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3Q 2017 FINANCIAL RESULTS

NOVEMBER 14TH, 2017



Key events during 3Q 2017



July 5th

BVB continues working with issuers and releases *Guidebook on Best Practices in IR Communication*, aimed to provide guidelines and best practices on improving investor relations and corporate governance standards amongst Main Market issuers. Significant improvements achieved in 3Q, as noted in the 3rd *Whitebook* issued in October 2017.



July 31st

The largest corporate bonds issuance in the history of BVB of EUR 550mn floats on BVB's Main Market. Globalworth bonds are traded in Euro denominations but the settlement is performed in RON according to BNR's exchange rate from the previous trading session.



August 7th

Unicredit Bank bonds float on the Main Market as the company attracts RON 610mn (EUR 135,5mn). More than 30 local and international institutional investors subscribe in the bond sale offer that took place between July 17-21.



August 17th

BVB continues its efforts on improving financial literacy in Romania, releases *My first investment book*, which includes 10 stories about the Romanian capital markets as presented by the local retail investors.



September 13th

BVB and MedLife receive international recognition at the 3rd edition of the *CEE Capital Markets Awards* held in Warsaw; BVB receives award for the *Best IR department in CEE*.



September 20th

Corporate bonds of Superbet Betting & Gaming start trading on BVB's AeRO market. Company attracted RON 9,7mn (EUR 2,1mn) in January 2017, listed the bonds on AeRO in September 2017.



September 28th

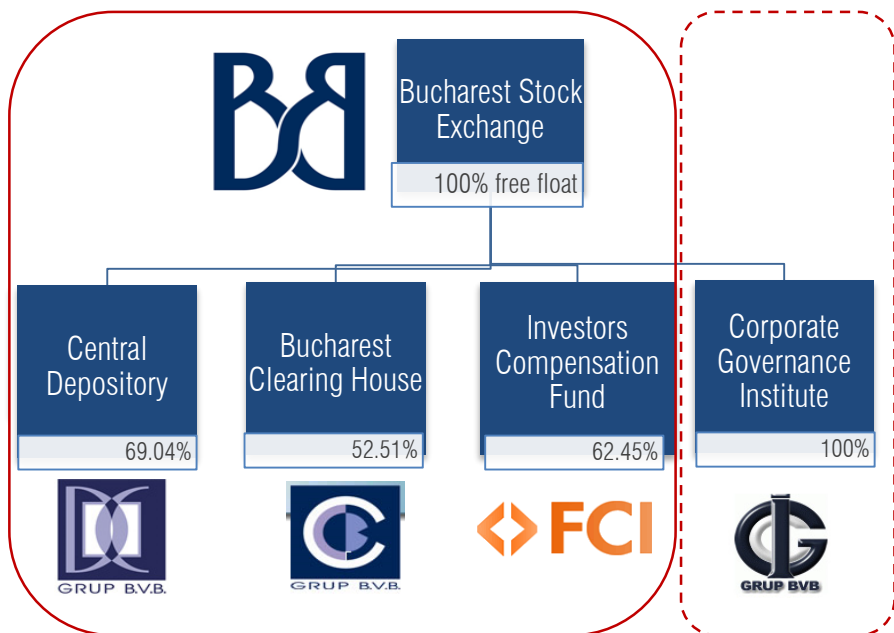
3rd corporate bonds issuance from International Investment Bank floats on the Main Market; the first ever in the history of BVB of bonds denominated in euros. IIB manages to attract RON 300mn (EUR 67mn) and additional EUR 60mn through denominated bonds.



First 3Qs of 2017

As per FESE data, Bucharest Stock Exchange registers an increase of 31,5% in turnover in first three quarters of 2017 when compared to the same period of 2016. BVB remains ahead of other significant stock exchanges in the region, such Vienna, Budapest or Prague.

