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2018 PRELIMINARY
FINANCIAL RESULTS
FEBRUARY 14, 2019



Key market events during 4Q 2018

Investor Days

October 8-11

BVB and Romanian blue chips were present in Stegersbach at the Erste Group Investors Conference 2018.



October 9

BVB continued its Fluent in Finance educational program with a free of charge event dedicated to retail investors, which took place in Cluj-Napoca.

Romania Investor Days

October 18

First Romania Investors Day event in the Nordics, organized by BVB and RCB.

October 22

Starts trading the 4th corporate bonds issuance from IIB. The bank managed to attract RON 300 mn (EUR 64 mn) and additional EUR 80 mn through denominated bonds.



November 10

The eighth edition of the Individual Investors Forum organized by BVB. 400 participants and 20 speakers attended a marathon on investments.

November 13

Official opening Romgaz occasioned by the 5 years anniversary since listing.



November 19

Was established the IR Association of Romania, to which BVB is a founding member. The launch of its activity was made on November 27, during an official opening of the trading session.



November 22

Bucharest Stock Exchange and the Ministry for Business Environment signed a partnership for promoting financing opportunities through the capital market.

Investor Days

December 4-7

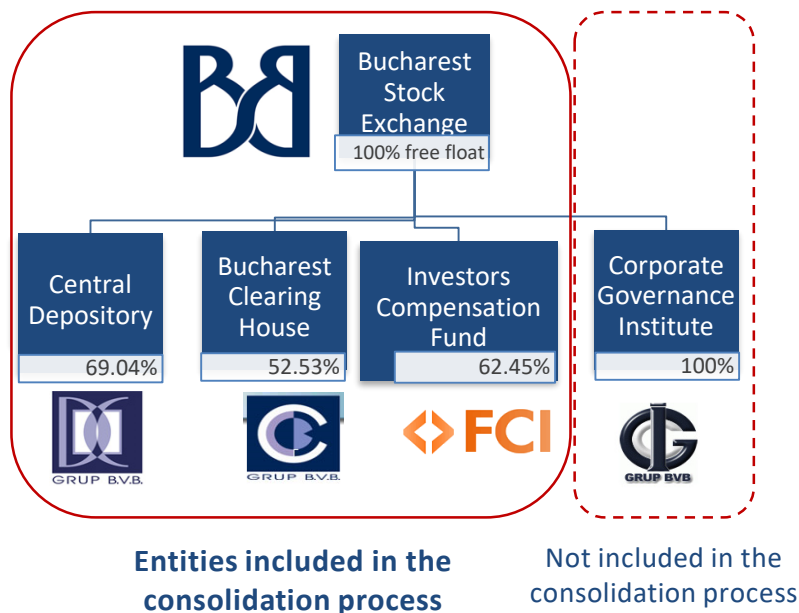
BVB and Romanian blue chips were present in Prague at the CEE investors conference Wood Winter Wonderland of Wood&Company.



December 19

In December took place an accelerated private placement offer, for a package of approximately 33.77% of the ALRO shares, following the closing of which the company more than doubled its free float, at approx. 12%.

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 of the Bucharest Clearing House - its activity is reported as discontinued operation according to IFRS5
- **SIBEX Depository** - was acquired on 29.12.2017; the company was liquidated on 28.01.2019.

Markets operated by BVB



Main Market

Listed companies:
84 domestic and 3 foreign*

Domestic market cap:
EUR 18.16 bn

Total market cap:
EUR 30.66 bn

Instruments:

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



AeRO market for SMEs

Listed companies:
291 domestic and 2 foreign*

Domestic market cap:
EUR 1.50 bn

Total market cap:
EUR 1.59 bn

Instruments:

shares, rights, bonds

Source: Bucharest Stock Exchange, data as of December 31, 2018

Key financial highlights - consolidated

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

	2018 prelim	2017	Change (%)	4Q 2018 prelim	4Q 2017	Change (%)
Operating revenues	39.82	38.06	5%	10.85	8.85	22%
Operating expenses	(30.95)	(28.82)	7%	(9.47)	(7.94)	19%
Operating profit	8.87	9.24	-4%	1.38	0.91	50%
Net financial revenue/(expenses)	3.61	2.50	44%	0.84	2.06	-59%
Gain on bargain purchases – SIBEX merger	-	2.88	-	-	2.88	-
(Losses)/Gains from the impairment in associates and subsidiaries	(0.02)	(0.03)	-12%	(0.02)	(0.02)	47%
Profit before tax	12.45	14.59	-15%	2.20	5.84	-62%
Profit from continuing operations	10.40	14.69	-29%	1.83	7.31	-75%
Loss from discontinued operations	(0.20)	-	-	0.22	-	-
Profit for the period	10.20	14.69	-31%	2.05	7.31	-72%
Total comprehensive income	10.20	14.68	-31%	2.05	7.05	-71%
EPS attributable to owners (RON/share)	1.2097	1.8499	-35%	0.2315	0.9499	-76%

