volume of Derivatives of the Spanish market has been 4% higher in 2019, reaching 33 million contracts.

This year BME's Central Counterparty, BME Clearing, began to offer repo clearing on sovereign debt of Italy, Portugal, Germany, France, The Netherlands and Austria, which add to Spanish sovereign debt trades.

10. Iberclear was granted authorisation to continue providing its services in accordance with the requirements established in the CSD Regulation for improving securities settlement in the European Union.

I end by highlighting as a critical piece that in 2019 we have continued working on technological innovation and developing all the IT systems that support the markets. We have created research laboratories in DLT, artificial intelligence, Big

Data, etc. We want BME to be at the forefront in the technological field of market infrastructures.

In a few days we will start a new year. The statistics show that we should be cautious from the point of view of the economies; it looks like growth will slow down in both Europe and the United States.

The stock exchange remains highly optimistic. Some European and US markets have revisited historical highs and the Spanish IBEX 35® still has potential. Hopefully the year will be positive in activity, with new IPOs, projects and new products.

I wish you a Merry Christmas and a Happy New Year.
Thank you very much.