

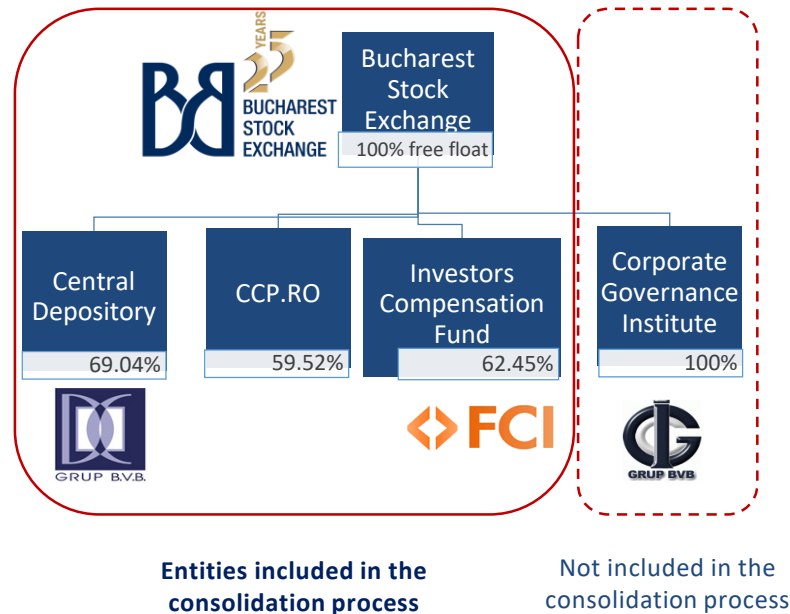


FINANCIAL RESULTS 1H 2020  
AUGUST 13, 2020



PARTNERS FOR THE FUTURE

# BVB Group and the operated markets



## 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
- **Other services** – Activities of the Investors Compensation Fund and CCP.RO Bucharest

## Markets operated by BVB



### Main Market

**Listed companies:**  
82 domestic and 2 foreign\*

**Domestic market cap:**  
EUR 19.6 bn

**Total market cap:**  
EUR 28.6 bn

**Instruments:**  
shares, rights, corporate and municipal bonds, government securities, structured products, fund units, tradable UCITS (ETFs), warrants



**Listed companies:**  
278 domestic and 2 foreign\*

**Total market cap:**  
EUR 1.8 bn

**Instruments:**  
shares, rights, bonds

# Key events



FTSE Russell confirmed that Romania is on track for September promotion to secondary emerging market status. Banca Transilvania and Nuclearelectrica are the two issuers expected to be part of the FTSE Emerging Markets indices



Six bond issuances started trading on the BVB platform in Q2: Raiffeisen Bank bonds on the regulated market and the bonds issued by Vivre Deco, Omro IFN, Artprint, Norofert and Agroland on the Aero market



In early June, Bittnet became the first company to be transferred from the Aero market to the main regulated market. Bittnet was listed on the MTF for 5 years.



The CCP project reaches significant milestone with the signing of the agreement with CC&G (part of LSE Group). CC&G will provide BVB Group with consultancy and technical support for clearing and risk management solutions that will be managed by CCP.RO Bucharest.



The Romanian Ministry of Finance issues RON and EUR denominated bonds, targeting the local retail investors, which will be subsequently listed on BVB.