* The preliminary financial results for 2018 are prepared in accordance with IFRS and are not audited.

Profitability ratios, BVB Group (%)

	2018 prelim	2017	4Q 2018 prelim	4Q 2017
Operating margin	22%	24%	13%	10%
Net margin	26%	39%	19%	83%
Return on equity (ROE)	9%	12%	2%	6%

* Indicators based on consolidated financial results

Key financial highlights – BVB standalone

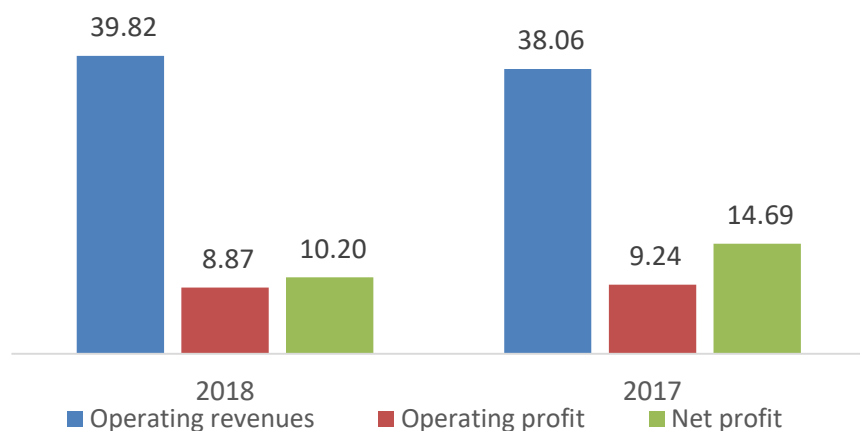
Financial performance, BVB standalone, before consolidation (RON mn, unless otherwise stated)

	2018 (prelim)	2017	Change (%)	2018 (prelim) without CCP project	2017 without merger impact	Change (%)	4Q 2018 (prelim)	4Q 2017	Change (%)
Operating revenue	24.25	23.69	2%	24.25	23.69	2%	6.84	5.14	33%
Operating expenses	<u>(17.09)</u>	<u>(16.03)</u>	7%	<u>(16.11)</u>	<u>(15.69)</u>	3%	<u>(5.89)</u>	<u>(4.31)</u>	37%
Operating profit	7.16	7.66	-6%	8.14	7.99	2%	0.95	0.83	14%
Net financial revenue/(expenses)	4.00	3.43	17%	4.00	3.43	17%	0.73	1.95	-63%
Gain on bargain purchases	-	2.88	-	-	-	-	-	2.88	-
(Losses)/Gains from the impairment in associates and subsidiaries	(0.02)	(0.06)	-55%	(0.02)	(0.03)	-33%	0.16	(0.04)	-460%
Profit before tax	<u>11.14</u>	<u>13.91</u>	-20%	<u>12.12</u>	<u>11.40</u>	6%	<u>1.84</u>	<u>5.62</u>	-67%
Profit for the period	9.46	14.25	-34%	10.44	9.90	5%	1.57	7.12	-78%

