



**BUCHAREST
STOCK
EXCHANGE**

BVB H1'21 Update

Own the future. Invest in it.



Bucharest Stock Exchange (BVB) Stock

Indicator	BVB
ISIN	ROBVBAACNORO
Refinitiv	ROBVB.BX
Bloomberg	BVB.RO
Share price (Aug 31, 2021)	EUR 4.9 / RON 24.4
Market Cap (Aug 31, 2021)	EUR 39.8 mn/ RON 196 mn
No. of outstanding shares	8,049,246
ADT 12TM	RON 0.14 mn
P/E (price as of June 2021, 12TM EPS)	48x
P/BV (price as of June 2021)	1.9x
Dividend Yield	4.3%
52 wk Low - High	22.20 – 26.90
Turnover velocity (12 TM)	18%



100% free-float, listed on its own floor since 2010
20% ownership threshold, majority institutional shareholders

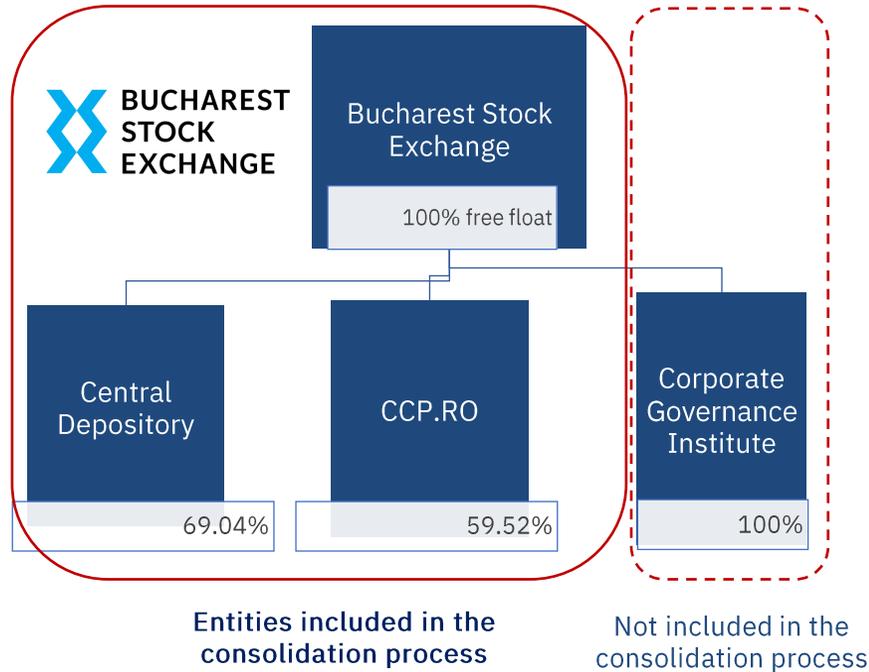


Significant investors > 5%: SIF Transilvania, NN Group N.V., Aegon Pensions



Shareholding structure as of July 2021:
 Romanian institutional investors – 74.36%
 Foreign institutional investors – 1.37%
 Romanian private investors – 22.52%
 Foreign private investors – 1.57%
 Bucharest Stock Exchange – 0.19%

BVB Group at a glance



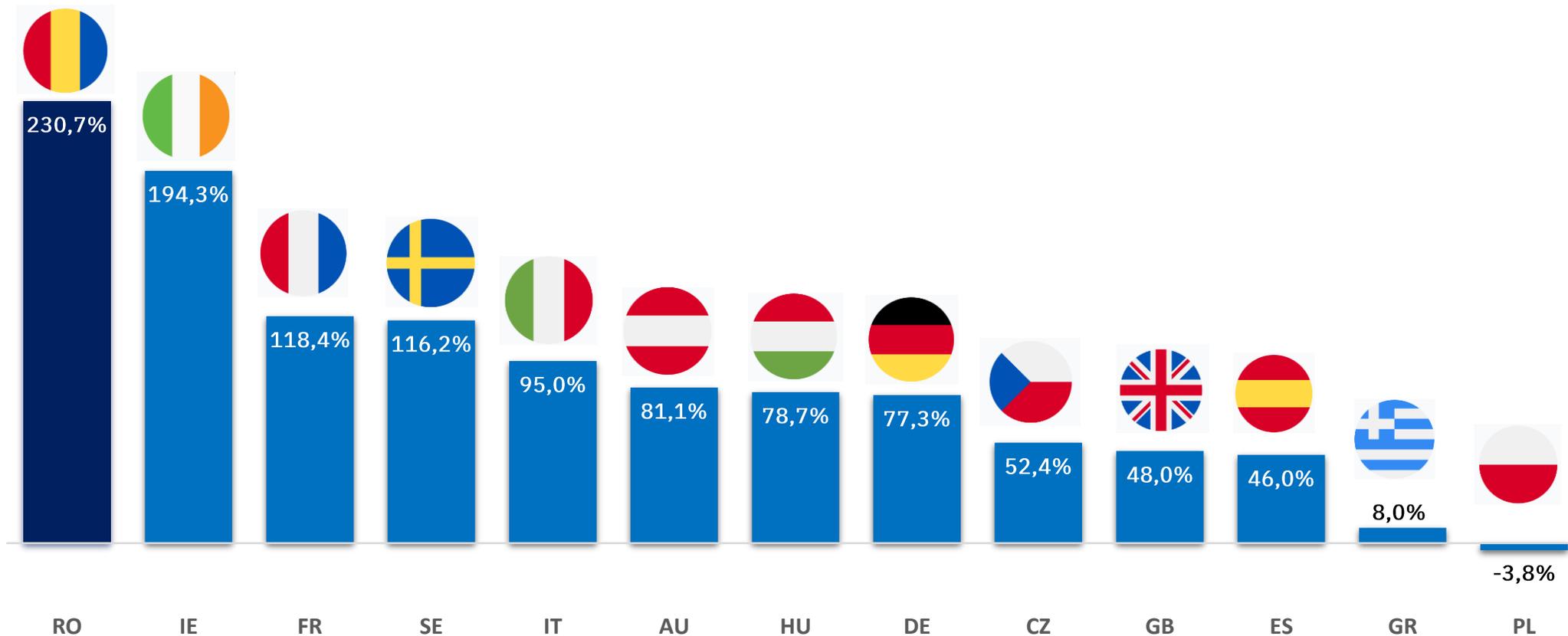
Members: 27 (21 local / 6 foreign)