Presentation of BVB Group and of the consolidation process



Entities included in the consolidation process

Not included in the consolidation process

Segments within BVB Group:

- **Trading segment** – Bucharest Stock Exchange
- **Post-trading segment** - Clearing & settlement services of the Central Depository
- **Registry segment** – Registry activities of the Central Depository
- **FCI services & other services** – Activities of the Investors Compensation Fund and of the Bucharest Clearing House

Key financial highlights – consolidated

Financial performance, BVB Group (RON mn, unless otherwise stated)

	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Operating revenues	29.20	23.30	25%	8.91	9.14	-3%
Operating expenses	<u>20.88</u>	<u>19.15</u>	9%	<u>6.57</u>	<u>6.23</u>	6%
Operating profit	8.32	4.15	101%	2.33	2.91	-20%
Net financial revenue/(expenses)	0.45	1.02	-56%	0.35	0.07	412%
Profit before tax	<u>8.75</u>	<u>5.17</u>	69%	<u>2.67</u>	<u>2.98</u>	-10%
Profit for the period	7.38	4.29	72%	2.23	2.49	-10%
Total comprehensive income	7.63	4.09	87%	2.29	2.53	-9%
EPS attributable to owners (RON/share)	0.9000	0.5700	58%	0.2800	0.3265	-14%

* The financial results for 3rd quarter and first 9 months of 2017 are prepared in accordance with IFRS and are not audited.

Profitability ratios, BVB Group (%)

	9M 2017	9M 2016	3Q 2017	3Q 2016
Operating margin	28%	18%	26%	32%
Net margin	25%	18%	25%	27%
Return on equity (ROE)	7%	4%	2%	2%

* Indicators based on consolidated financial results

Key financial highlights – BVB alone

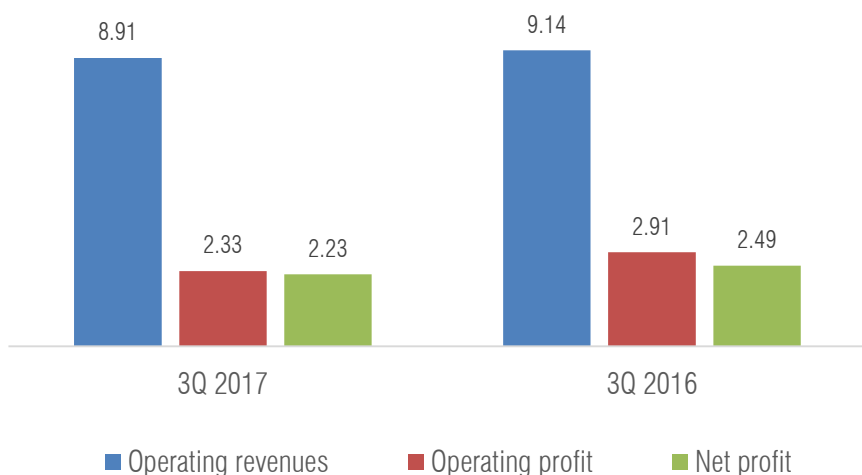
Financial performance of BVB standalone, before consolidation (RON mn, unless otherwise stated)

	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Operating revenues	18.55	14.50	28%	5.40	6.08	-11%
Operating expenses	<u>11.72</u>	<u>10.17</u>	15%	<u>3.35</u>	<u>3.23</u>	+4%
Operating profit	6.82	4.32	58%	2.05	2.85	-28%
Net financial revenue/(expenses)	1.48	1.68	-12%	0.32	0.07	341%
Profit before tax	8.30	5.88	41%	2.36	2.93	-19%
Profit for the period	7.13	5.08	40%	1.98	2.47	-20%
Total comprehensive income	18.55	14.50	28%	5.40	6.08	-11%

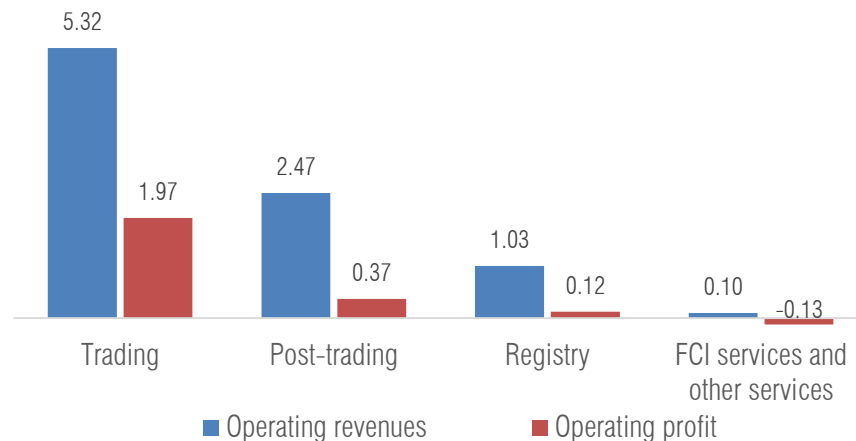
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Analysis of the consolidated results for the quarter

