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1H 2018 FINANCIAL RESULTS

August 10, 2018



Key market events during 1H 2018

January 9

Romania Macroeconomic Outlook in 2018 - Debate with Financial-Banking Analysts, a debate focused on the macroeconomic outlook for Romania in 2018. What sectors will drive the economic growth, what investment opportunities lie ahead, and what will be the macroeconomic context for Romania in 2018 have been just a few questions looking for an answer.

January 29

The next four years at BVB - Adrian Tanase, BVB CEO, in dialogue with journalists. BVB will keep on developing the infrastructure and the environment to reach its maximum potential so that Romania is promoted to the Emerging Market status as a consequence of these developments.

February 1

Official opening of the trading session when Elvila shares started trading on the AeRO market of BVB.

February 5

Official opening of the trading session dedicated to the anniversary of a decade since the listing of Transgaz on BVB. Transgaz is the technical operator of the national gas transmission system implementing the national strategy for domestic and international gas transmission, gas dispatching as well as research and design, under conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness.

February 9

About 600 representatives of the capital market, financial industry and entrepreneurs attended one of the most important events of the year for the capital market in Romania. Bucharest Stock Exchange announced the winners of the Capital Market Awards at the Inauguration of the Stock Exchange Year 2018. This year, Bucharest Stock Exchange and its partners handed 19 awards, out of which four were voted by the public, who had cast about 3,000 valid votes on the dedicated website: www.isey.ro.

February 15

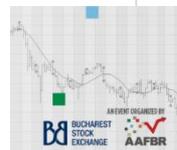
Official opening of the trading session when Purcari Wineries shares float on the main market of BVB, after the successful completion of the initial public offer conducted between January 29 - February 8.

March 8

Ring the bell for gender equality, in celebration of International Women's Day, for raising awareness about the importance of gender equality to both business and sustainable development. The aim of this global initiative is to have "bells ringing" to draw attention to the critical role business and markets can and must play in closing the gender inequality gap.

March 18

Money Matters Matter - Ring the Bell with Global Money Week, a Child & Youth Finance International initiative, is an annual financial awareness campaign built to inspire children and young people to learn about money matters, livelihoods and entrepreneurship.



Key market events during 1H 2018

April 19

Bucharest Stock Exchange worked together with EBRD, Banca Transilvania and KPMG Romania to issue a new edition of the International Investors Guide in order to promote Romania as a key investment destination. The Guide includes extensive information on the macroeconomic climate, investments and the local capital market, news regarding market reforms and infrastructure, while also covering tax aspects of stock market investments for foreign investors.



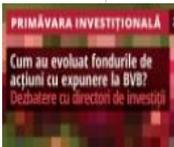
April 24-June 5

Educational seminars "Fluent in Finance" on how to invest on the stock market and become an investor. During the seminars, one learned the basics related to investing on Bucharest Stock Exchange and how to become an investor on the capital market. The events took place in Brasov, Bucharest, Cluj-Napoca, Iasi and Sibiu.



April 25

Official opening of the trading session and debate with the members of Asset Managers Association, who run equity funds based on BVB listed companies, over the performance of their funds, investment opportunities and news on the asset management landscape.



April 26

Attracted RON 555 mn (EUR 119 mn) through issuance of municipal bonds on the Main Market. Started trading on April 26, 2018, with maturity 2028 and 5.6% interest rate p.a..



May 2

Global Market Inefficiencies seminar with the renowned Finance professor at the Warwick University England, Mr. Sohnke Bartram. Professor Bartram was awarded the AAM-CAMRI-CFA Institute Prize in Asset Management for the global market inefficiencies. The event was organized with the support of CFA Romania and was dedicated to investment community.



May 18

On May 18, the bond issue of Globalworth, the largest real estate investment company in CEE, started trading on the main market, the value of the issue being EUR 550 mn. Corporate bonds are traded on the Bucharest Stock Exchange in euro and the settlement is carried out directly in the European currency (facility implemented at BVB Group level in 2017). The already consistent use of this mechanism shows the maturity and development of the local capital market.