Classification: FTSE Russell – Emerging (since Sept 2020)
MSCI – Frontier

Markets operated by BVB

 <p style="text-align: center;">Main Market</p> <p>Listed companies: 81 domestic and 3 foreign</p> <p>Domestic market cap: EUR 25.7 bn</p> <p>Total market cap: EUR 40 bn</p> <p>Average Trading Volume (2021): EUR 14.7 mn</p> <p>Instruments: shares, rights, corporate and municipal bonds, government securities, structured products, fund units, tradable UCITS (ETFs), warrants</p>	 <p style="text-align: center;">ATS</p> <p>Listed companies: 279 domestic and 2 foreign</p> <p>Total market cap: EUR 2.8 bn</p> <p>Average Trading Volume (2021): EUR 1 mn</p> <p>Instruments: shares, rights, bonds</p>
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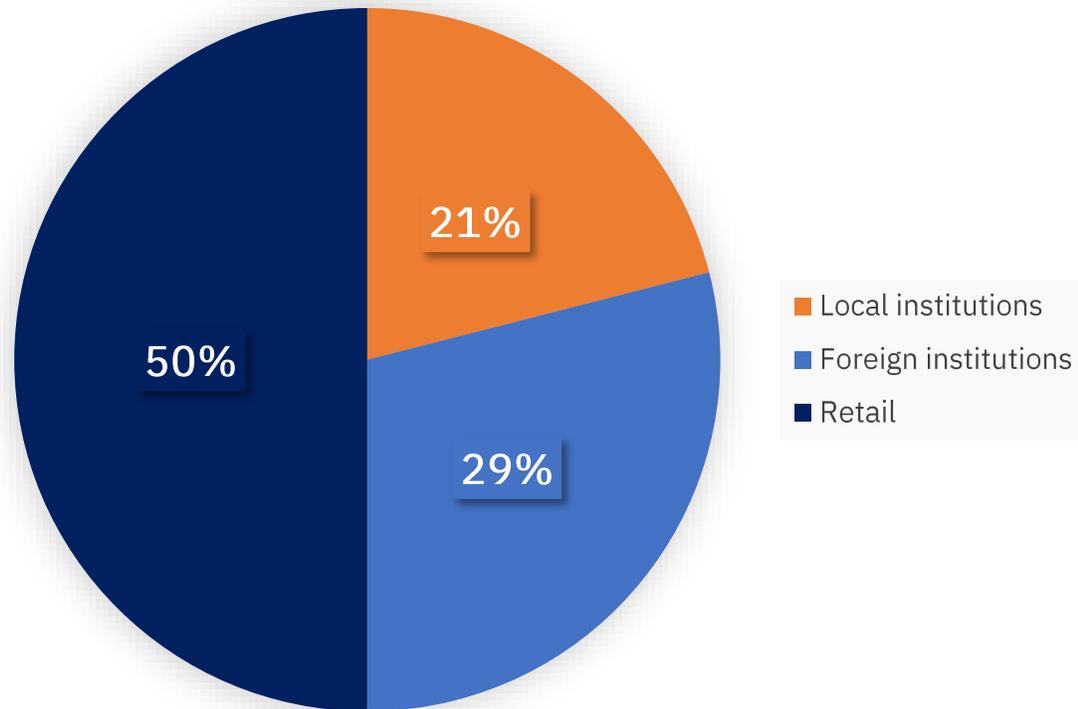
Top performing EU market (EUR denominated total return 2012 - 2021)



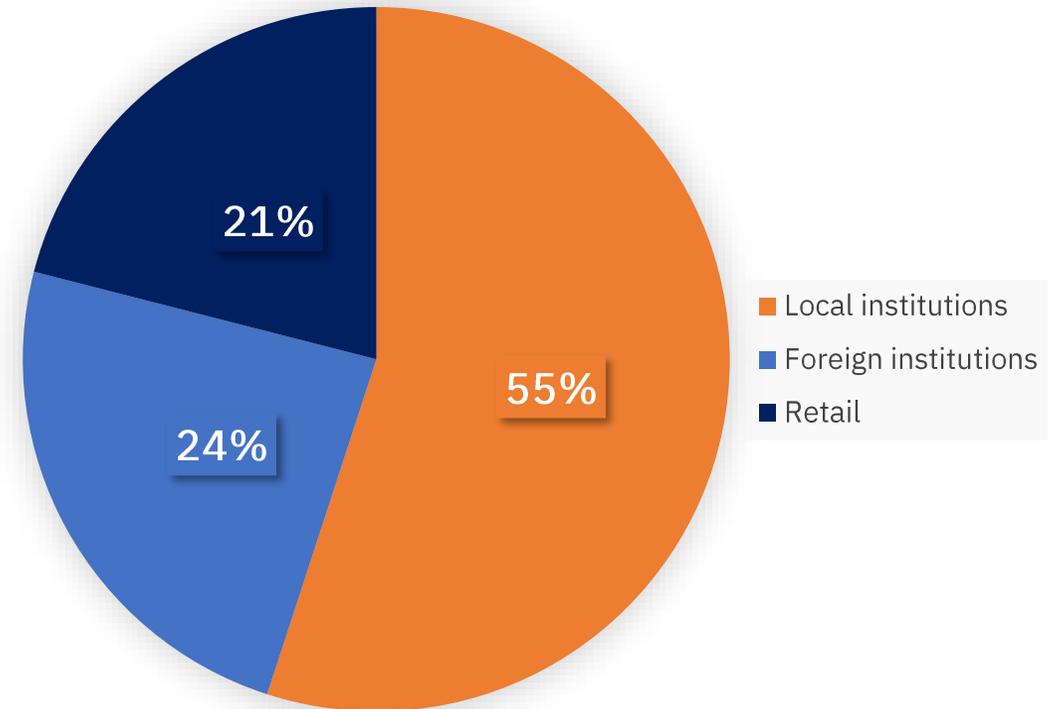
Source: Refinitiv Eikon, BVB.

The returns were converted in EUR based on the Total Return of the main indices in EU and they include reinvesting the dividends. The analyzed period was September 21, 2012 - March 9, 2021 (the period since the launch of the BET-TR index).