Main financial indicators, 3Q 2017 vs. 3Q 2016
(RON mn)



Distribution of operating revenues and result, by segment, 3Q 2017 (RON mn)

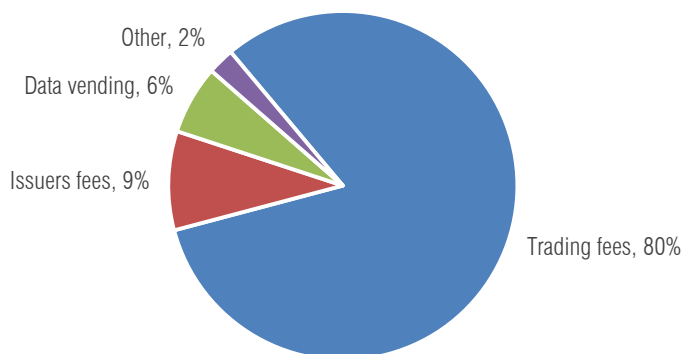


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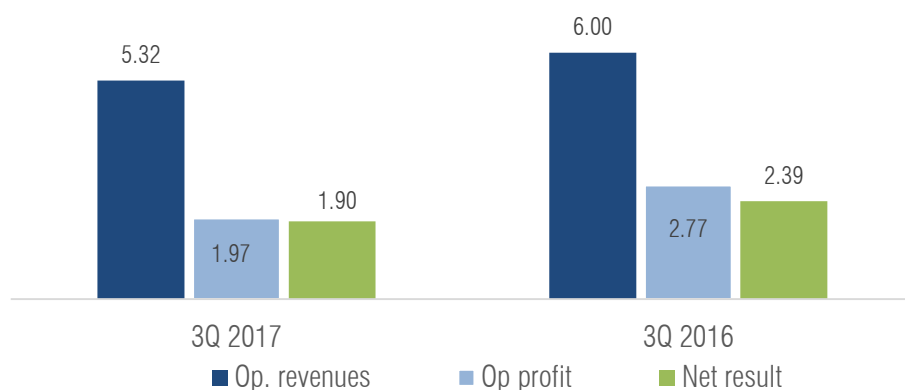
- In the 3rd quarter of 2017, the BVB Group recorded **operating revenues** of RON 8.91 mn (3Q.2016: RON 9.14 mn), a 3% decrease. This divergent evolution between trading value and trading income was mainly influenced by the registration in the third quarter of 2016 of the public offering for the takeover of Albalact and public buy-in offering in case of Fondul Proprietatea which were commissioned at a higher level.
- The third quarter of 2017 generated a consolidated **operating profit** of RON 2.33 mn, a decrease by 20% compared to the same quarter of 2016 (3Q.2016: RON 2.91 mn), due to a slight decreases in operating revenues compounded by an increase in the operating expenses, respectively the other operating expenses.
- The **consolidated net profit** for the third quarter of 2017 was RON 2.23 mn, down by 10% compared to the net result obtained in the same period of the previous year (3Q.2016: RON 2.49 mn) with a net margin of 25%, 85% of the profit being generated by the Group's trading segment.

Analysis of the trading segment revenues (1/2)

Breakdown of trading segment revenues in 3Q 2017 (%)



Operating revenues and profit, trading segment (RON mn)



* The financial results for 3rd quarter and first 9 months of 2017 are prepared in accordance with IFRS and are not audited.

