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1Q 2019 FINANCIAL

RESULTS

MAY 14, 2019



## Key market events during 1Q 2019



**January 18**

The corporate bonds issued by Grup Sapte, with GS21 ticker, started trading on AeRO. The issue consists of 20,000 guaranteed bonds, denominated in RON, with a face value of RON 100, a maturity of three years, with a total value of RON 2 mn. The annual interest rate is fixed at 10% per annum, payable half-yearly.

**CCP**

**January 29**

The shareholders of the Bucharest Stock Exchange approved during the Extraordinary General Meeting of Shareholders the establishment of the local Central Counterparty (CCP).

**February 13**

Official opening of the trading session and debate with fund managers on how to balance your portfolio.

**February 18**

BVB launched the Made in Romania-edition III program and of the book Made in Romania-edition II. The book, released by BVB includes the stories of the finalists of Made in Romania - second edition, Allview (Visual Fan), ApiLand, Aqua Carpatica (Carpathian Springs), Bebe Tei, Bilka Steel, Carturesti, City Grill, Cramele Recas, Farmec, iHunt, Musette, Qualitance, Simultan, Te-Rox Prod and Tremend Software Consulting.

**February 20**

Started trading on AeRO the online retailer Elefant Online bonds issue, under the ticker ELEF21. The issue comprises 76,514 bonds, non-guaranteed, RON denominated, with a nominal value of RON 100, a maturity of 3 years, and a total value of RON 7.6mn. The yearly interest rate is fixed at 9% p.a., payable half-yearly.

**February 25**



The first edition of the international summit “The Romanian capital market – evolution and outlook” which debated on what 2019 has in store for local and international businesses, and how pension funds and investment managers can cope with uncertainty in a fast pace changing environment.

**February 27-28**

Annual investors event for Romanian listed companies in London, organized with the support of Wood&Company.

**Romania  
Investor Days**

**March 8**

**Ring the Bell  
for Gender Equality**

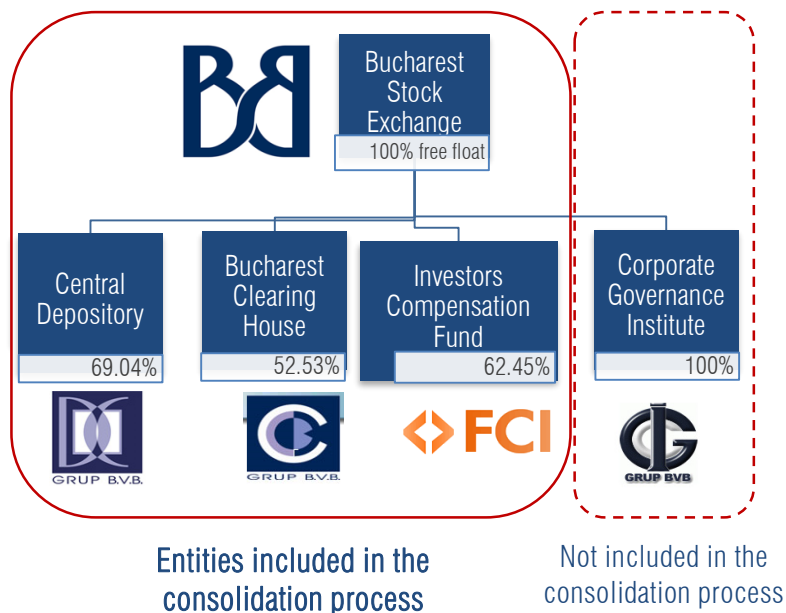
In celebration of International Women’s Day, 65 stock exchanges around the world joined the International Finance Corporation, the United Nations Global Compact, Sustainable Stock Exchanges initiative, UN Women, World Federation of Exchanges, and Women in ETFs in the 5th Annual Ring the Bell for Gender Equality events, for raising awareness about the importance of gender equality to both business and sustainable development.