# Key financial highlights - consolidated



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

	1H 2020	1QH 2019	Change (%)	2Q 2020	2Q 2019	Change (%)
Operating revenues	19.58	17.41	10%	7.47	8.88	-16%
Operating expenses	<u>(16.04)</u>	<u>(15.18)</u>	6%	<u>(8.02)</u>	<u>(7.93)</u>	1%
<b>Operating profit</b>	<b>3.54</b>	<b>2.57</b>	<b>38%</b>	<b>(0.56)</b>	<b>0.95</b>	<b>-159%</b>
<i>Operating margin</i>	<i>18%</i>	<i>14%</i>		<i>-7%</i>	<i>11%</i>	
<b>Net financial revenue/(expenses)</b>	<b>1.58</b>	<b>2.04</b>	<b>-23%</b>	<b>0.79</b>	<b>0.35</b>	<b>125%</b>
Profit before tax	<u>5.11</u>	<u>4.67</u>	10%	<u>0.24</u>	<u>1.36</u>	-83%
Profit from continuing operations	4.24	3.87	10%	0.03	1.11	-97%
Loss from discontinued operations	—	—		-	<u>0.04</u>	-
<b>Profit for the period</b>	<b>4.24</b>	<b>3.87</b>	<b>11%</b>	<b>0.03</b>	<b>1.15</b>	<b>-97%</b>
<i>Net margin</i>	<i>22%</i>	<i>22%</i>		<i>0%</i>	<i>13%</i>	
EPS attributable to owners (RON/share)	0.5423	0.4475	22%	0.0359	0.1221	-71%
<i>Return on equity</i>	<i>3%</i>	<i>3%</i>		<i>0%</i>	<i>1%</i>	

\* The financial results for 1H 2020 are prepared in accordance with IFRS and are not audited.

# Key financial highlights



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

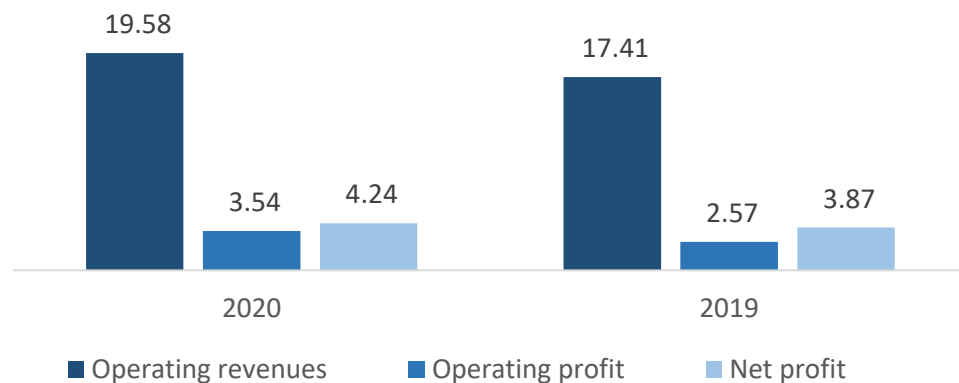
	1H 2020	1QH 2019	Change (%)	2Q 2020	2Q 2019	Change (%)
Operating revenues	12.44	10.32	20%	4.48	4.94	-9%
Operating expenses	<u>(8.13)</u>	<u>(8.41)</u>	-3%	<u>(3.93)</u>	<u>(4.39)</u>	-11%
<b>Operating profit</b>	<b>4.31</b>	<b>1.92</b>	<b>125%</b>	<b>0.55</b>	<b>0.55</b>	<b>1%</b>
<i>Operating margin</i>	35%	19%		12%	11%	
<b>Net financial revenue/(expenses)</b>	<b>1.80</b>	<b>3.03</b>	<b>-41%</b>	<b>1.24</b>	<b>1.60</b>	<b>-22%</b>
Profit before tax	<u>6.10</u>	<u>5.00</u>	22%	<u>1.79</u>	<u>2.20</u>	-19%
<b>Profit for the period</b>	<b>5.35</b>	<b>4.37</b>	<b>23%</b>	<b>1.62</b>	<b>2.02</b>	<b>-20%</b>
<i>Net margin</i>	43%	42%		36%	41%	
<i>Return on equity</i>	5%	4%		2%	2%	

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# Analysis of the consolidated results for 1H 2020