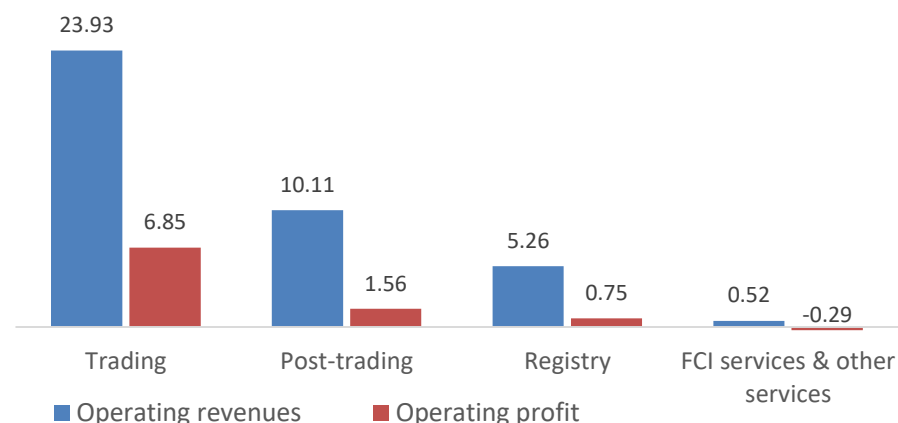
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Analysis of the preliminary consolidated results for 2018

Main financial indicators, 2018 prelim vs. 2017 (RON mn)



Distribution of operating revenues and result, by segment, 2018 prelim (RON mn)

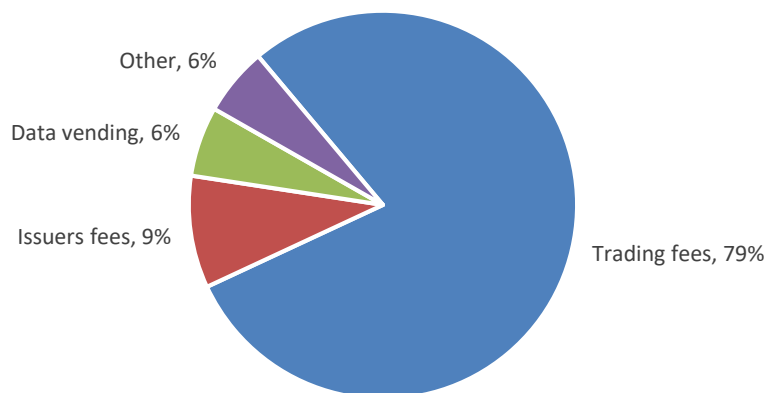


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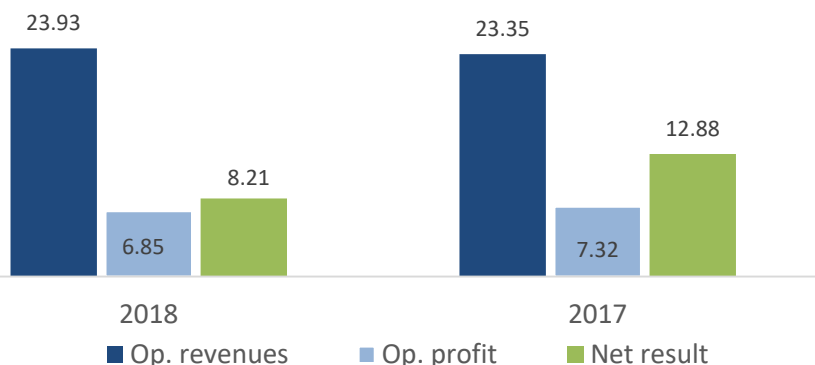
- During 2018, the BVB Group recorded consolidated **operating revenues** of over RON 39.82 mn, 5% increase compared to the same period of the previous year, growth generated by the advance of the trading, post-trading and registry segments.
- The **consolidated preliminary operating profit** of the BVB Group for the year 2018 is RON 8.87 mn, down by 4% compared to 2017 (12 M 2017: RON 9.24 mn), as a result of the 5% increase in operating revenues while the operating expenses advanced by 7%.
- Excluding the impact of the extraordinary expense with the CCP Project (RON 0.98 mn), the **preliminary operating profit** 2018 increased by 7%, up to RON 9.85 mn.
- The **preliminary consolidated net profit** for the year 2018 reached the level of RON 10.20 mn (12 M 2017: RON 14.69 mn), a decrease by 31% compared to the previous year, 81% generated by the Group's trading segment.
- Without considering the impact of BVB-SIBEX merger in 2017 (RON 4.35 mn) and the effect of the CPP project in 2018 (RON 0.98 mn), the **consolidated net profit** of the Group in 2018 was in amount of RON 11.18 mn, **8% increase** compared to the value of RON 10.34 mn in 2017 (adjusted to eliminate the merger impact).