Trading segment revenues

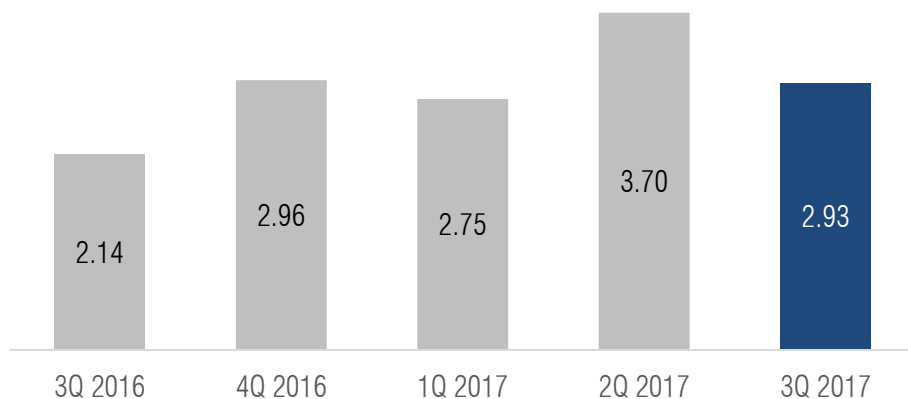
- The trading activity at BVB was more intense in the 3rd quarter of the year, registering an increase by 27% compared to 3Q 2016 to a level of RON 4.18 bn. For the regulated market of shares, the average daily trading value was RON 45.30 mn.
- The fixed-income instruments market (bonds and government securities) registered an increase compared to the same period last year, up to the value of RON 1,200 mn (3Q.2016: RON 1,053 mn).
- The structured products market declined by 49% compared to 3Q 2016, to the amount of RON 50 mn (3Q.2016: RON 98 mn).

Trends in trading activity

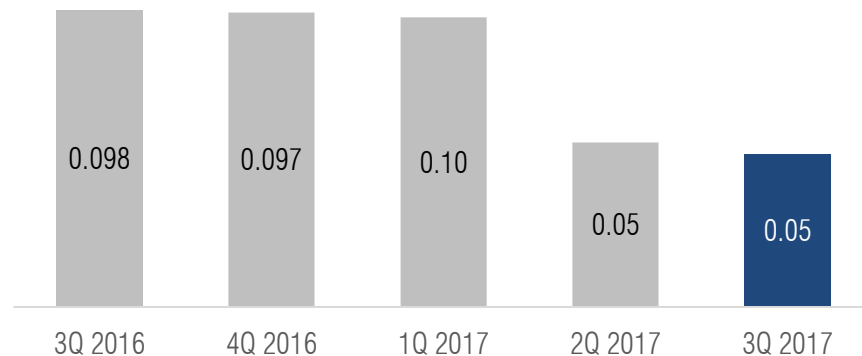
- During the 3rd quarter of 2017 took place the largest corporate bonds issuance in the history of BVB, Globalworth bonds issue of a total value of EUR 550mn.
- Unicredit Bank also issued corporate bonds on the main market, attracting RON 610 mn.
- The International Investment Bank (IIB) became the first issuer on the Bucharest Stock Exchange to place Euro denominated bonds settled in the same currency.
- Trading segment's revenues declined by 11% in 3Q 2017 compared with 3Q 2016, mainly influenced due to the registration in the third quarter of 2016 of some public offering commissioned at a higher level.
- The traded value in the 3rd quarter of 2017 increased by 27% q-o-q basis.

Analysis of the trading segment revenues (2/2)