May 23-24

'CEE Investor Days' conference took place in New York on May 23-24 and was organized by the stock exchanges from Bucharest, Warsaw and Prague in cooperation with independent brokerage firm Wood & Company. During the two days of the event, 34 companies from Poland, Czech Republic and Romania met with 84 institutional investors representing 59 largest US investment houses.



June 9

In June, BVB organized the 7th edition of the Individual Investors Forum, where 20 speakers supported a large audience of about 400 people, potential and experienced investors, numerous presentations and workshops dedicated to saving and investment on the stock exchange.



June 26

On June 26, Banca Transilvania announced the successful closing of the private placement of EUR-denominated unsecured Tier 2 Capital subordinated bonds bearing an interest of EURIBOR 6M+3.75% per annum, due in 2028, with an aggregate nominal value of EUR 285 mn.



Emerging Market Status on June 2018

Institutions evaluating Romania



MSCI
FTSE Russell
S&P Dow Jones
STOXX

FTSE Country Classification – March 2018 Interim Update

FTSE

Romania was maintained on Emerging Market Watchlist

“The single outstanding criterion is Liquidity – Sufficient broad market liquidity to support sizeable global investment...FTSE Russell acknowledges the efforts of the Bucharest Stock Exchange to bring IPOs to the market and to improve liquidity levels on the exchange”

MSCI Global Market Accessibility Review, June 2018

MSCI

MSCI upgraded Romania’s accessibility criteria on 3 notes: trading, market regulation and information flow.

“Romania continued its efforts to improve the liquidity and participation in the stock market by lowering trading fees and encouraging more market makers to boost market activity. Notable activities for the Romanian equity market also included the launch of the Issuers Reporting Information System, where listed companies are able to release their communication to the market efficiently”

S&P Dow Jones Country Classification Consultation Results, October 2017

S&P

Romania was maintained on the Frontier Markets index

“Of the countries listed in the consultation, Poland and Romania were cited most often as countries where a classification change could be justified. As such, they may be included in future consultations if conditions continue to improve”

BVB Group and the operated markets

Markets operated by BVB



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
- **SIBEX Depository** - was acquired on 29.12.2017 and its activity is reported as discontinued operation according to IFRS5



Main Market

Listed companies:
85 domestic and 2 foreign

Domestic market cap:
EUR 20.3 bn

Total market cap:
EUR 35.8 bn

Instruments:

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



AeRO market for SMEs

Listed companies:
289 domestic and 2 foreign

Domestic market cap:
EUR 1.37 bn

Total market cap:
EUR 1.46 bn

Instruments:

shares, rights, bonds

Key financial highlights - consolidated

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

	1H 2018	1H 2017	Change (%)	2Q 2018	2Q 2017	Change (%)
Operating revenues	21.30	20.29	5%	9.41	11.10	-15%
Operating expenses	<u>14.49</u>	<u>14.31</u>	1%	<u>7.37</u>	<u>8.08</u>	-9%
Operating profit	6.81	5.98	14%	2.04	3.02	-32%
Net financial revenue/(expenses)	1.86	0.10	1,834%	1.65	(0.36)	563%
Profit before tax	<u>8.67</u>	<u>6.08</u>	43%	<u>3.69</u>	<u>2.67</u>	38%
Profit from continuing operations	7.22	5.15	40%	3.05	2.32	31%
Loss from discontinued operations	<u>(0.23)</u>	—	-	<u>(0.09)</u>	—	-
Profit for the period	6.99	5.15	36%	2.96	2.32	28%
Total comprehensive income	6.99	5.34	31%	2.96	2.39	24%
EPS attributable to owners (RON/share)	0.8371	0.6200	35%	0.3430	0.2577	33%

* The financial results for 1H/2Q 2018 are prepared in accordance with IFRS and are not audited.