**March 25**



BVB and FSA opened the Global Money Week with an official opening of the trading session. For the whole week, BVB hosted educational events at its premises. Global Money Week (GMW), 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

# 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

## Markets operated by BVB



### Main Market

**Listed companies:**  
84 domestic and 3 foreign

**Domestic market cap:**  
EUR 19.37 bn

**Total market cap:**  
EUR 33.37 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 1.47 bn

**Total market cap:**  
EUR 1.55 bn

**Instruments:**  
shares, rights, bonds

# Key financial highlights – consolidated

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

	1Q 2019	1Q 2018	Change (%)
Operating revenues	8.86	11.90	-26%
Operating expenses	(7.24)	(7.13)	1.6%
<b>Operating profit</b>	<b>1.62</b>	<b>4.77</b>	<b>-66%</b>
Net financial revenue/(expenses)	1.69	0.21	697%
Profit before tax	3.31	4.98	-34%
Profit from continuing operations	2.76	4.18	-34%
Loss from discontinued operations	(0.04)	(0.15)	-75%
<b>Profit for the period</b>	<b>2.72</b>	<b>4.03</b>	<b>-32%</b>
Total comprehensive income	2.72	4.03	-32%
EPS attributable to owners (RON/share)	0.3254	0.4941	-34%

\* The financial results for 1Q 2019 are prepared in accordance with IFRS and are not audited.

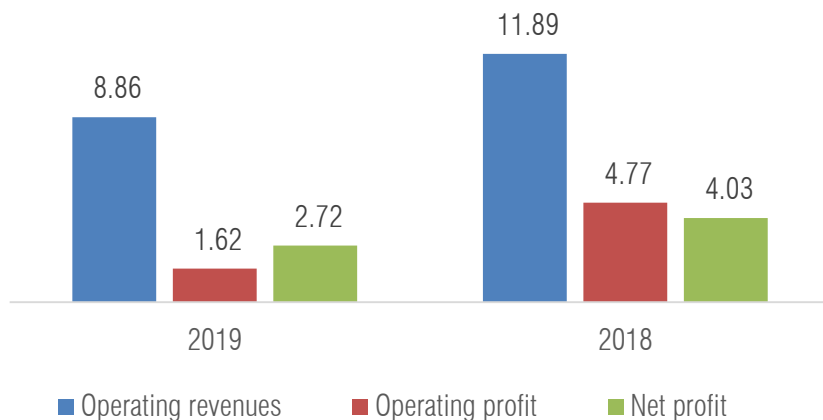
## Profitability ratios, BVB Group (%)

	1Q 2019	1Q 2018	Change (%)
Operating margin	18%	40%	-
Net margin	31%	35%	-
Return on equity (ROE)	2.2%	3.2%	-

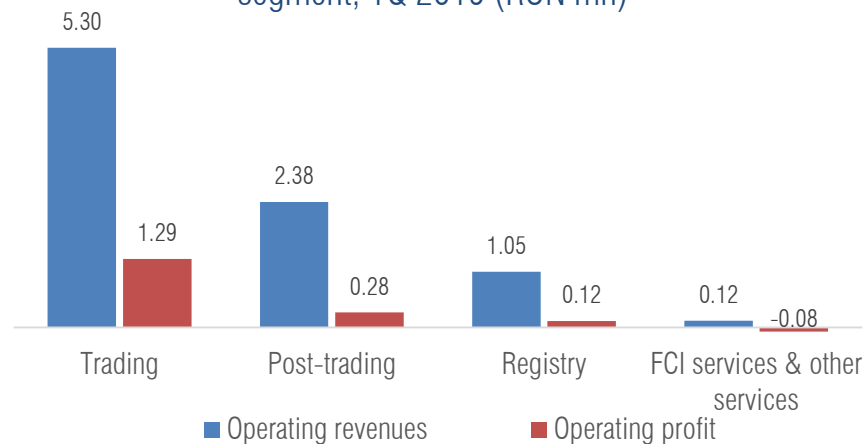
\* Indicators based on consolidated financial results

# Analysis of the consolidated results for the quarter

Main financial indicators, 1Q 2019 vs. 1Q 2018  
(RON mn)



Distribution of operating revenues and result, by segment, 1Q 2019 (RON mn)