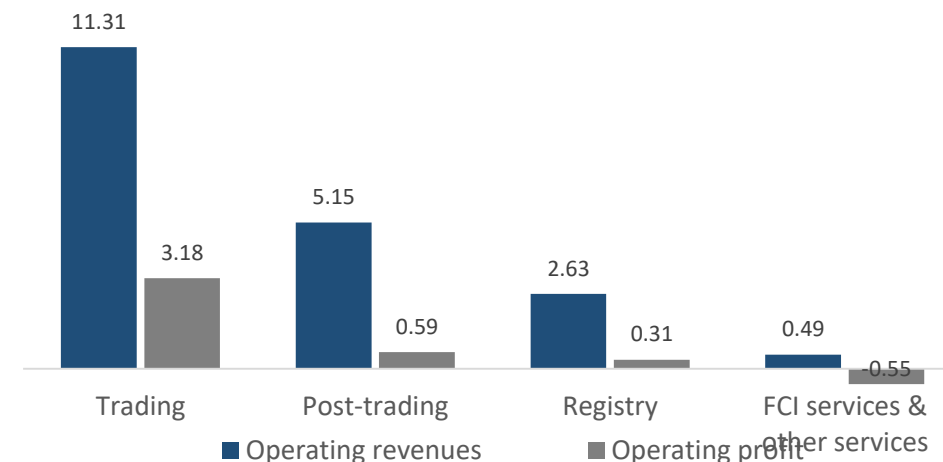


Main financial indicators, 1H 2020 vs. 1H 2019  
(RON mn)



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Distribution of operating revenues and result, by segment, 1H 2020 (RON mn)

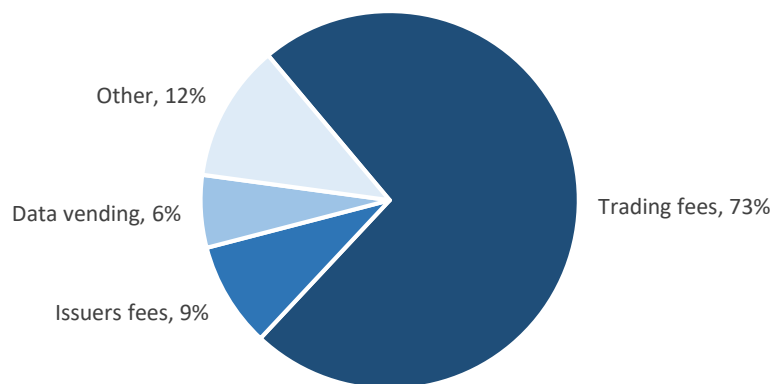


- **The operating revenues** of the BVB Group in Group in 1H 2020 were RON 19.58 mn (1H 2019: RON 17.74 mn), +10%, + RON 1.84 mn, growth influenced by all business segments of the Group
- **The consolidated operating expenses** of the BVB Group - 1H 2020, +6%, respectively RON 0.87 mn, from RON 15.18 mn lei to RON 16.04 mn, mainly as a result of the advance of personnel expenses by RON 0.63 mn and expenses with services provided by third parties by RON 0.42 mn
- **The consolidated operating profit** of the BVB Group - 1H 2020, +38%, from RON 2.57 mn to RON 3.54 mn as a result of the advance of operating revenues by 10% while the advance of operating expenses was 6%
- **Net financial income**, 1H 2020, -23%, decrease from RON 2.04 mn to RON 1.58 mn, as a result of the reduction of unrealized exchange rate differences from the revaluation of financial instruments in foreign currency, which generated a gain of RON 0.05 mn vs. RON 0.55 mn in 1H 2019, decrease partially covered by the increase of interest income by 0.16 mn, up to the value of RON 1.65 mn
- **The consolidated net profit** of the BVB Group - 1H 2020, +10%, from RON 3.87 mn to RON 4.24 mn, 75% being generated by the trading segment of the Group