Profitability ratios, BVB Group (%)

	1H 2018	1H 2017	2Q 2018	2Q 2017
Operating margin	32%	29%	22%	27%
Net margin	33%	25%	31%	21%
Return on equity (ROE)	6%	5%	3%	2%

* Indicators based on consolidated financial results

Key financial highlights – BVB standalone

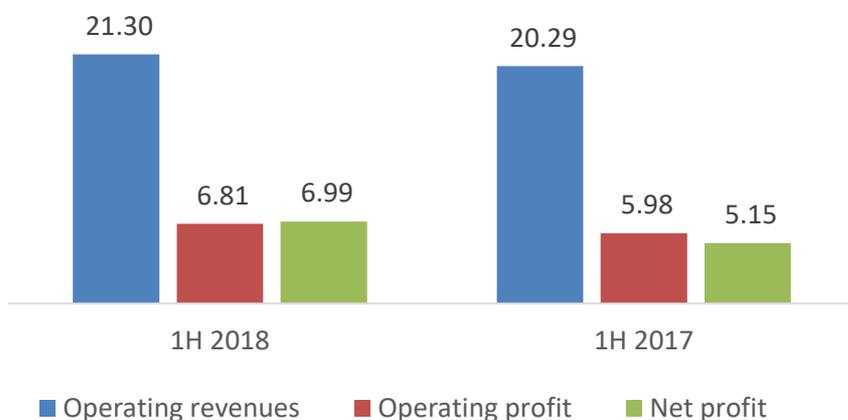
Financial performance of BVB standalone, before consolidation (RON mn, unless otherwise stated)

	1H 2018	1H 2017	Change (%)	2Q 2018	2Q 2017	Change (%)
Operating revenues	13.34	13.15	1%	5.13	7.04	-27%
Operating expenses	<u>7.63</u>	<u>8.37</u>	-9%	<u>3.81</u>	<u>4.98</u>	-24%
Operating profit	5.71	4.78	19%	1.32	2.06	-36%
Net financial revenue/(expenses)	2.53	1.16	119%	2.37	0.76	213%
Profit before tax	8.07	5.94	36%	3.63	2.81	29%
Profit for the period	6.86	5.14	33%	3.14	2.53	24%
Total comprehensive income	13.34	13.15	1%	5.13	7.04	-27%

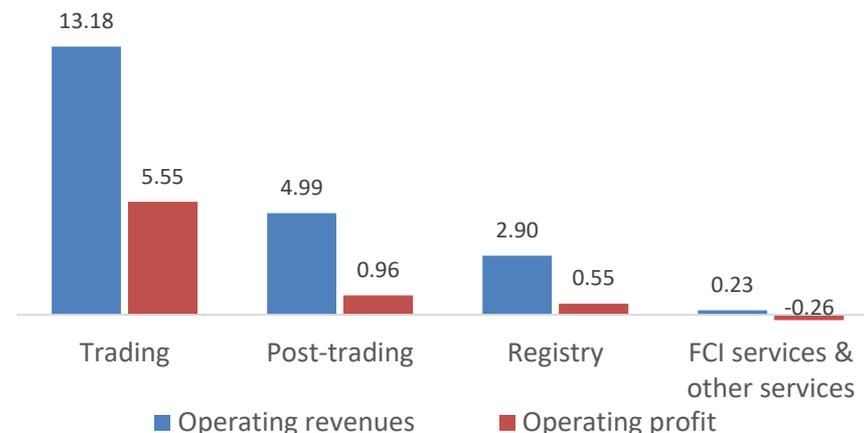
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Analysis of the consolidated results for 1H 2018

Main financial indicators, 1H 2018 vs. 1H 2017
(RON mn)



Distribution of operating revenues and result, by segment, 1H 2018 (RON mn)