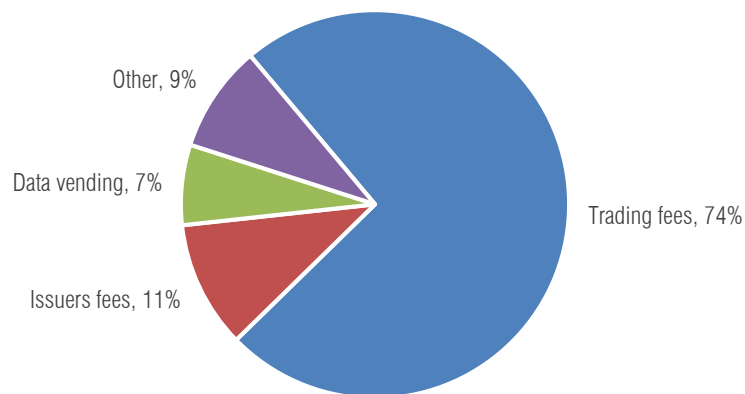


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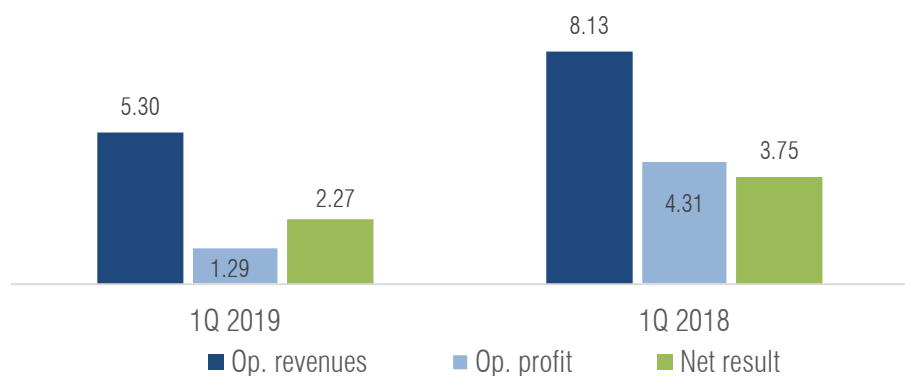
- The **operating revenues** of the BVB Group recorded a decrease by 26% in 1Q 2019 compared to 1Q 2018, to a level of RON 8.86 mn (1Q 2018: RON 11.90 mn), decrease mainly driven by the decrease in the total value of transactions on the BVB markets
- The consolidated **operating expenses** amounted to RON 7.24 mn, recording an increase of 1.6% compared to the first three months of the previous year (1Q 2018: RON 7.13 mn), mainly due to the increase in depreciation and amortization expense and the expenses invoiced by suppliers in Euro equivalent
- The BVB Group recorded a 66% decrease in **consolidated operating profit** in the first quarter of 2019 to the value of RON 1.62 mn (1Q 2018: RON 4.77 mn), due to the decrease of the trading and post-trading segments
- The **net financial income** rose seven times in the first quarter of 2019 compared to the same period of 2018 up to RON 1.69 mn (1Q 2018: RON 0.21 mn), unrealized exchange rate differences resulting from the revaluation of financial instruments in foreign currency generating a gain of RON 0.96 mn
- The **consolidated net profit** in the first quarter of 2019 reached the level of RON 2.72 mn (1Q 2018: RON 4.03 mn), down by 32% compared to the previous year, 83% being generated by the Group's trading segment

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

Breakdown of the Group trading segment revenues in 1Q 2019 (%)



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



\* The financial indicators for the 1Q 2019 are prepared in accordance with IFRS and are not audited.