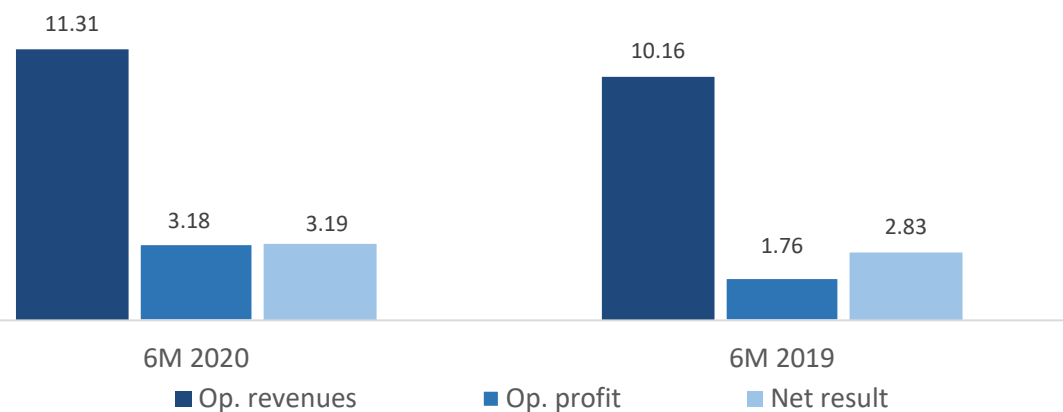
# Analysis of the Group trading segment revenues (1/2)



Breakdown of the Group trading segment revenues in 1H 2020 (%)



Operating revenues and profit, Group trading segment (RON mn)



## Trading segment revenues

- The trading segment revenues - BVB, 1H 2020, +11%, from RON 10.16 mn to RON 11.31 mn as a result of the advance of revenues from shares trading on the main market - secondary public offers
- Trading activity at BVB on the stock market – 1H 2020, +7%, reaching the level of RON 5.79 bn, the transactions with “regular” shares on the regulated market remained stable around RON 5,23 bn, while the “offers” shares transactions (secondary public offers) increased more than 5 times from RON 57 mn to RON 358 mn
- The market of fixed income instruments (bonds and government securities) – 1H 2020, -47%, from RON 104 mn to RON 55 mn
- The structured products market increased by 400% compared to 1H 2019, to RON 377 mn

## Trends in trading activity

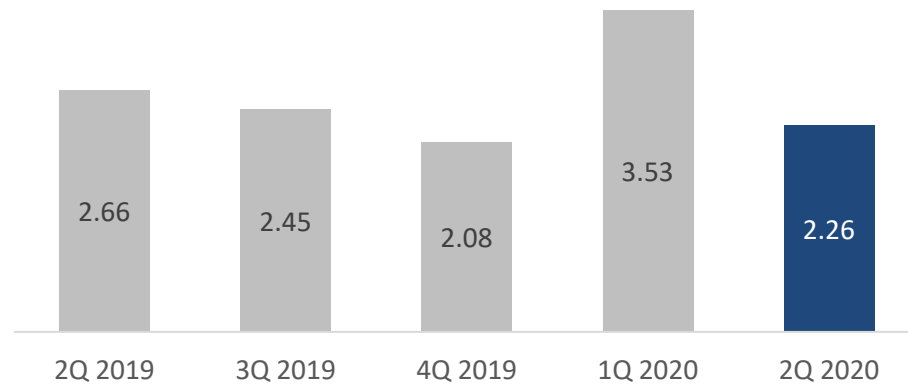
- At the end of June 2020, the market value of all the companies listed on the Main Market of BVB reached RON 138.37 bn, the equivalent of EUR 28.57 bn

\* The financial indicators for 1H 2020 are prepared in accordance with IFRS and are not audited.

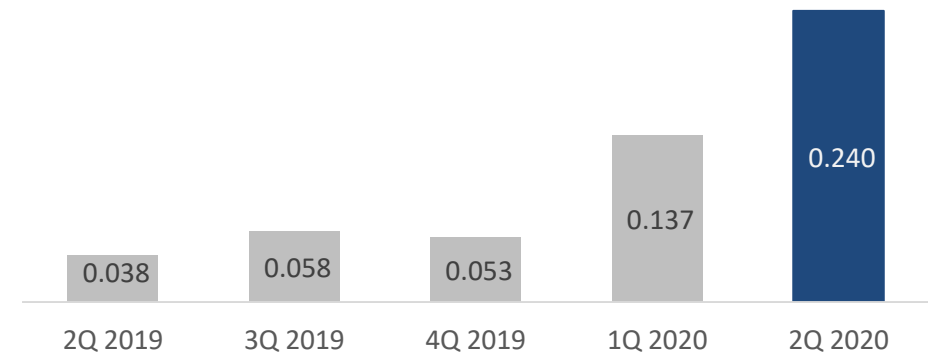
# Analysis of the Group trading segment revenues (2/2)