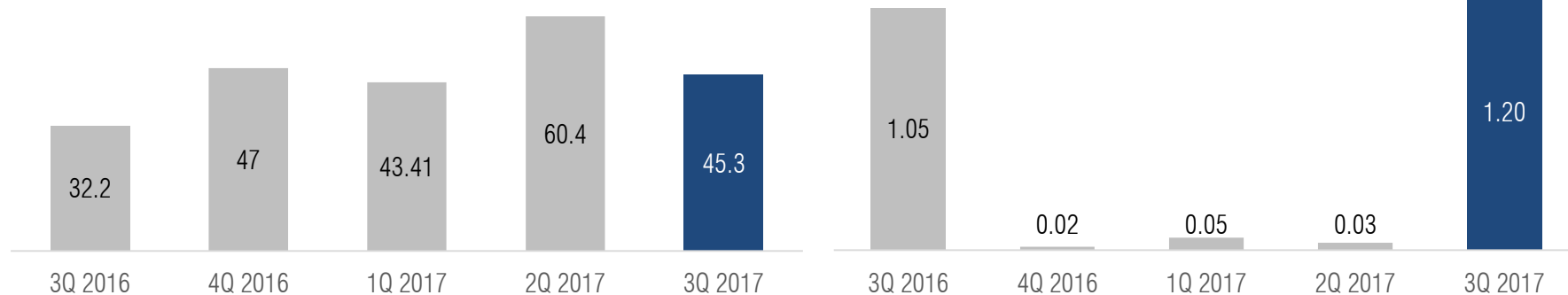
Trading value for shares, rights and units (RON bn)



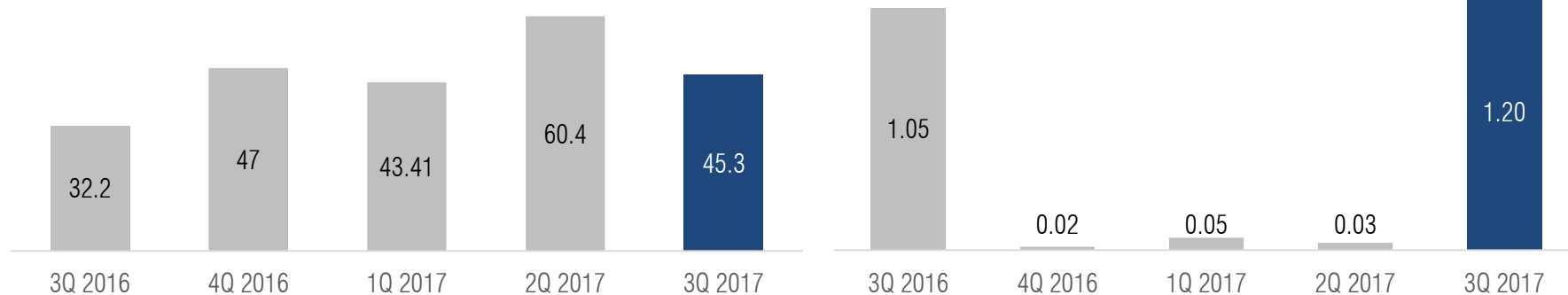
Trading value for certificates (RON bn)



Trading value, fixed-income instruments (RON bn)



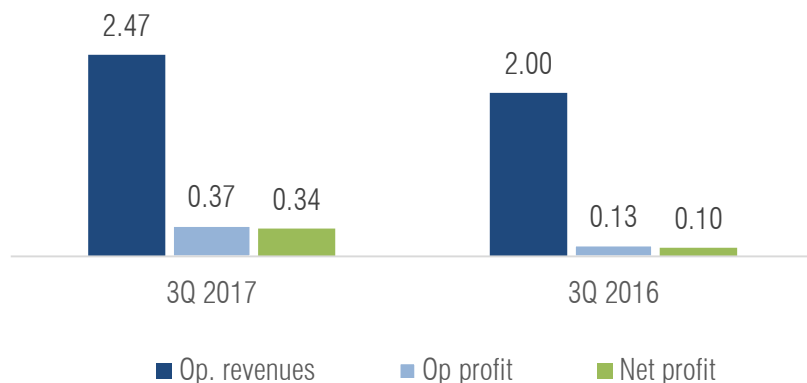
Average trading value, shares - regulated market (RON mn/day)



Note: Figures are presented on a "single counted" basis and include Deal trades (for stocks and structured products) and offers. Average trading value on all equities markets including offers.