## Trading segment revenues

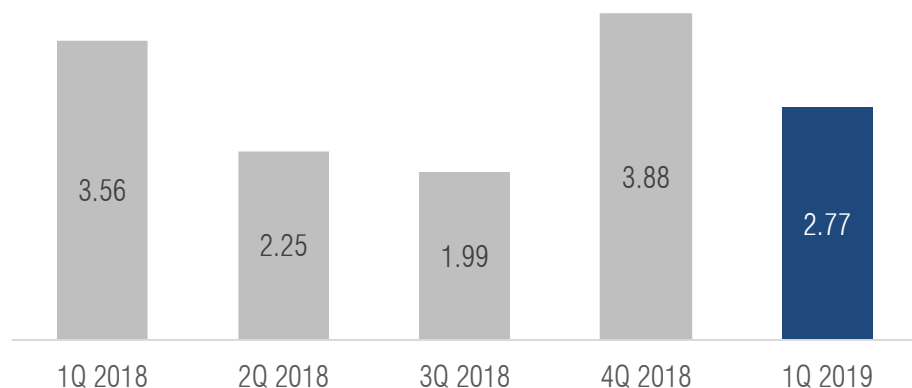
- BVB's trading on the stock market registered a decrease by 22% in the first quarter of the year compared to the first quarter of 2018 to a level of RON 2.77 bn. The decrease is mainly attributable to the decrease of the value of the offers on the main stock market, both the initial public offerings, but especially the secondary public offers, from RON 865 mn in 1Q 2018 to RON 51 mn in 1Q 2019
- The market for fixed income instruments (bonds and government securities) decreased by 57% over the same period last year to RON 61 mn
- The structured products market decreased by 52% compared to the first quarter of 2018, to RON 37 mn

## Trends in trading activity

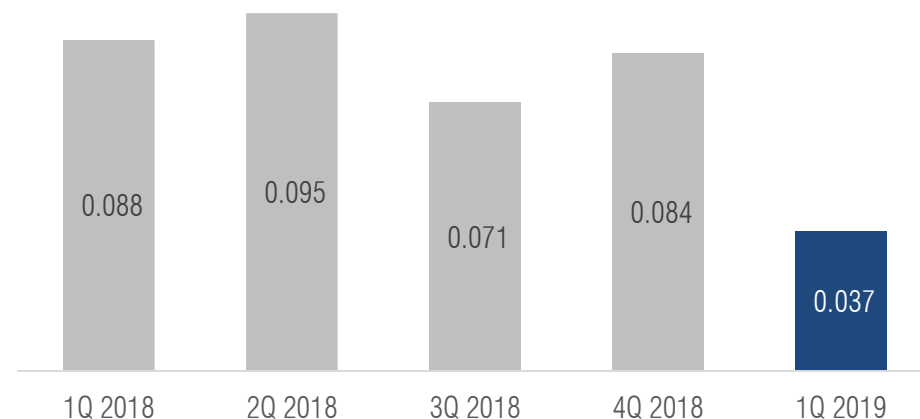
- The capitalization of the Romanian companies was over EUR 19.3 bn at the end of the first quarter of 2019, while the capitalization of all listed companies on the regulated market of BVB exceeded RON 33.3 bn in the last trading session of March 2019

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

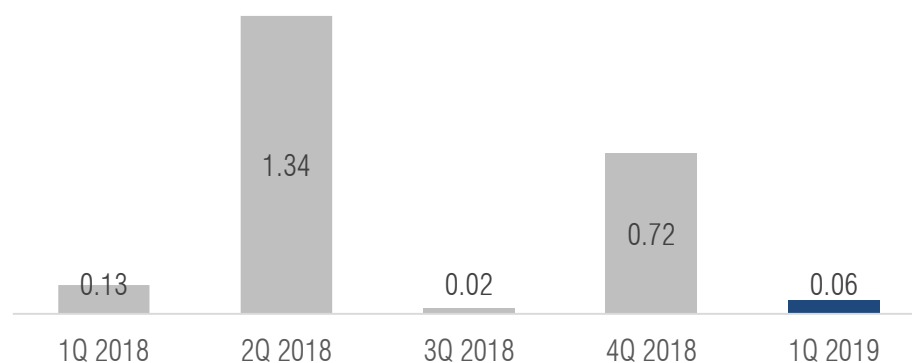
Trading value for shares, rights and units (RON bn)