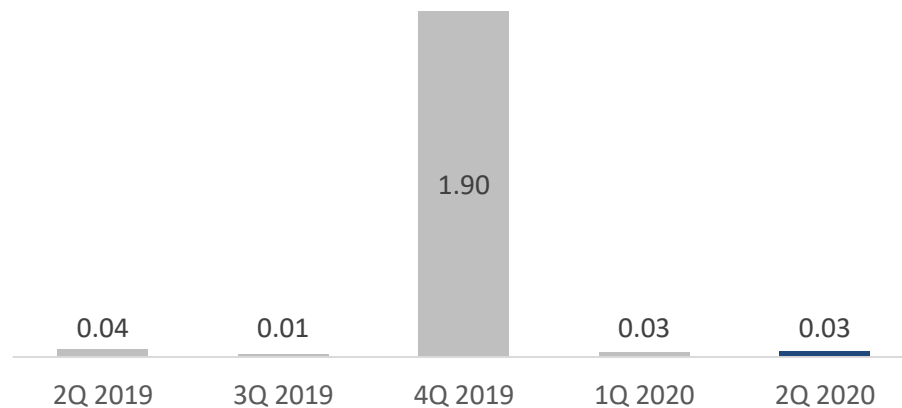
Trading value for shares, rights and units (RON bn)



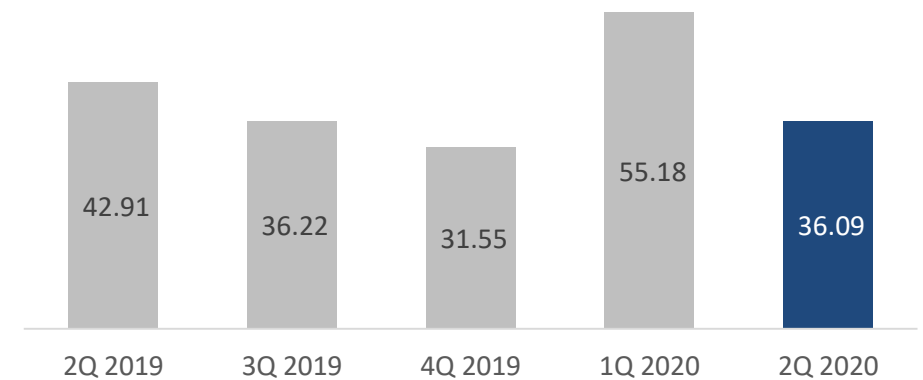
Trading value for certificates (RON bn)



Trading value, fixed-income instruments (RON bn)