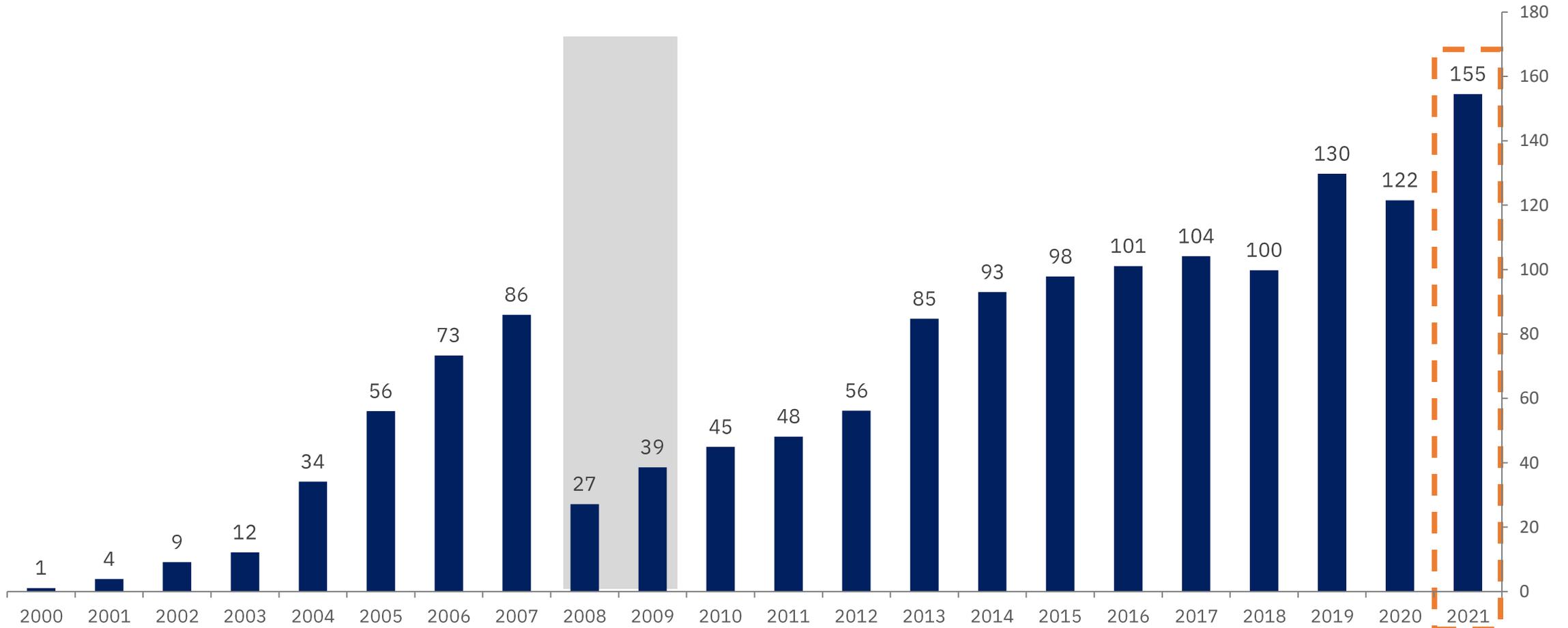
Traded volume



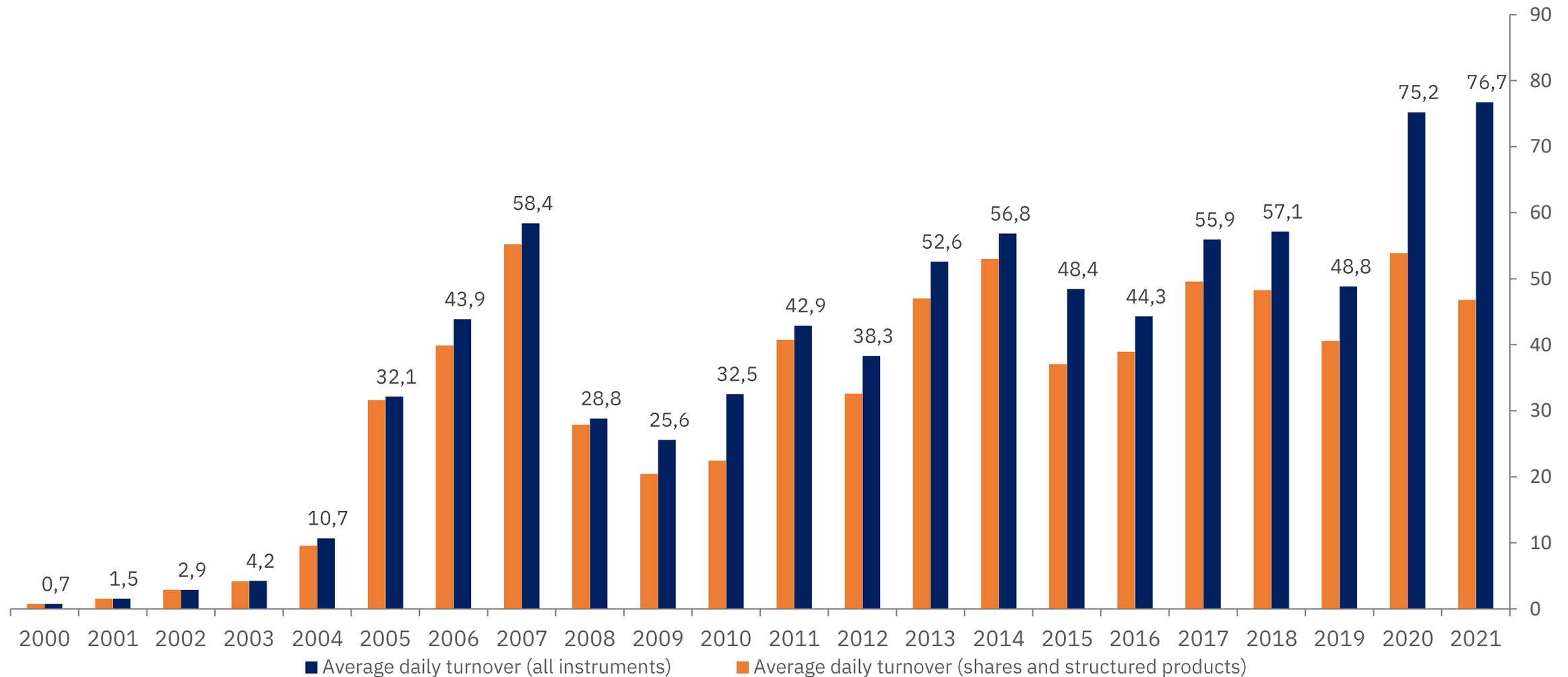
Free-float ownership



Domestic market cap – RON bn



Trading volumes rise supported by bond market activity



Doubling potential for Mkt cap / GDP

Poland

32%

ADT: EUR 335.4 mn/day
Mkt. Cap.: EUR 169.8 bn

Austria

34%

ADT: EUR 155.5 mn/day
Mkt. Cap.: EUR 129.1 bn

Croatia

36%

ADT: EUR 1.2 mn/day
Mkt. Cap.: EUR 17.6 bn

20%

Hungary

ADT: EUR 32.4 mn/day
Mkt. Cap.: EUR 26.5 bn

12%

Czechia

ADT: EUR 17.9 mn/day
Mkt. Cap.: EUR 26.3 bn

Romania

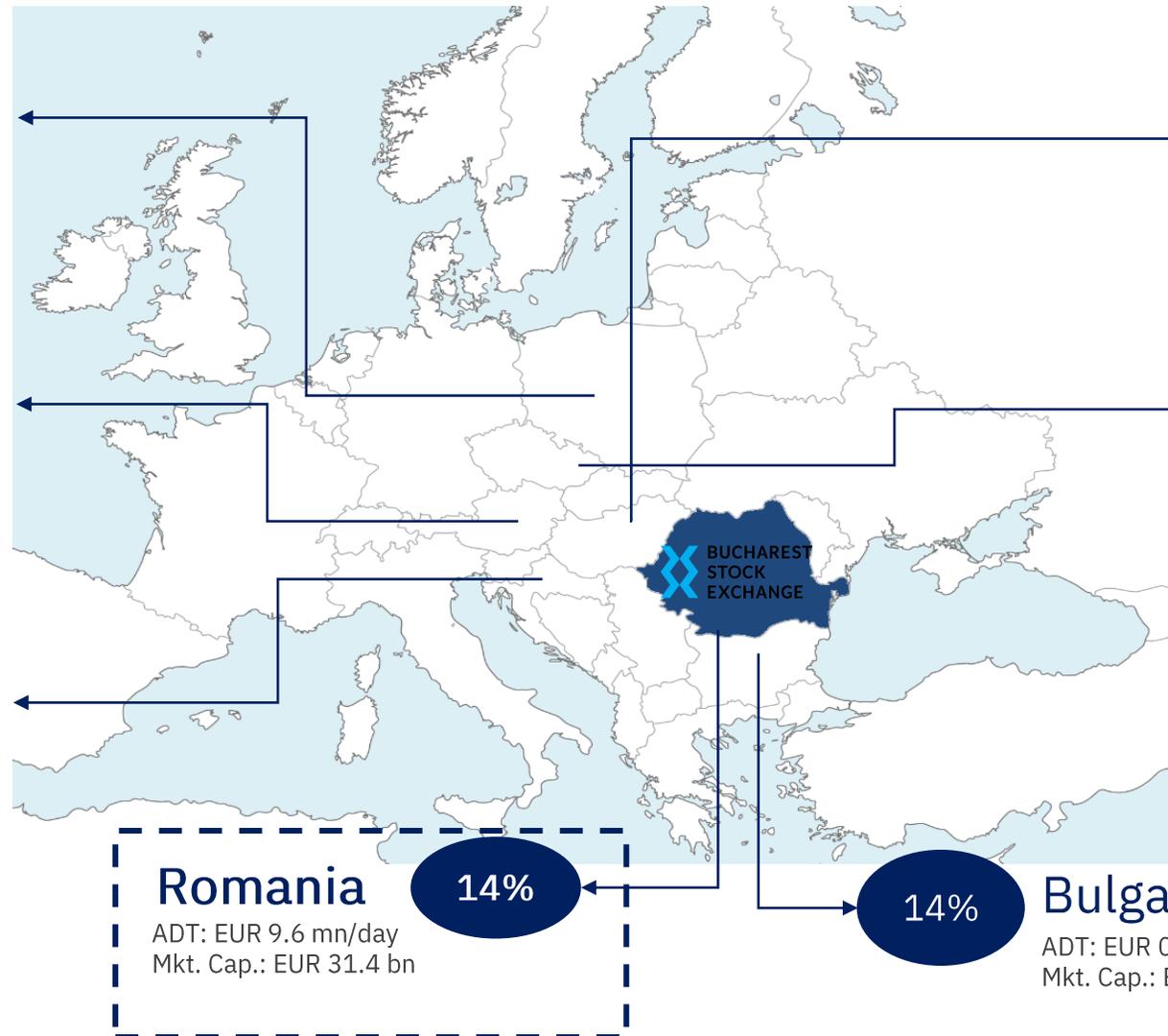
14%

ADT: EUR 9.6 mn/day
Mkt. Cap.: EUR 31.4 bn

14%

Bulgaria

ADT: EUR 0.9 mn/day
Mkt. Cap.: EUR 5.3 bn



Market Cap. / GDP

Primary Markets



Record period in terms of **new listings**

- Main market:
 - 2 IPOs: TTS - first IPO since 2017, EUR 58mn and ONE – EUR 53mn;
 - Law related to State Assets sales is in the final stages of being abrogated by the Parliament;
 - 9 bond issuances raising over EUR 1bn (6 Govt and 3 Corp)
 - the first Green bonds listed locally;
- Aero market:
 - 14 share listings so far in 2021 vs 2 in 2020 – ~30mn EUR raised;
 - 14 bond listings – ~EUR 20m5 raised;
 - At least 15 companies in the pipeline until EoY;

Performance



BVB's main indices trading at **historical highs**. BET index **+21% YTD**.
Valuations still appear attractive: P/E – 9.15, DivY – 4.38%

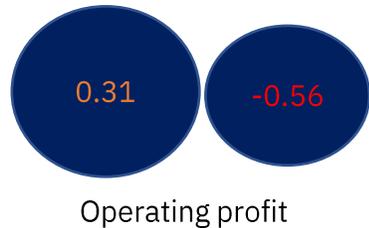
Live projects



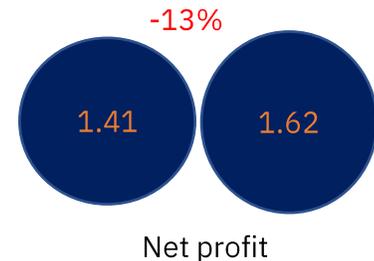
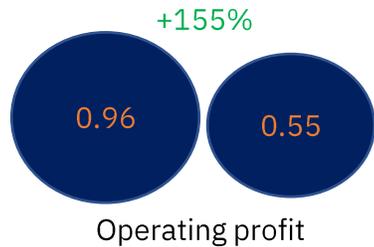
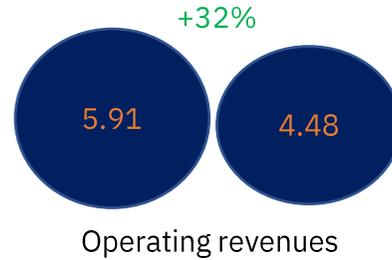
Made in Romania platform launched in April 2021 (www.investingromania.ro)
BVB Research Hub launched in May 2021 (www.bvbresearch.ro)

Highlights – Q2 Financials

Consolidated Q2 21 vs Q2 20 (RON mn)



Individual Q2 21 vs Q2 20 (RON mn)



2Q21 shares turnover up 15% vs 2Q20. Total turnover up 66% vs 2Q21 due to 48x rise in bond trading (including offers)

Market data sales and issuer fees up 70-80% y/y (30% of revenues at individual level)

41% (RON 1.5mn) rise in revenues and 51% net profit increase of the post-trading operations (DC level) as a result of higher portfolio values held by custodians and changes in fees