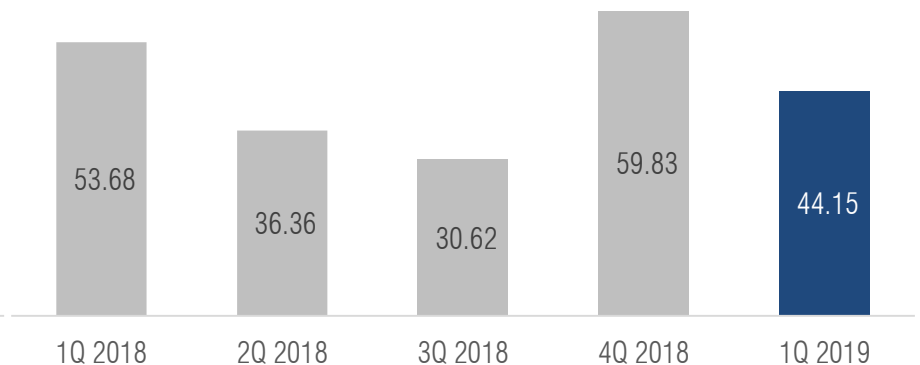
Trading value for certificates (RON bn)



Trading value, fixed-income instruments (RON bn)



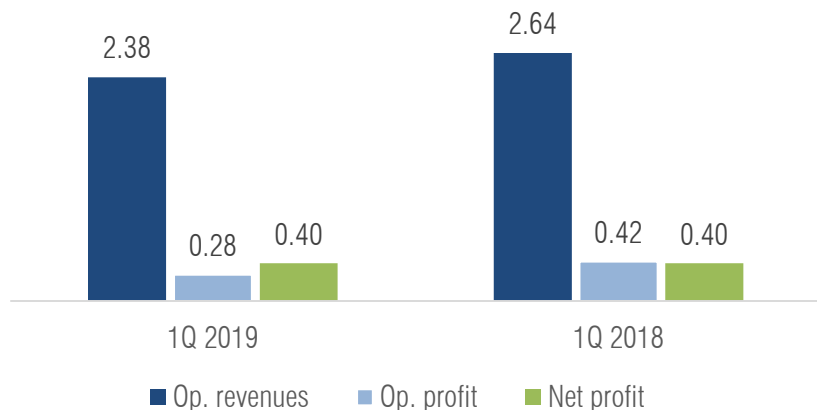
Average trading value, shares - regulated market (RON mn/day)



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

# Analysis of the post trading and registry segment revenues

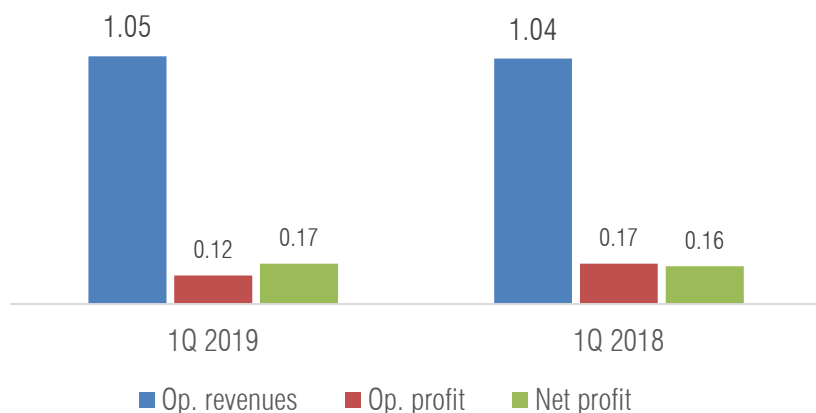
Operating revenues and profit, Group post-trading segment (RON mn)



## Post-trading segment revenues

- The revenues from the post-trade activity performed by the Central Depository, decreased by 10%, being mainly determined by the decrease of the revenues from the trading activity, namely the local settlement revenues