Analysis of the post trading and registry segment revenues

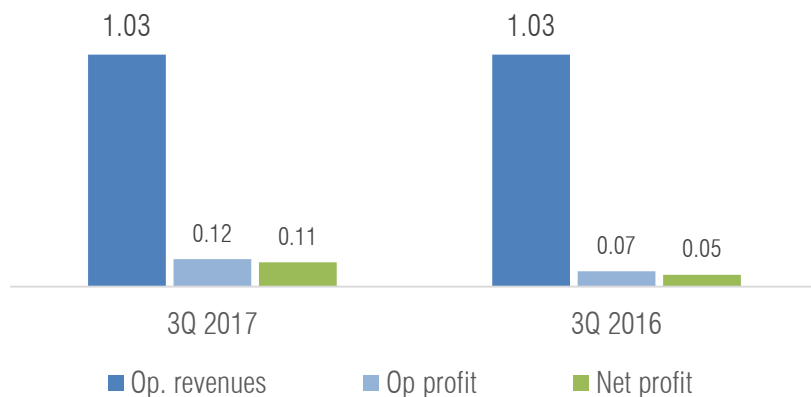
Operating revenues and profit, post-trading segment (RON mn)



Post-trading segment revenues

- **Revenues** from the post-trading segment in 3Q 2017 of RON 2.47 mn, rose by 23% compared to the same period in 2016 as a result of the increase in the trading activity of BVB, were generated by an increase by 44% of local settlement revenues, as well as a 13% increase in revenue from admission and maintenance of the clearing-settlement and custodian system participants.

Operating revenues and profit, registry segment (RON mn)



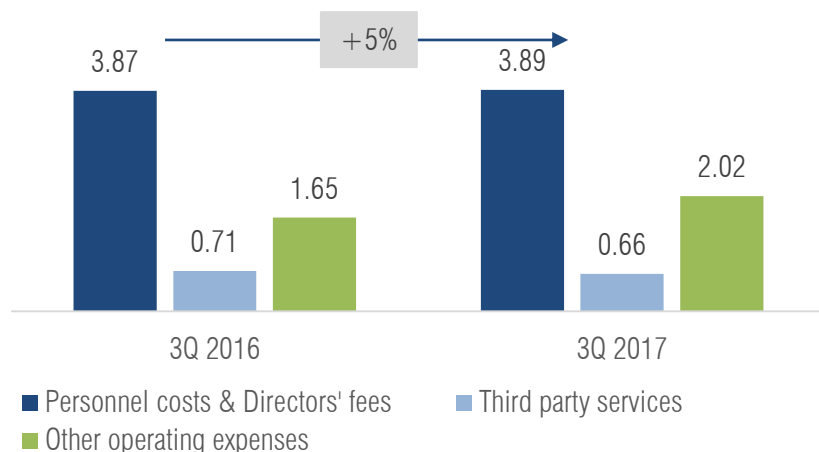
Registry segment revenues

- **Revenues** from the registry activity carried out by the Central Depository (DC) in 3Q 2017, are heterogeneous and the variations are not generally significant to indicate the trend of these earnings.
- In 3Q 2017, there was a similar evolution of the revenue over the same period of the previous year, around RON 1 mn.

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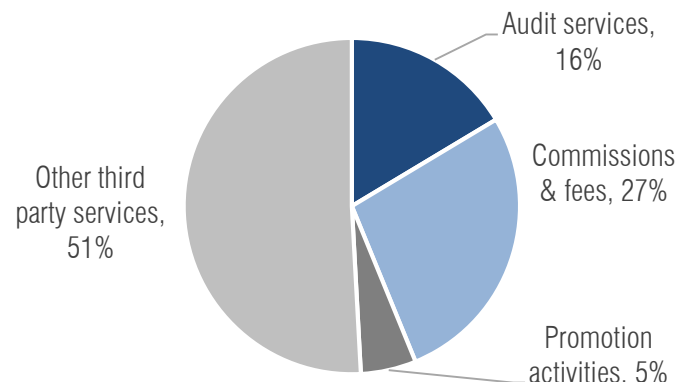
Analysis of operating expenses for BVB Group

Breakdown of operating expenses, 3Q 2017 vs. 3Q 2016 (RON mn)