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

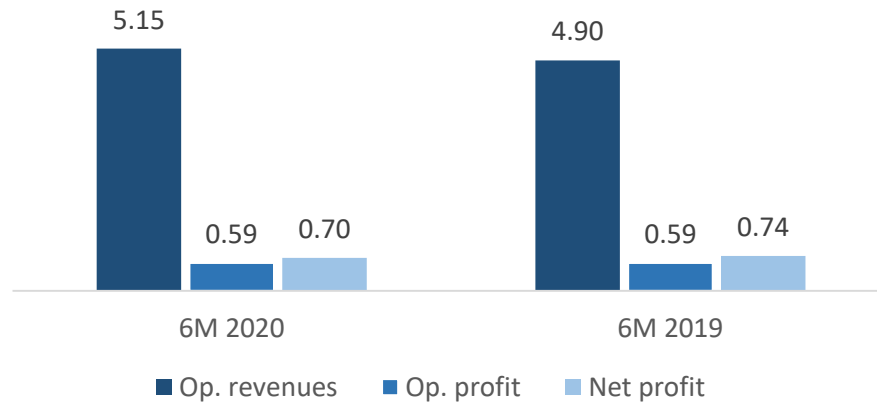




# Analysis of the Group post-trading and registry segment revenues



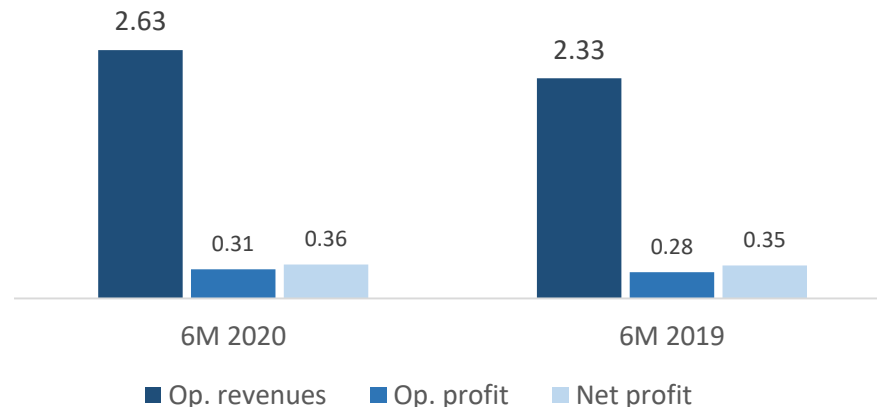
Operating revenues and profit, Group post-trading segment (RON mn)



## Post-trading segment revenues

- The revenues related to the **post-trading segment** (DC) - 1H 2020, +5% (from RON 4.90 mn to RON 5.15 mn) as a result of the increase of revenues from maintaining the quality of custodian in the DC system but also of increase in settlement revenues, influenced by the increase in values traded on BVB

Operating revenues and profit, Group registry segment (RON mn)



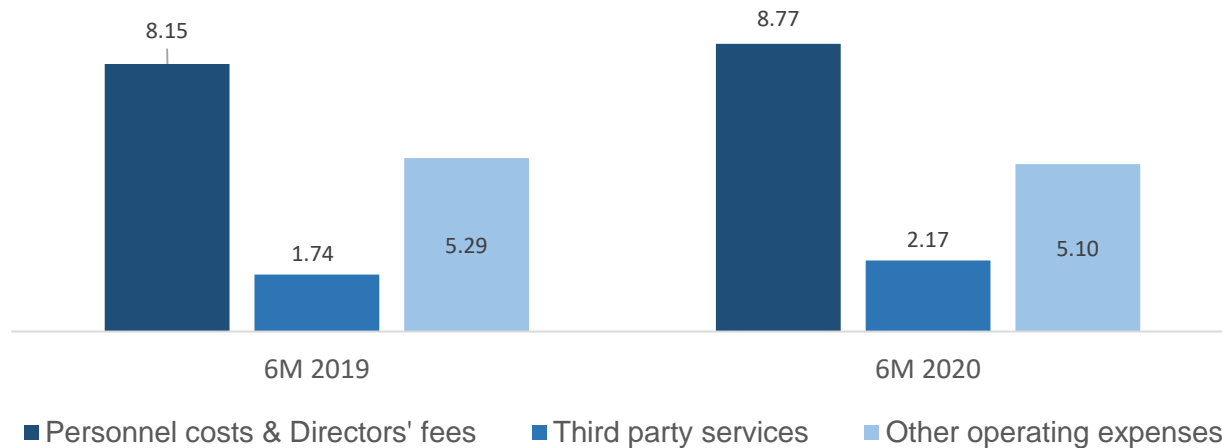
## Registry segment revenues

- The revenues related to the **registry segment** (DC) - 1H 2020, increased by 13% (from RON 2.33 mn to RON 2.63 mn) mainly due to the registration of “one-off” revenues