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

Breakdown of the Group trading segment revenues in 2018 (%)



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



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Trading segment revenues

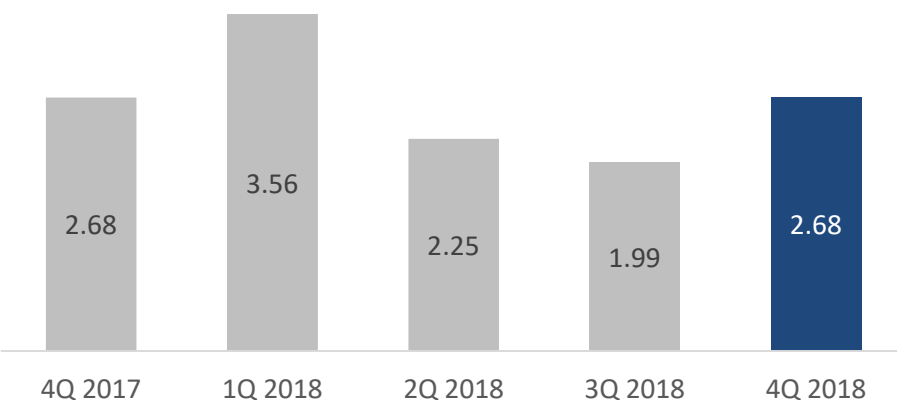
- The **trading activity** on the shares market registered a decrease of 3% in 2018, from RON 12.07 bn to the level of RON 11.68 bn. Although the traded value decreased by 3%, the revenues from trading with shares increased by 2% as the effect of the increase of the public offers trades (IPOs and SPOs) which are commissioned at a higher rate.
- The fixed-income instruments market (bonds and government securities) recorded a significant advance of the turnover, by 40% compared to the previous year, to a value of RON 2.21 bn (12 M 2017: RON 1.58 bn).
- The turnover of the structured products market increased also by 27% compared to 2017, up to RON 336 mn (12 M 2017: RON 264 mn).

Trends in trading activity

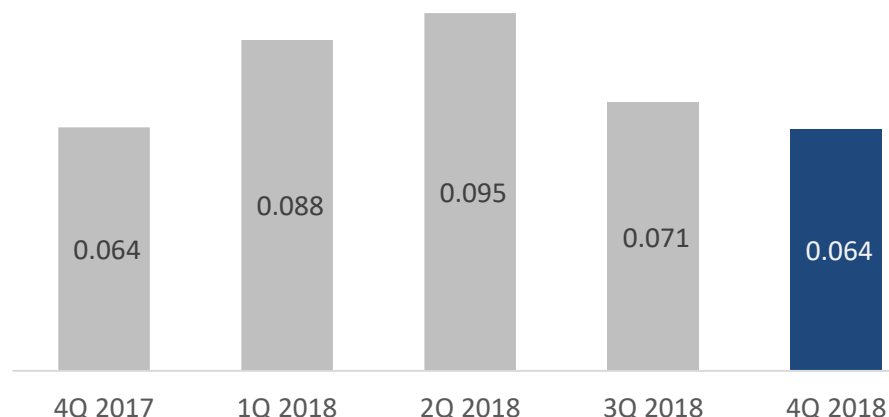
- The capitalization of the Romanian companies was over EUR 18 bn at the end of the first nine months, while the capitalization of all listed companies on the regulated market of BVB exceeded RON 30 bn in the last trading session of 2018.

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

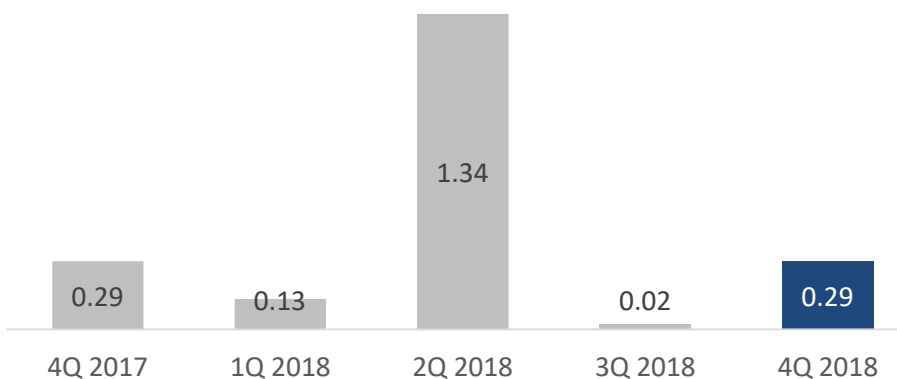
Trading value for shares, rights and units
(RON bn)