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



## Registry segment revenues

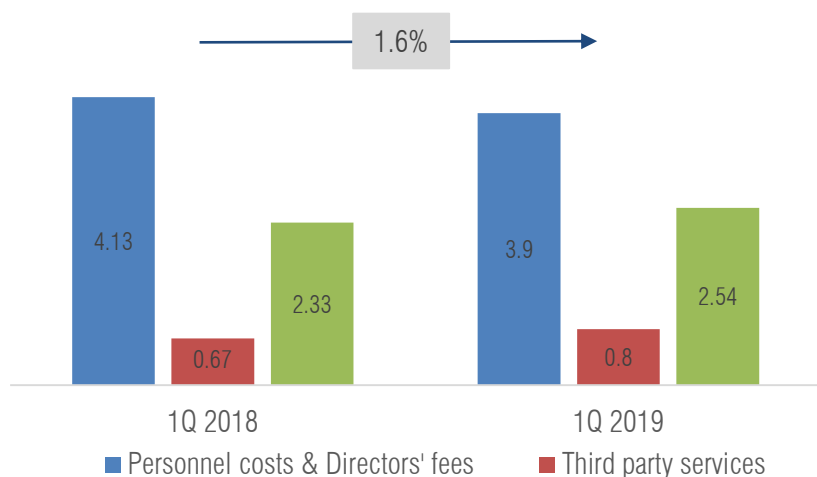
- The revenues from the registry activity carried out by the Central Depository are heterogeneous and variations are not generally significant to indicate the trend of these revenues. In the first quarter of 2019, they rose by 1% compared to the same period last year.

\* The financial indicators for the 1Q 2019 are prepared in accordance with IFRS and are not audited.



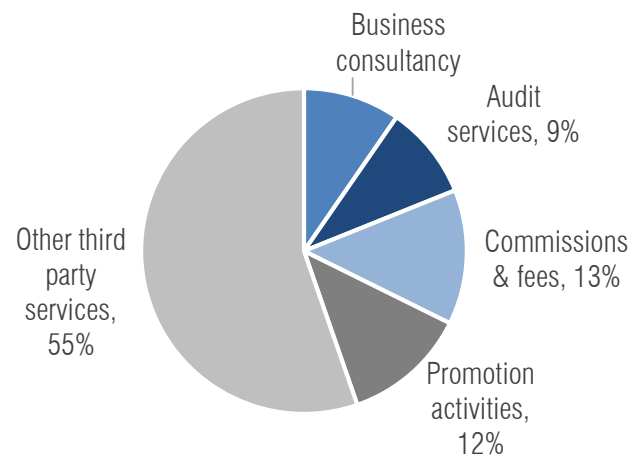
# Analysis of operating expenses for BVB Group

Breakdown of operating expenses, 1Q 2019 vs. 1Q 2018 (RON mn)

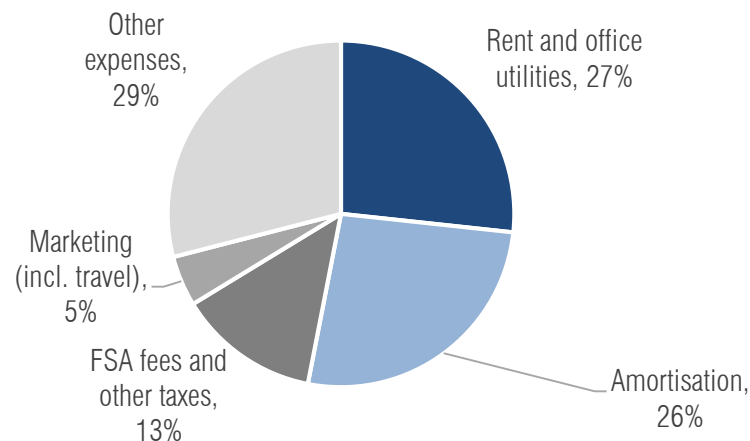


- The consolidated operating expenses amounted to RON 7.24 mn, recording an increase of 1.6% compared to the first three months of 2018
- Personnel expenses decreased by 6% in the reporting period from RON 4.13 mn in 1Q 2018 to RON 3.90 mn in Q1 2019, mainly due to the decrease of the estimated expenditures with the benefits granted in shares to the management and employees of the BVB but also of the Board allowance expenses due to postponement of FSA approval of a new Board of Director for the Central Depository
- Expenditures with services rendered by third parties increased by 20% in the first quarter of 2019 compared to the same period of the previous year up to the value of RON 0.80 mn (1Q 2018: 0.67 mn), mainly due to the registration of consultancy costs and other services rendered by third parties that were not contracted in the similar period of 2018
- The other operational expenditure category advanced by 9% in 1Q 2019 compared to 1Q 2018 mainly due to the increase in rent expenses, due to the appreciation of the EURO against the RON – and the increase in the depreciation expense of fixed assets

Third party services, 1Q 2019 (%)