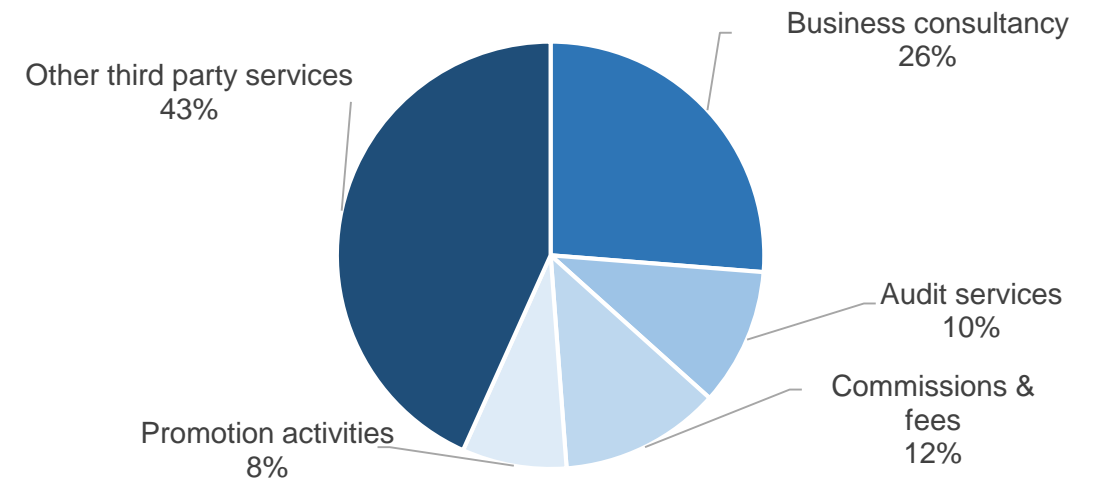
# Overview of the consolidated financial position



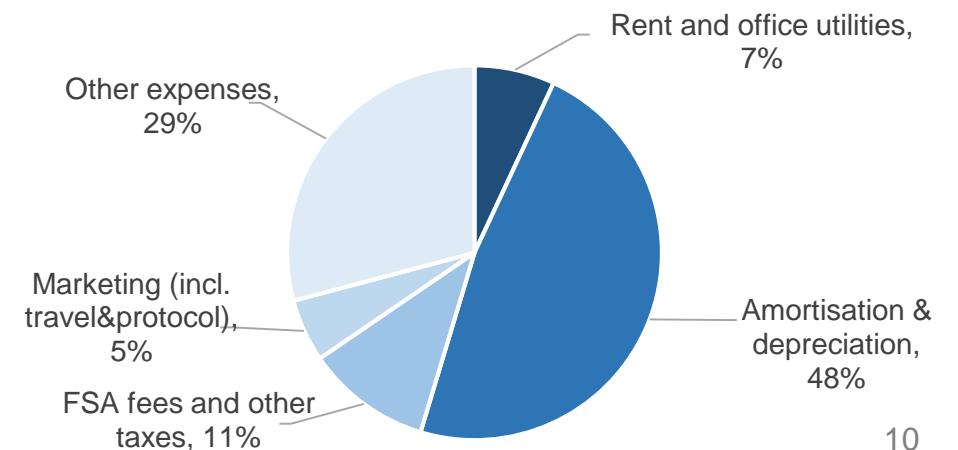
Breakdown of operating expenses, 1H 2020 vs. 1H 2019 (RON mn)



Third party services, 1H 2020 (%)



Other operating expenses, 1H 2020 (%)