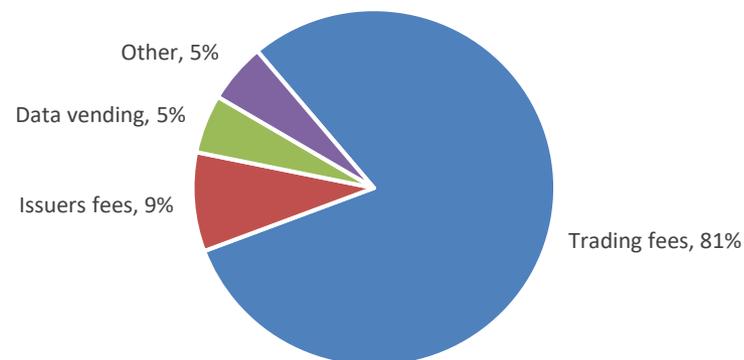


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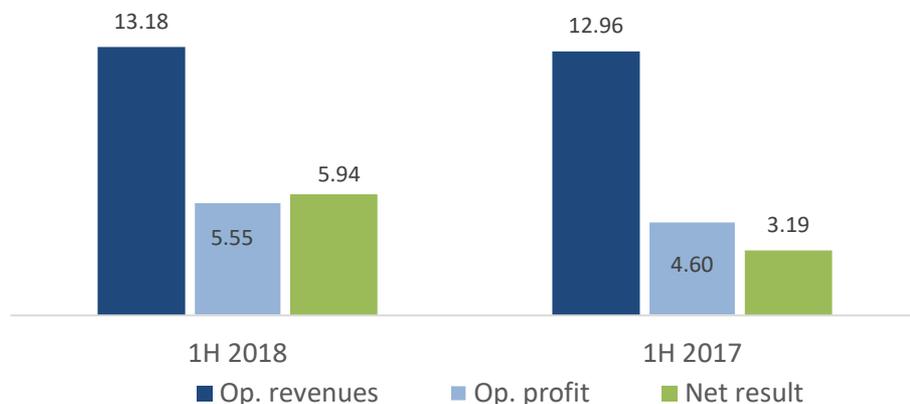
- In the first half of 2018, the BVB Group recorded **operating revenues** of of RON 21.30 mn in the first half of the year, up by 5% compared with the same period of the last year, amid the increase in the trading activity of the BVB, the increase of the incomes from the activity of clearing-settlement and registry of the Central Depository.
- The first half of the year generated a consolidated **operating profit** of RON 6,81 mn, up by 14% compared to the same semester of 2017 (1H 2017: RON 5,98 mn), due to the combined effect of the 5% increase in the operating revenues while the operating expenses advanced only by 1%.
- The **consolidated net profit** in the first half of 2018 was of RON 6.99 mn, up by 36% compared with the net result obtained in the same period of the previous year (1H 2017: RON 5.15 mn) with a net margin of 33%, 85% of the net result being generated by the Group's trading segment.

Analysis of the trading segment revenues (1/2)

Breakdown of trading segment revenues in 1H 2018 (%)



Operating revenues and profit, trading segment (RON mn)



* The financial results for 1H/2Q 2018 are prepared in accordance with IFRS and are not audited.

Trading segment revenues

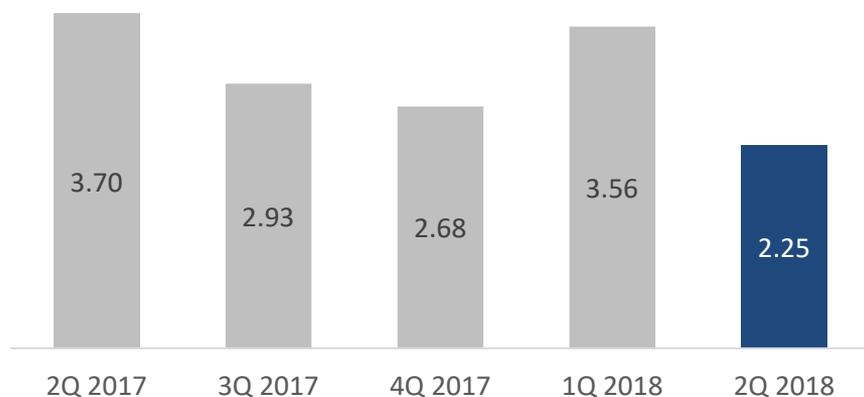
- The trading activity at on the stock market was lower in the first half of the year, registering a decrease of 10% compared to the first half of 2017, to the level of RON 5.81 bn. For the regulated market of shares, including offers, the average daily trading value was RON 46.97 mn.
- The fixed-income instruments market (bonds and government securities) registered a considerable increase compared to the same period last year, up to a value of RON 1,466 mn lei (1H 2017: RON 87 mn)
- The structured products grew by 22% compared to the first semester of 2017, up to RON 182 mn (1H 2017: RON 150 mn).