Q2 financial profit down ~40% at both individual level (intra-group revenues recorded in 2020) and group level (lower interest & fx gains)

Operational expenses up 25.4% at individual level vs Q2 2020 mainly driven by marketing and promotion costs (resumption of the events & the new projects BVB Research Hub, ESG) & 33.7% at group level mainly driven by CCP costs

- CCP project inline with previous guidance – authorization documentation to be submitted in Q3/Q4 2021. Revenue generation to start in Q3/Q4 2022
- Strong primary markets outlook
 - 2-5 IPOs expected until EoY on the main market
 - 10-15 listings on the Aero market
- Update on law regarding SOE listings expected in October
- FTSE rebalancing in September 2021. SNP and TRP new additions
- Issuer market making initiated for BVB shares in July 2021. Limited impact so far.
- Other projects: ESG developments, Lending and borrowing collaboration, BVB Research Hub phase 2, Aero market index

Mid-term strategic objective: Double the market liquidity



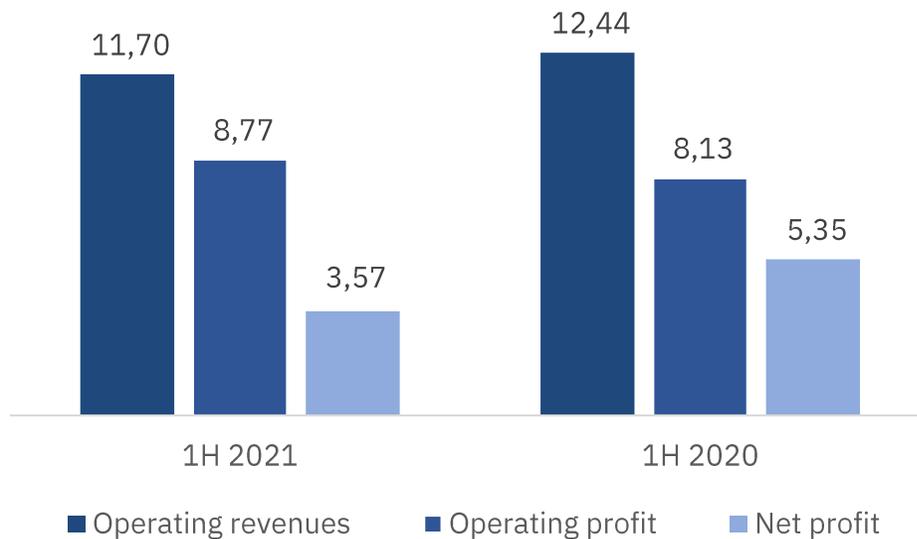
H1 2021 key financial highlights

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

	BVB individual			Group		
	1H 2021	1H 2020	Change (%)	1H 2021	1H 2020	Change (%)
Operating revenues	11.70	12.44	-6%	20.93	19.58	7%
Operating expenses	(8.77)	(8.13)	8%	(19.81)	(16.04)	23%
Operating profit	2.93	4.31	-32%	1.12	3.54	-68%
<i>Operating margin</i>	25%	35%		5%	18%	
Net financial revenue/(expenses)	1.33	1.80	-26%	2.09	1.58	32%
Profit before tax	4.25	6.10	-30%	3.21	5.11	-37%
Profit from continue operations	3.57	5.35	-33%	2.64	4.24	-38%
Profit/(loss) from discontinued operations	=	=	=	(0.68)	=	100%
Profit for the period	3.57	5.35	-33%	2.57	4.24	-39%
<i>Net margin</i>	31%	43%		12%	22%	
EPS attributable to owners (RON/share)	0.4440	0.6649	-33%	0.3614	0.5423	-33%
<i>Return on equity</i>	3%	5%		2%	3%	

* The financial results for 1H 2021 are prepared in accordance with IFRS and are not audited.

Main financial indicators, 1H 21 vs. 1H 20
(RON mn)



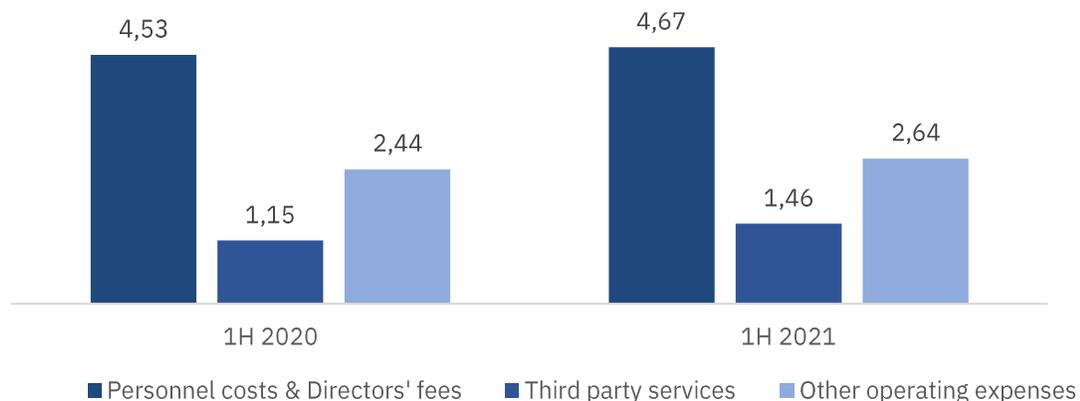
- **Operating income*** decreased by 6% or RON 0.74 mn, from RON 12.44 mn to RON 11.70 mn, the basic effect is the decrease of the “one-off” revenues recorded in Q1 2020 from intra-group re-invoicing (RON 0.97 mn), a decrease partially offset by the increase in revenues from issuers maintaining fees and sale of stock exchange data.
- **Trading revenues** were mainly influenced by a lower volatility compared to 2020 and implicitly a lower total value of transactions on the main stock market, by a decrease of revenues from public offerings - shares of 46%, while revenues from trading on the AERO market have increased 4 times.
- **Operating expenses** increase by 8% or RON 0.64 mn from RON 8.13 mn to RON 8.77 mn, following the reduction in Q2 2020 of the promotion expenses due to the restrictions generated by COVID-19 pandemic and the launch in the second half of 2020 and new projects from 2021 aimed to promote BVB and the capital market, respectively issuers, the most important being the BVB Research HUB & BVB ESG projects.
- **Operating profit** of RON 2.93 mn, -32% compared to 1H 2020 (1H 2020: RON 4.31 mn), with an operating margin of 25%, decreased caused by the reduction of revenues operational by 6%, as well as the increase of operational expenses by 8%
- **Net financial income** is a profit of RON 1.33 mn (1H 2020: RON 1.8 mn), -26%, or RON 0.47 mn, decrease mainly generated by lower dividends income recorded from the Central Depository for the results of 2020.
- **Net profit***, down 33% or RON 1.78 mn up to RON 3.57 mn, from RON 5.35 mn in 1H 2020, with a net margin of 31%.