- The consolidated operating expenses of the BVB Group - 1H 2020, advanced by 6%, from RON 15.18 mn to RON 16.04 mn
- Consolidated **personnel expenses** - 1H 2020, + 8% or RON 0.63 mn, from RON 8.15 mn to RON 8.77 mn as a result of the advance of salary expenses, as a result of the salary adjustments that took place starting with 2Q 2019, but also as a base effect considering that in 1Q 2019 at the level of DC no expenses were registered with Board allowances. At the same time, the estimated expenses with the benefits to be granted in shares to BVB management and employees decreased compared to 1H 2019
- Consolidated expenditure with **services provided by third parties** - 1H 2020, +24%, from RON 1.74 mn to RON 2.17 mn, mainly due to the increase with the estimated consultancy expenses related to the CCP Project
- The category of consolidated **other operating expenses** – 1H 2020, -3%, from RON 5.29 mn to RON 5.10 mn, influenced by the net decrease of the expenses with the rents and utilities (rents expenses + right of use assets depreciations), reduction of protocol expenses as a result of the postponement of some events of the Group, while the expenses with the IT maintenance services increased on the background of the increasing requirements of the regulations in force

# Key events during 1H 2020

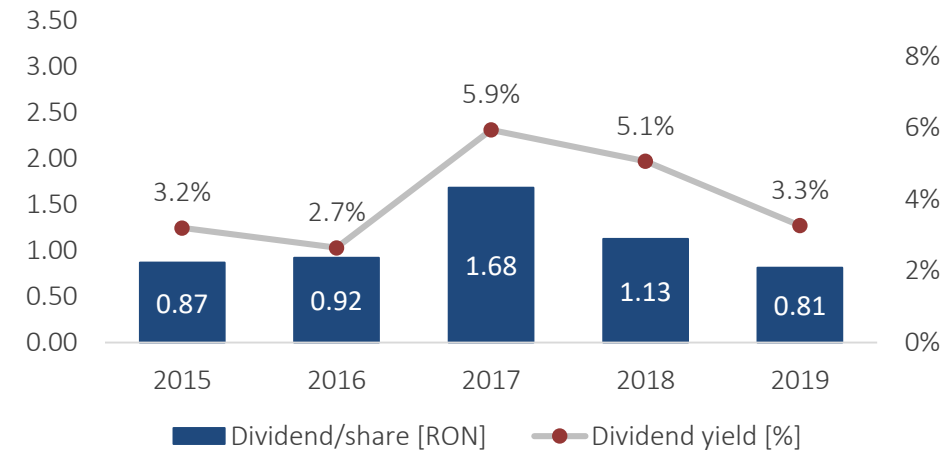


## Consolidated financial position (RON mn)

	Jun 2020	Dec 2019
Non-current assets	78.2	66.1
Current assets	137.8	151.5
<b>Total assets</b>	<b>216.0</b>	<b>217.6</b>
Shareholders' equity attributable to owners of the Company	104.4	107.8
Minority interest	41.5	42.1
Total liabilities	70.1	67.7
<b>Total equity and liabilities</b>	<b>216.0</b>	<b>217.6</b>

- At the end of June 2020, **total assets** of the BVB Group -1% or RON 1.65 mn vs. the value from December 31, 2019, to RON 215.98 mn, influenced by the decrease of current assets at a higher level than the increase of non-current assets
- **Non-current assets**, + 18% compared to the beginning of the year, from RON 66.12 mn to RON 78.19 mn, mainly due to the acquisition of government bonds, thus reducing cash
- **Current assets**, -9% compared to the beginning of the year, from RON 151.51 mn to RON 137.79 mn, mainly due to the acquisition of government bonds with maturities of more than 1 year
- **Total liabilities** of the Group are mainly short-term, at June 30, 2020 amounting to RON 70.02 mn, +3% compared to the value as of December 31, 2019 of RON 67.70 mn, mainly due to the increase of the guarantee and compensation fund
- **Shareholder's equity**, -3% compared to the beginning of the year, to RON 145.96 mn, influenced by the distribution of dividends from 2019 result but also by the acquisition of 60,369 treasury shares by BVB in the amount of RON 1.39 mn.

## Attractive dividend yield



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

- **Stable dividend policy**, with a payout ratio of 100%, after legal reserves.
- The dividend policy is expected to remain unchanged.



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