Trends in trading activity

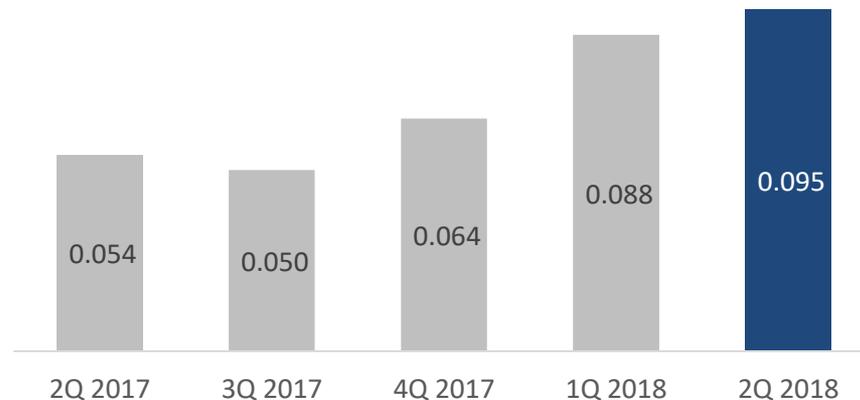
- During April 2018 started trading the municipal bond issued by Bucharest Municipality of RON 555 mn value, with a maturity of 10 years and an interest rate of 5.6% per annum. In May, Globalworth, the largest real estate investment company in Central and Eastern Europe, started trading on the same main market, the value of the issue being EUR 550 mn. In June, Banca Transilvania issued corporate EUR-denominated bonds with an aggregate nominal value of EUR 285 mn.
- Although the trading activity at on the stock market was lower in the first half of the year, (-10% y-o-y) the revenues generated by this market increased by 2%, supported by transactions such as shares buy-in offers, priced at a higher level.
- The total traded value in 1H2018 increased by 11% ytd.

Analysis of the trading segment revenues (2/2)

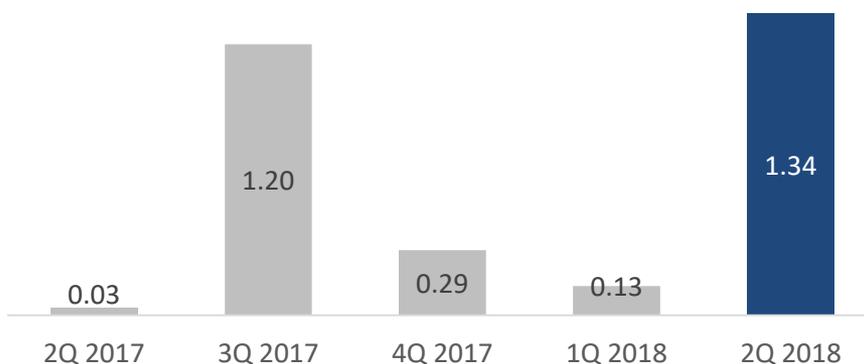
Trading value for shares, rights and units (RON bn)



Trading value for certificates (RON bn)



Trading value, fixed-income instruments (RON bn)



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

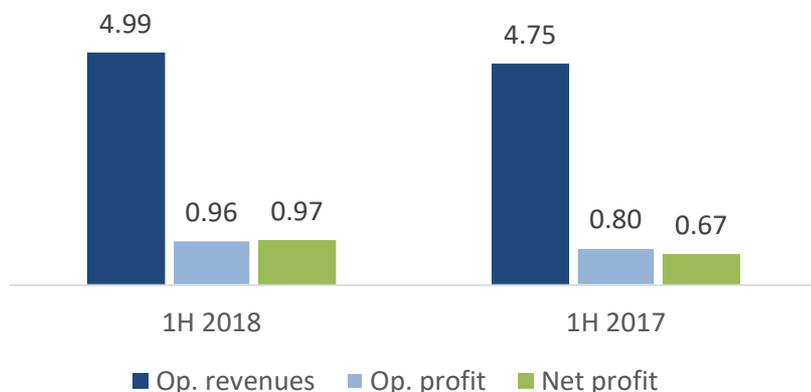


Note: Figures are presented on a "single counted" basis and include Deal trades (for stocks and structured products) and offers. Average trading value on regulated stock market including offers.