*includes intra-group transactions

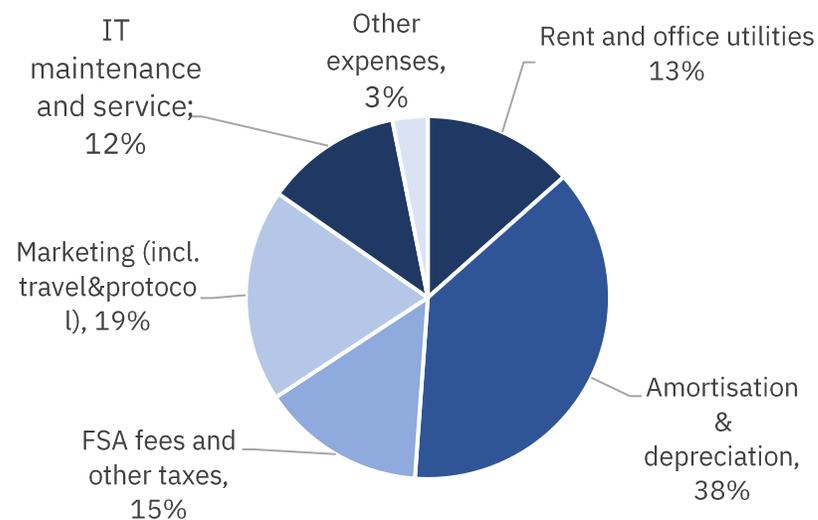
* The financial results for 1H 2021 are prepared in accordance with IFRS and are not audited.

Analysis of operating expenses - BVB Individual

Breakdown of operating expenses, 1H 21 vs. 1H 20
(RON mn)



Other operating expenses, 1H 2021 (%)



Operating expenses increased by 8% or RON 0.64 mn from RON 8.13 mn to RON 8.77 mn, influenced by:

- **Personnel expenses** in amount of RON 4.67 mn, + 3% compared to 1H 2020, following the annual application of the staff remuneration policy and higher CA Remunerations in Q1 2021 (in Feb 2020 no expenses with CA remunerations were recorded) partially offset by lower SOP estimates in the first half of the year, which will be updated after the performance evaluation, according to the remuneration policy for staff retention.
- **Expenses with services provided by third parties** of RON 1.46 mn, increase of 26% compared to 1H 2020 mainly due to the advance of third party expenses related the analysis reports prepared in order to increase the issuers' visibility within the BVB Research HUB project and legal services related to debt recovery, partially offset by the decrease in consultancy expenses representing intragroup one-off expense recorded in Q1 2020 for the CCP.RO project.
- **Other operating expenses**, increase of 8%, up to RON 2.64 mn, as a result of higher marketing and events expenses following the intensified efforts to promote BVB in digital media as well as the events organized in 2021 compared to the previous period, in which the events were held mainly online, in the context of the Covid-19 pandemic, partially offset by lower expenses with provisions for uncollected receivables and depreciation expenses.

Analysis of the consolidated results - BVB Group

Main financial indicators, 1H 21 vs. 1H 20 (RON mn)



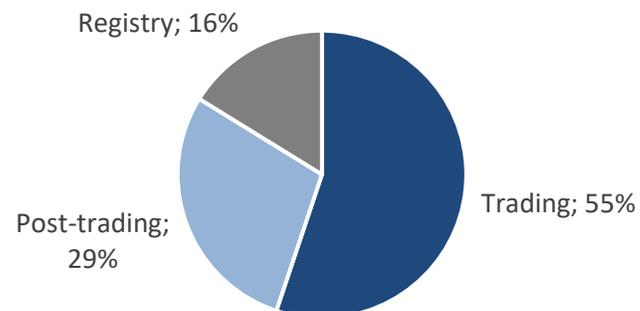
Distribution of operating revenues and result, by segment, 1H 21 (RON mn)



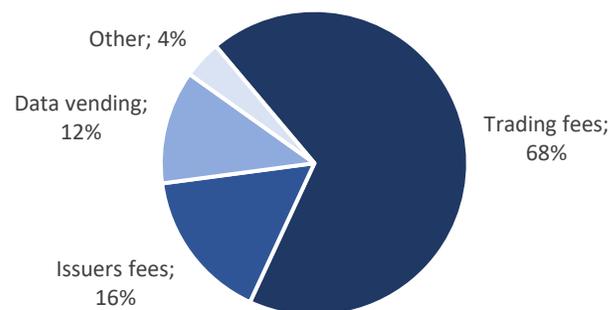
- **Consolidated operating revenues** of RON 20.93 mn (1H 2020: RON 19.58 mn), increase of 7% or RON 1.35 mn, generated by significant advance of the revenues of the post-trading segment.
- **Consolidated operating expenses**, increase by 23% or RON 3.77 mn, from RON 16.04 mn to RON 19.81 mn, as a result of the advance of expenses generated by the activity of the CCP.RO subsidiary, started in the second part of 2020 (impact in 2021 of RON 3.5 mn), and of a higher level of expenses with services provided by third parties, result of the new projects developed at the level of BVB Group.
- **Consolidated operating profit** of RON 1.12 mn, decreasing from RON 3.54 mn in 1H 2020, following the advance of the consolidated operating expenses generated by the projects developed at the level of the BVB Group, mainly CCP.RO branch.
- **Consolidated net financial income** + 32% compared to 1H 2020, from RON 1.58 mn to RON 2.09 mn, mainly as a result of a gain from unrealized exchange rate differences from the revaluation of financial instruments in foreign currency, effect of the increase of the exchange rate RON / EUR and RON / USD.
- **Consolidated net profit** of RON -39% or RON 1.67 mn, from RON 4.24 mn to RON 2.57 mn, being directly influenced by the decrease of the operating result, a decrease partially offset by the favorable financial result.