Other operating expenses, 1Q 2019 (%)



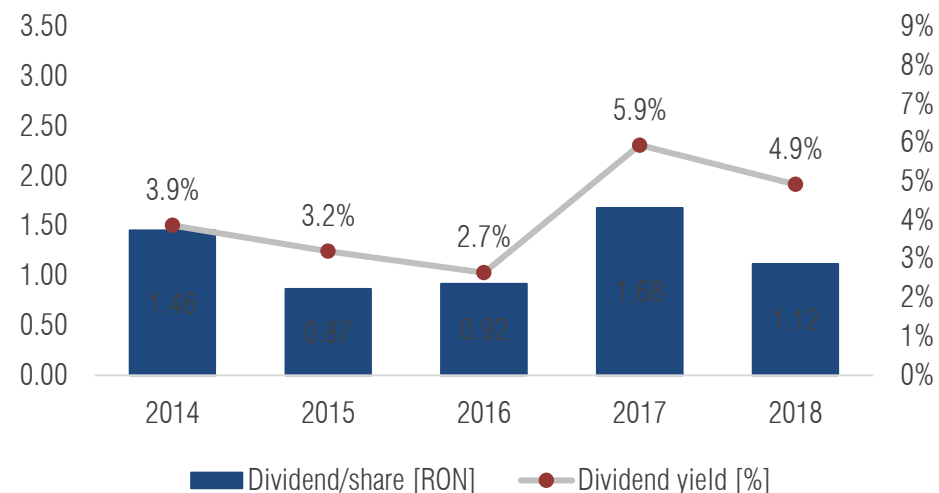
# Overview of the consolidated financial position

## Consolidated financial position (RON mn)

	March 2019	Dec 2018
Non-current assets	75.5	75.3
Current assets	126.2	138.8
<b>Total assets</b>	<b>201.7</b>	<b>214.1</b>
Shareholders' equity attributable to owners of the Company	113.1	110.2
Minority interest	10.3	10.2
Short-term liabilities	78.3	93.7
<b>Total equity and liabilities</b>	<b>201.7</b>	<b>214.1</b>

- At the end of March 2018, **total assets** of the BVB Group amounted to RON 201.71 mn (31 December 2018: RON 214.13 mn), down by 6% compared to the beginning of the year, mainly as a result of the decrease in current assets.
- Non-current assets** recorded an approximate equal value to the previous year-end
- Current assets** decreased to RON 126.22 mn (31 December 2018: RON 138.84 mn) as a result of the decrease in other restricted assets due to the dividend payments made by the Central Depository to the shareholders of listed companies and due to the reduction in bank deposits covering the guarantee fund and the margin as a result of the compensation paid by the Investors' Compensation Fund (FCI) in February and March to the investors of Mobinvest SA.

## Dividends and dividend yield



Note: Dividend yields are calculated using the price on the corresponding ex-dates, except for 2018, where the closing price as of 24 April 2019 (GSM date) was used

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

## Next events:

August 9, 1H 2019 Financial results and conference call

November 11, 3Q 2019 Financial results and conference call

## IR Contact:

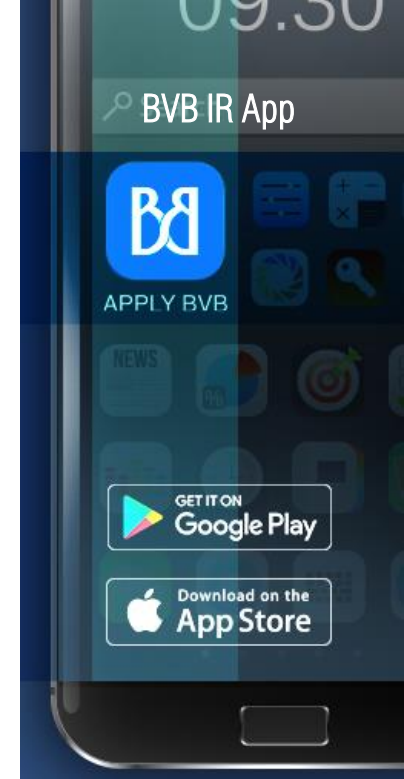
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