Analysis of the post trading and registry segment

revenues

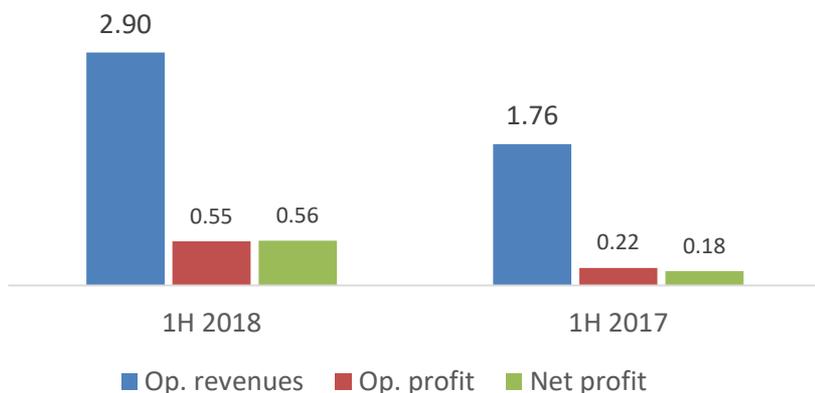
Operating revenues and profit, post-trading segment (RON mn)



Post-trading segment revenues

- **Revenues** from the post-trading segment in 1H 2018 of RON 4.99 mn, rose by 5% compared to the same period of 2017 as a result of the increase of the portfolio value managed by the custodians.

Operating revenues and profit, registry segment (RON mn)



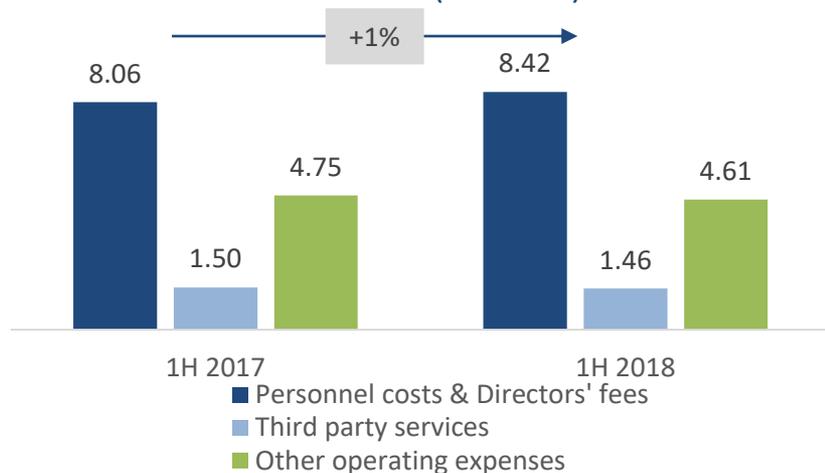
Registry segment revenues

- **Revenues** from the registry activity carried out by the Central Depository (DC) in 1H, increased by 65% compared to the same period of the previous year mainly due to the provision of non-regular services (one off) 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

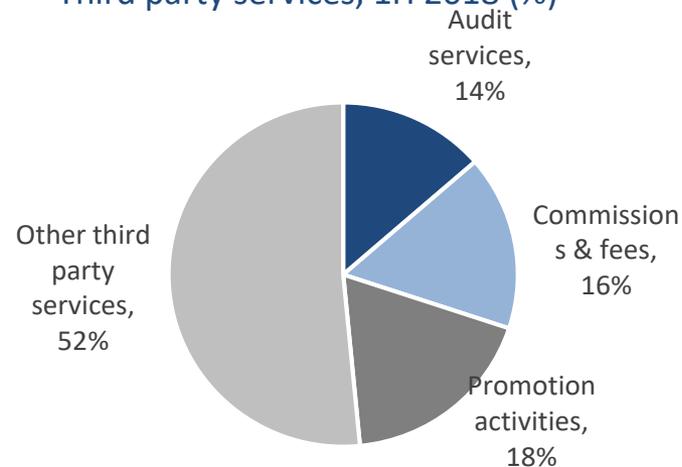
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Analysis of operating expenses for BVB Group