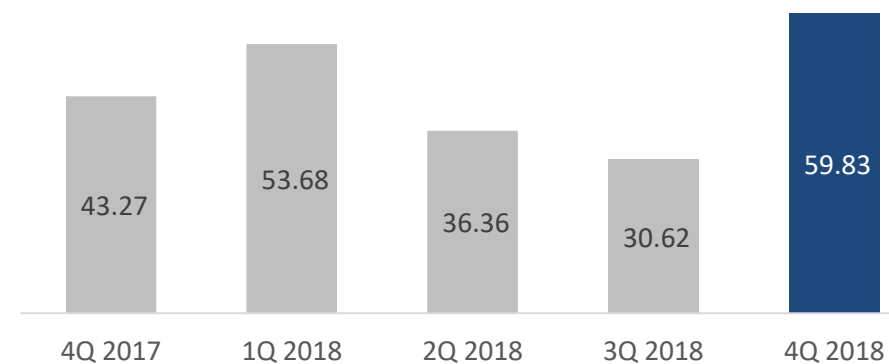
Trading value for certificates
(RON bn)



Trading value, fixed-income instruments
(RON bn)



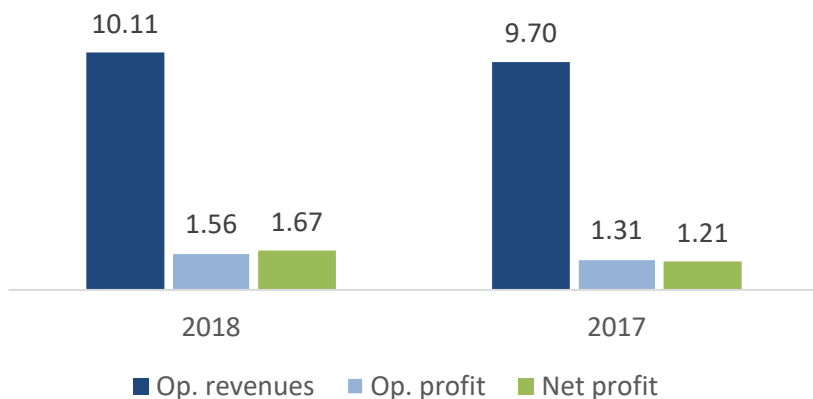
Average trading value, shares - regulated market
(RON mn/day)



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

Analysis of the Group post-trading and registry segment revenues

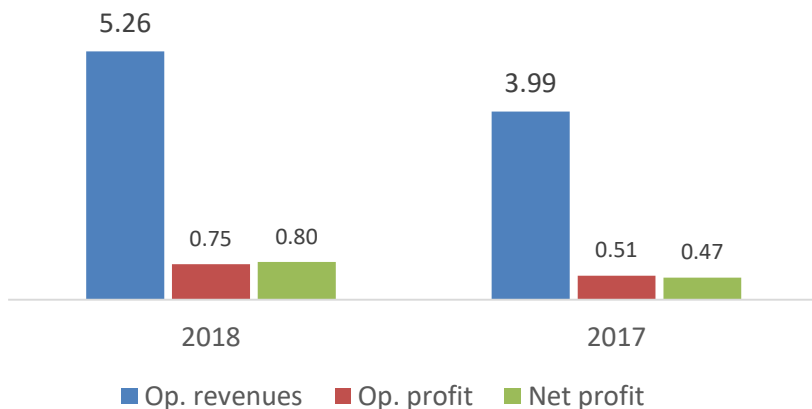
Operating revenues and profit, Group post-trading segment (RON mn)



Post-trading segment revenues

- Revenues from the **post-trade activity** carried out by the Central Depository (CD) increased by 4%, to RON 10.11 mn (12 M 2017: RON 9.70 mn), influenced by the additional revenues generated by the admission and maintenance of participants in the clearing-settlement system of the custodians and by the increase of revenues directly proportional to the trading activity, i.e. the local settlement income.