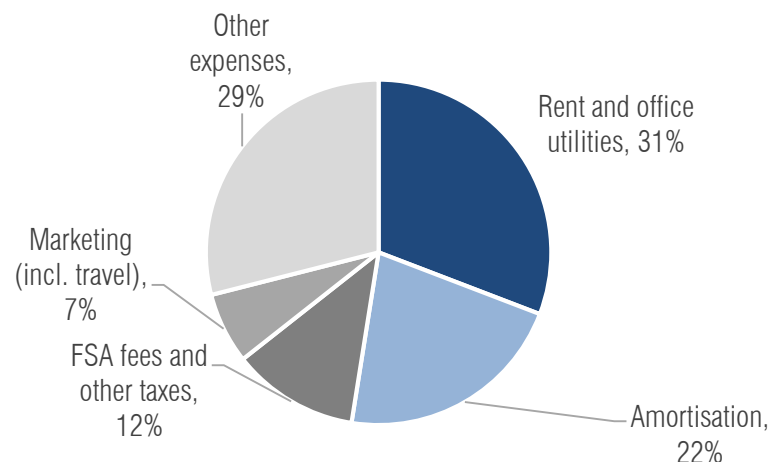


- Group **operating expenses** increased 5% y-o-y in 3Q 2017. For full 9M 2017 there was a 9% y-o-y growth in the total operating expenses.
- **Personnel and Board** remuneration expenses remained constant in 3Q 2017 compared to 3Q 2016, around RON 3.9 mn.
- Third party expenses declined 7% q-o-q, based on a decrease of the other third party services, higher in absolute terms than the increase of Commissions & fees and Audit services expenses
- **Operating expenses** for rents and utilities increased according to the BVB Group's lease agreements while repair & maintenance increased compared to 3Q 2016 due to a base effect as per 2016 the yearly repair & maintenance operations were rendered during the 2nd quarter.

Third party services, 3Q 2017 (%)



Other operating expenses, 3Q 2017 (%)



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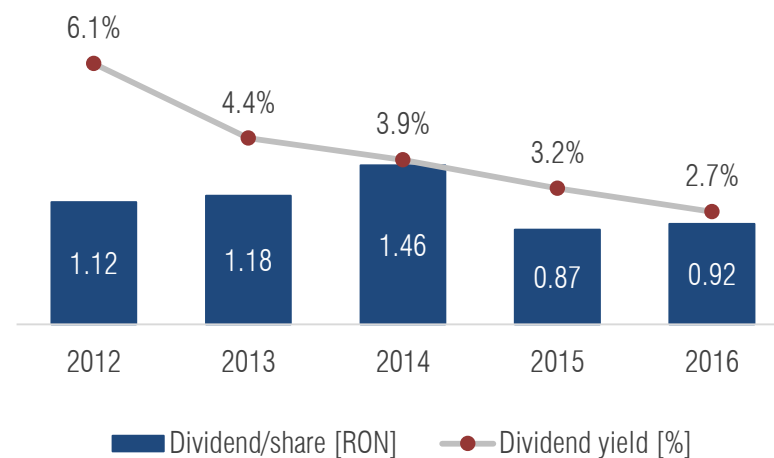
Overview of the consolidated financial position

Consolidated financial position (RON mn)

	September 2017	Dec 2016
Non-current assets	81.5	83.1
Current assets	131.1	89.9
Total assets	212.6	173.0
Shareholders' equity attributable to owners of the Company	97.6	97.6
Minority interest	10.4	10.4
Short-term liabilities	104.6	65.0
Total equity and liabilities	212.6	173.0

- At the end of September 2017, **total assets** of the BVB Group amounted to RON 212.6 mn (31 December 2016: RON 173.00 mn), up by 23% compared with the beginning of the year.
- Fixed assets** decreased by 2% compared to the beginning of the year, while current assets increased by 46% to RON 131.1 mn (31 December 2016: RON 89.9 mn). The amounts available for dividends payment to the Central Depository's clients were shown in **Other restricted assets** and represented at the end of September 2017 the amount of RON 76.91 mn (31 December 2016: RON 38.47 mn).

Dividends and dividend yield



Note: Dividend yields are calculated using the price on the corresponding ex-dates

- On June 6, 2017, BVB paid the dividends from the 2016 net profit of RON 7.06 mn, representing 100% of the net profit after reserves. The gross dividend approved for 2016 was RON 0.92028/share.
- Stable dividend policy, with a payout ratio of 100%, after legal reserves
- The dividend policy is expected to remain unchanged

Thank you!



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