Breakdown of operating expenses, 1H 2018 vs. 1H 2017 (RON mn)

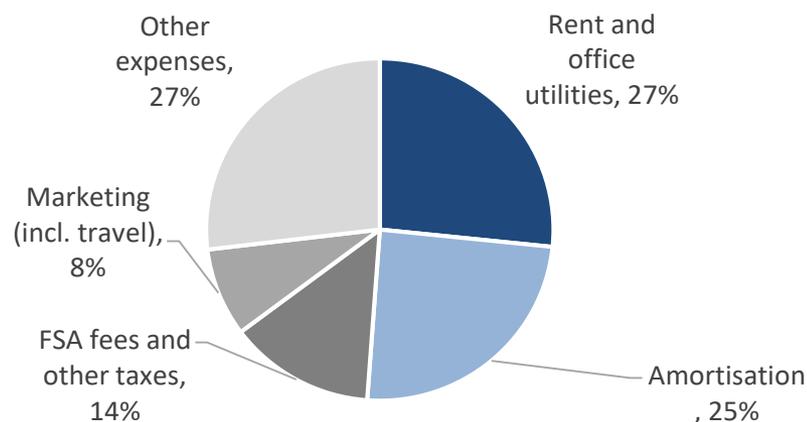


Third party services, 1H 2018 (%)



- Group **operating expenses** increased by only 1% y-o-y in 1H 2018.
- **Personnel and Board** remuneration expenses increased by 4%, in line with the 2018 budget, mainly as a result of the application of a new policy of monthly recognition for estimated expenses for benefits granted to management and employees, compared with the first half of 2017 when only some of these expenditures were estimated.
- **Third party expenses** declined 3% y-t-d, mainly as a result of the decrease in commissions and fees, as a base effect, due to the fact that a significant portion of the expenses for the preparation of the BVB-SIBEX merger were recorded in the first half of 2017
- The **Other operating expenses** category decreased by 3% mainly as a result of the decrease in expenses on losses from non-paying customers, the reduction of the Group's marketing and advertising expenses as well as the slight reduction of operating expenses with rents and utilities.

Other operating expenses, 1H 2018 (%)



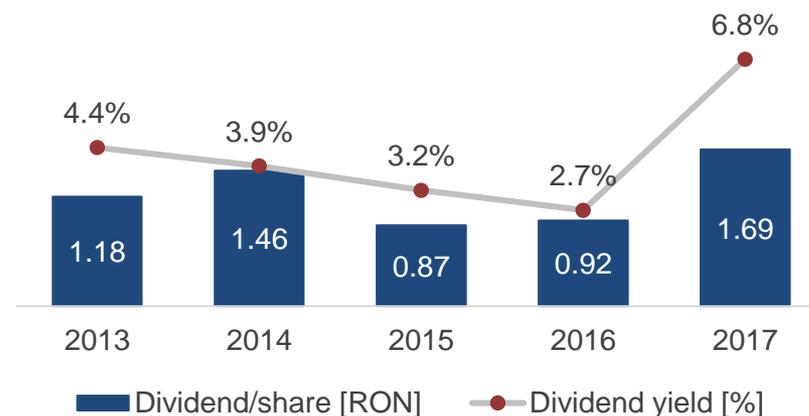
Overview of the consolidated financial position

Consolidated financial position (RON mn)

	June 2018	Dec 2017
Non-current assets	73.87	61.08
Current assets	117.33	142.16
Total assets	191.20	203.24
Shareholders' equity attributable to owners of the Company	108.12	114.30
Minority interest	10.37	10.70
Short-term liabilities	72.71	78.24
Total equity and liabilities	191.20	203.24

- At the end of June 2018, **total assets** of the BVB Group amounted to RON 191.20 mn (31 December 2017: RON 203.24 mn), down by 6% compared with the beginning of the year.
- Non-current assets** increased by 21% compared to the beginning of the year, while current assets decreased by 17% to RON 117.33 mn (31 December 2017: RON 142.16 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 June 2018 the amount of RON 43.09 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

Upcoming events:

Nov 14, 2018 - 3Q Financial results
Conf call with investors and analysts

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