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



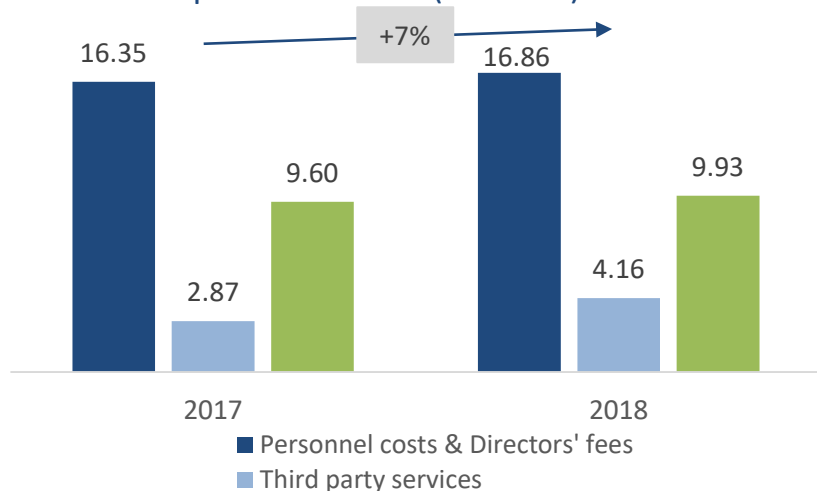
Registry segment revenues

- Revenues from the **registry activity** carried out by the CD in 2018, amounting to RON 5.26 mn (12 M 2017: RON 3.99 mn), increased by 32% compared to the similar period of the previous year, mainly due to the provision of non-regular services, amounting to RON 0.61 mn, for example the withdrawal of the shareholders from companies for which DC manages the shareholders' registry, but also as a result of the increase in revenues from re-invoiced services to customers, which are also found in the expenses of this segment of activity.

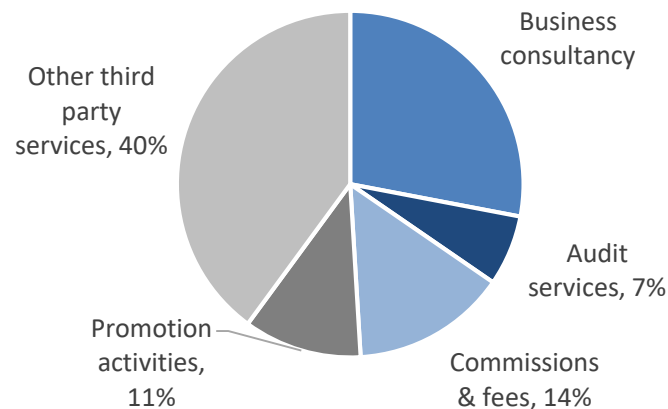
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Analysis of preliminary operating expenses for BVB Group

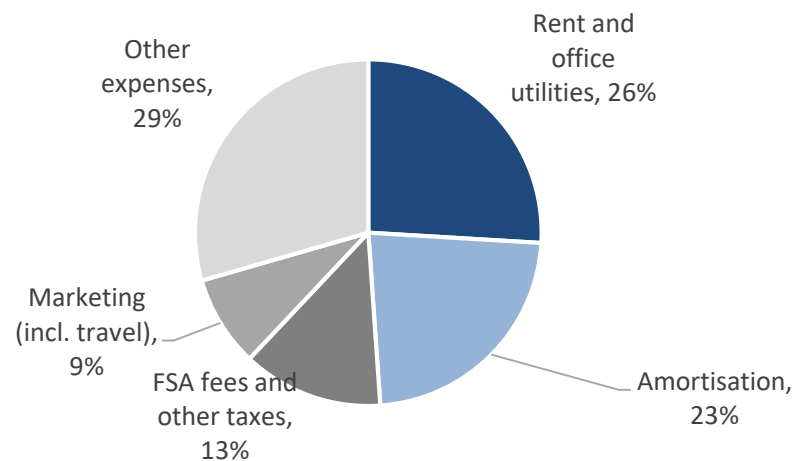
Breakdown of operating expenses, 2018
prelim vs. 2017 (RON mn)



Third party services, 2018 (%)



Other operating expenses, 2018 (%)