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

Breakdown of operating revenues of BVB Group,
1H 21



Breakdown of the Group trading segment
revenues in, 1H 21 (%)



Trading segment revenues

Trading segment revenues – represent 55% from the Group's operating income and increased by 2%, up to RON 11.54 mn, mainly due to lower intragroup adjustments compared to 1H 20, as the intragroup revenue from Q1 20 related to CCP project was one-off

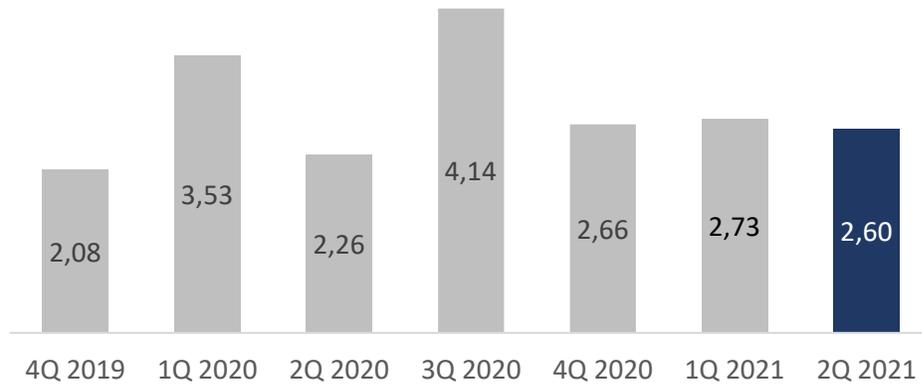
- **Trading revenues, regulated market**, excluding offers -14% compared to the similar period of 2020, from RON 7.02 mn to RON 6.05 mn.
- The trading activity at BVB on the regulated stock market reach the level of RON 4.55 bn, while the traded value of fixed income instruments increases from RON 32 mn in H1 2020 to RON 691 mn in 1H 2021.
- **Trading revenues from public offers** on the regulated market, decrease of 46% (from RON 1.49 mn to RON 0.8 mn), influenced by the decrease of the value of secondary public offers on the stock market following the 7 public offers with a total of RON 328 mn made in Q1 2020
- **Trading revenues from the AERO market** increase almost 4 times, up to RON 0.63 mn, effect of the new listings carried out; represents 5% of the total trading income

Trends in trading activity

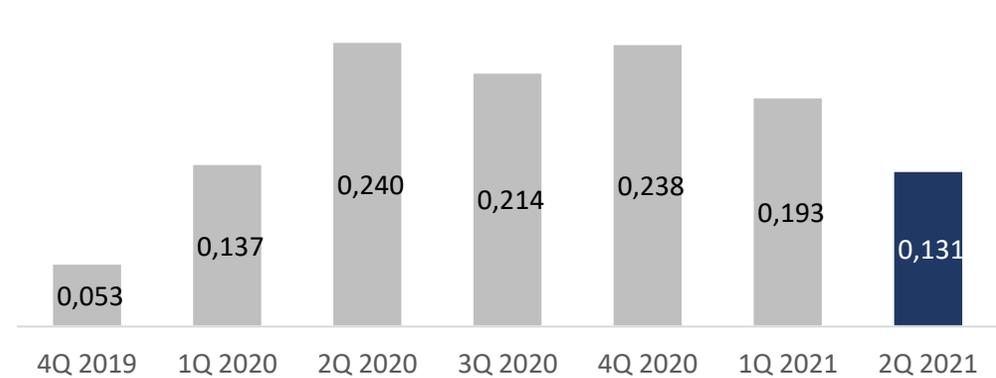
- Market value of all the companies listed on the Main Market of BVB reached RON 190.50 bn (EUR 38.67 bn) increase of 23% compared to year end 2020

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

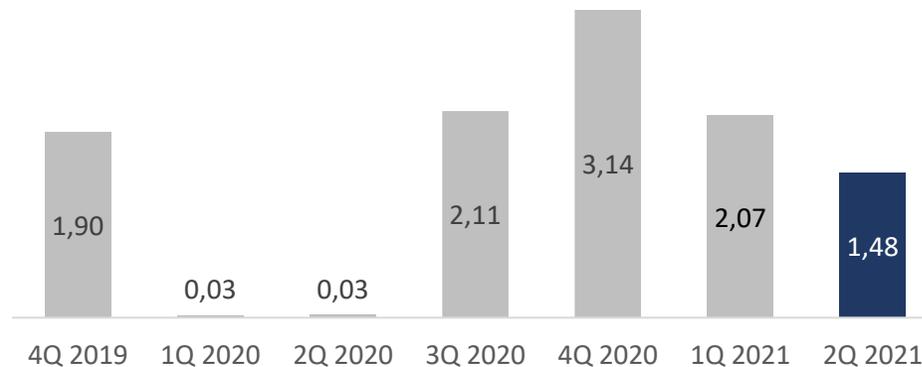
Trading value for shares, rights and units (RON bn)



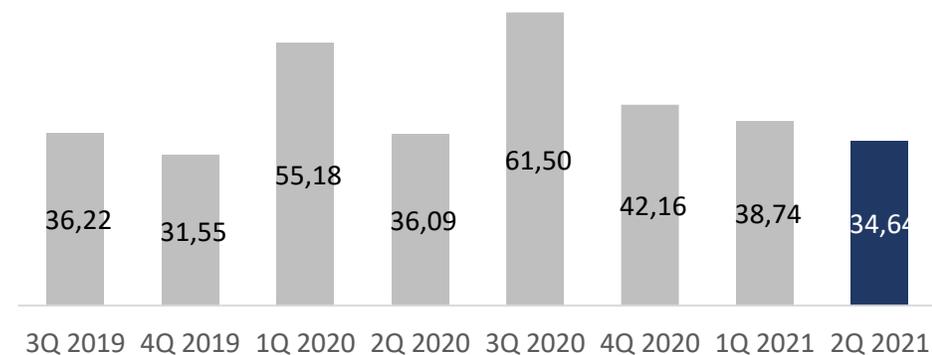
Trading value for certificates (RON bn)



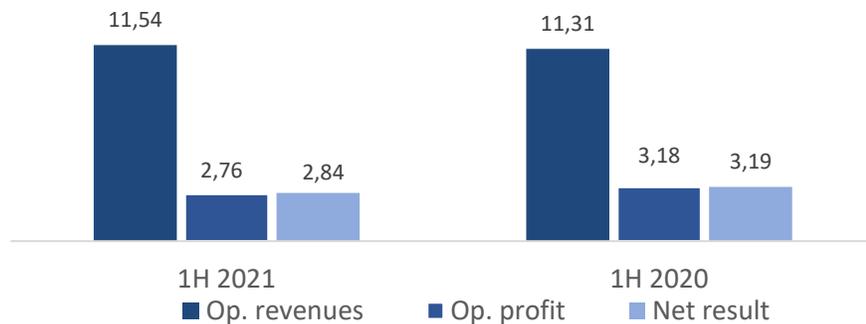
Trading value, fixed-income instruments (RON bn)



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



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

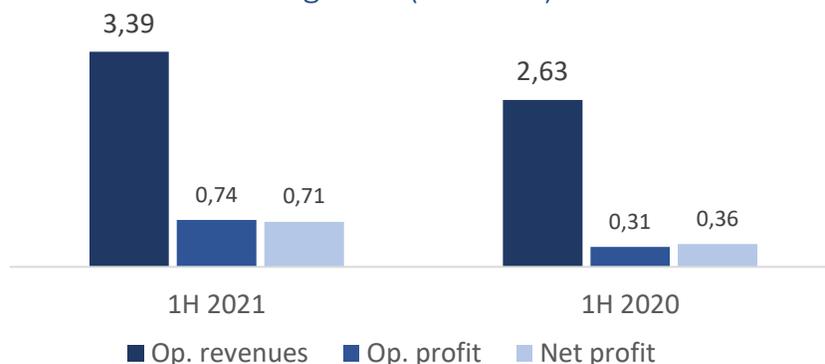


Post-trading segment revenues

- Revenues related to the post-trading segment (DC) + 17% (from RON 5.15 mn to RON 6 mn) due to the increase of revenues from admission and retention of participants generated by higher revenues from the commission for maintaining the quality of participant, while settlement revenues increased by 5% compared to Q1 2020 influenced by the values traded on BVB.