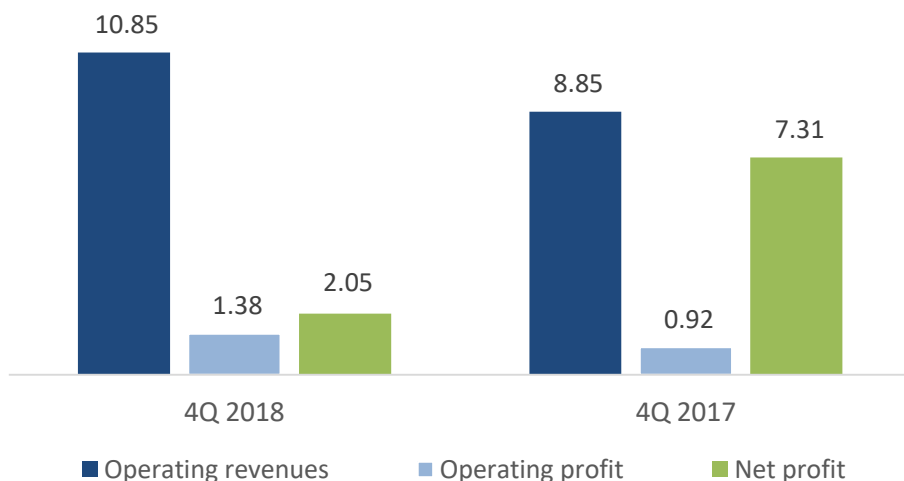
- Group **operating expenses** increased by 7% y-o-y for 2018.
- **Personnel and Board** remuneration expenses increased by 3%, amid the update of the BVB Group's remuneration policies, estimated expenditures with benefits granted in shares to Board members, management and employees, but also due to the fact that in 2017 the BVB capitalized RON 0.4 mn as "in-house" intangible assets, thus reducing the expenditure recorded in the previous year.
- **Third party expenses** increased by 45%, respectively RON 1.30 mn, mainly as a result of the CCP Project, as BVB contracted and incurred consultancy and assistance expenses for the establishment of a new subsidiary to be authorized as Central Counterparty, a one-off expenses, in amount of RON 0.98 mn.
- The **Other operating expenses** category advanced 3% in 2018 compared to the previous year, mainly due to the increase in depreciation expense of intangible and tangible fixed assets after the technology investments in the last years and adjustments for losses on non-current receivables, but the impact was diminished by lower marketing and advertising expenses and IT and maintenance costs.



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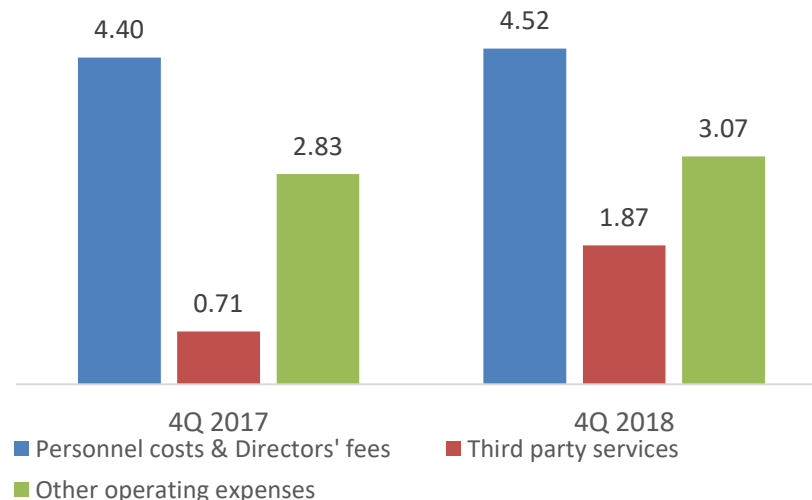
Analysis of the preliminary consolidated results for 4Q 2018

Main financial indicators, 4Q 2018 prelim vs. 4Q 2017 (RON mn)



* The financial results for 4Q 2018 are prepared in accordance with IFRS and are not audited.

Breakdown of operating expenses, 4Q 2018 prelim vs. 4Q 2017 (RON mn)



- The **consolidated operating revenues** of the BVB Group increased by 22% in the fourth quarter of 2018 compared to the same period of the previous year, from RON 8.85 mn to RON 10.85 mn, mainly due to the increase in trading activity of BVB.
- The fourth quarter of 2018 generated a **consolidated operating profit** of RON 1.38 mn, up by 50% compared to the same quarter of 2017 (4Q 2017: RON 0.92 mn), in the conditions of an increase of operating revenues by 22%, while the operating expenses rose to a lesser extent by 19%.
- The **preliminary consolidated net profit** for the fourth quarter of 2018 was RON 2.05 mn, down by 71% compared with the net result of the same period of the previous year (4Q 2017: RON 7.05 mn) a decrease significantly influenced by the events recorded in 4Q 2017, such as the **BVB-SIBEX merger** and the **sale of shares** held in foreign exchanges, as well as the registration in 4Q 2018 of the **one-off expenses** by the BVB, of RON 0.98 mn, with consultancy and assistance services for the establishment of a new subsidiary.

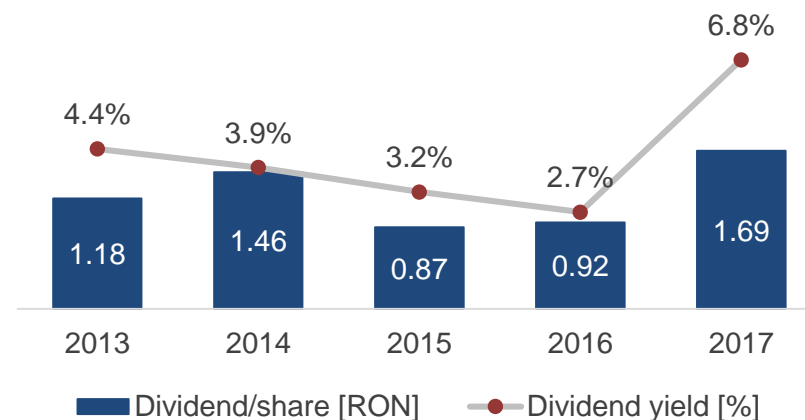
Overview of the preliminary consolidated financial position

Consolidated financial position (RON mn)

	2018 prelim	2017
Non-current assets	75.39	61.08
Current assets	139.28	142.16
Total assets	214.62	203.24
Shareholders' equity attributable to owners of the Company	110.22	114.30
Minority interest	10.21	10.70
Short-term liabilities	94.18	78.24
Total equity and liabilities	214.62	203.24

- At the end of December 2018, the **total assets** of the BVB Group amounted to RON 214.62 mn (31 December 2017: RON 203.24 mn), up by 6% compared with the beginning of the year, mainly due to the increase in current assets represented by liquidities restricted for dividend payments by the Central Depository to the shareholders of the listed companies.
- Non-current** increased by 23% compared to the beginning of the year to RON 75.39 mn (31 December 2017: RON 61.08 mn), mainly due to the increase in the financial non-current assets by 28% as some of the current financial assets matured during 2018 and the released cash was invested into non-current financial assets. The **current assets** decreased by 2% to RON 139.28 mn (31 December 2017: RON 142.16 mn).
- The amounts available for dividends payment to the Central Depository's clients were presented in **Other restricted assets** and recorded, at the end of December 2018, the amount of RON 66.69 mn (31 December 2017: RON 50.16 mn).

Dividends and dividend yield



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

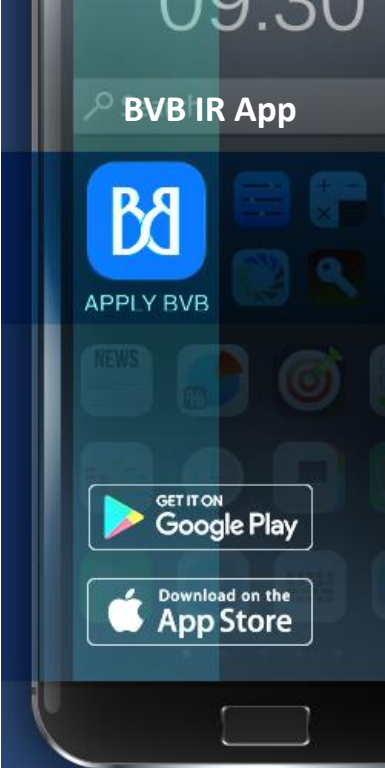
- On June 11, 2018, BVB started to pay the dividends from the 2017 net profit of RON 13.55 mn, representing 100% of the net profit after reserves. The gross dividend approved for 2017 was RON 1.6862/share.
- Stable dividend policy, with a payout ratio of 100%, after legal reserves
- The dividend policy is expected to remain unchanged

Next events:

- April 24, Annual General Meeting of Shareholders
- May 14, 1Q 2019 Financial results and conference call
- August 9, 1H 2019 Financial results and conference call
- November 11, 3Q 2019 Financial results and conference call

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