Represent 29% of Group's operating revenues

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



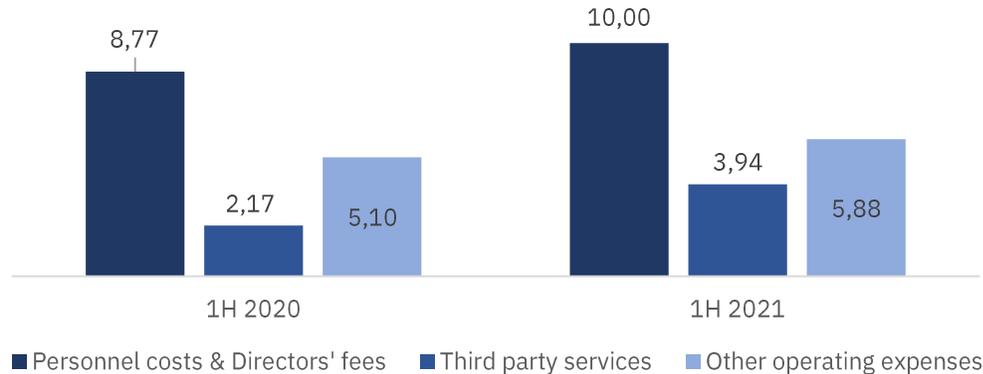
Registry segment revenues

- Revenues related to the registry segment (DC) + 27%, up to RON 3.34 mn, influenced by one-off services recorded in 1H 2020, but also as a result of the increase of some tariffs, including the maintenance tariff for issuers

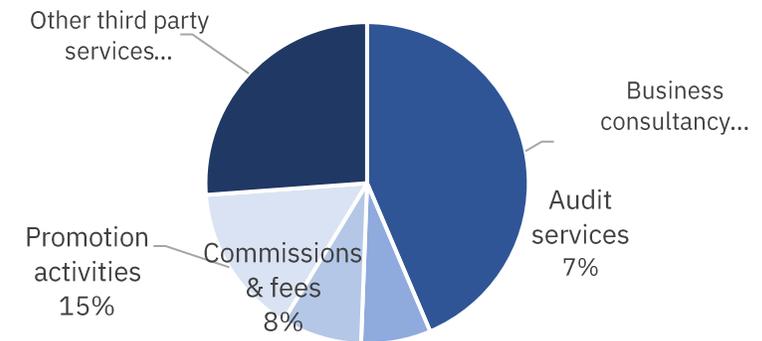
Represent 16 % of Group's operating revenues

Analysis of operating expenses - BVB Group

Breakdown of operating expenses, 1H 2021 vs. 1H 2020 (RON mn)



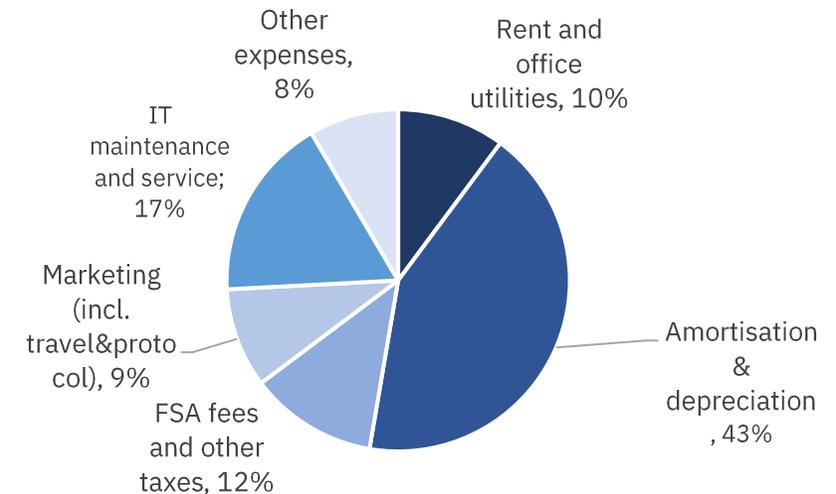
Third party services, 1H 2021 (%)



Consolidated operating expenses as of 1H 2021, + 23%, respectively RON 3.77 mn, from RON 16.04 mn to RON 19.81 mn, mainly due to:

- The advance of 14%, respectively RON 1.22 mn of the **consolidated personnel expenses**, following the RON 1.31 mn personnel expenses of the new subsidiary CCP.RO (RON 21 thousand in S1 2020).
- Higher **expenses with the services provided by third parties**, by 82%, respectively RON 1.77 mn, from RON 2.17 mn to RON 3.94 mn as a result of the consulting services received by CCP.RO within the contract with CC&G (concluded in the second part of 2020) + RON 1.57 mn and also due to the advance of expenses with the new projects started in order to promote BVB and the capital market.
- The advance of 15% of **other operating expenses** up to the value of RON 5.88 mn generated by the increase of: depreciation expenses related to the intangible and tangible fixed assets recorded, expenses related to the projects initiated on the marketing and promotion area in order to increase the visibility of BVB, issuers and the capital market and other expenses attributable to the new subsidiary CCP.RO.

Other operating expenses, 1H 2021 (%)



Overview of the financial position

Financial position, BVB individual and BVB Group (RON mn, unless otherwise stated)

	BVB individual		GROUP	
	June 2021	Dec 2020	June 2021	Dec 2020
Non-current assets	96.54	99.40	101.98	82.38
Current assets	16.96	13.53	109.17	129.07
Total assets	113.50	112.93	211.16	211.45
Shareholders' equity attributable to owners of the Company	103.80	108.68	102.49	108.04
Minority interest	-	-	40.22	40.82
Total liabilities	9.70	4.25	68.45	62.6
Total equity and liabilities	113.50	112.93	211.16	211.45

Analysis of BVB Individual financial position

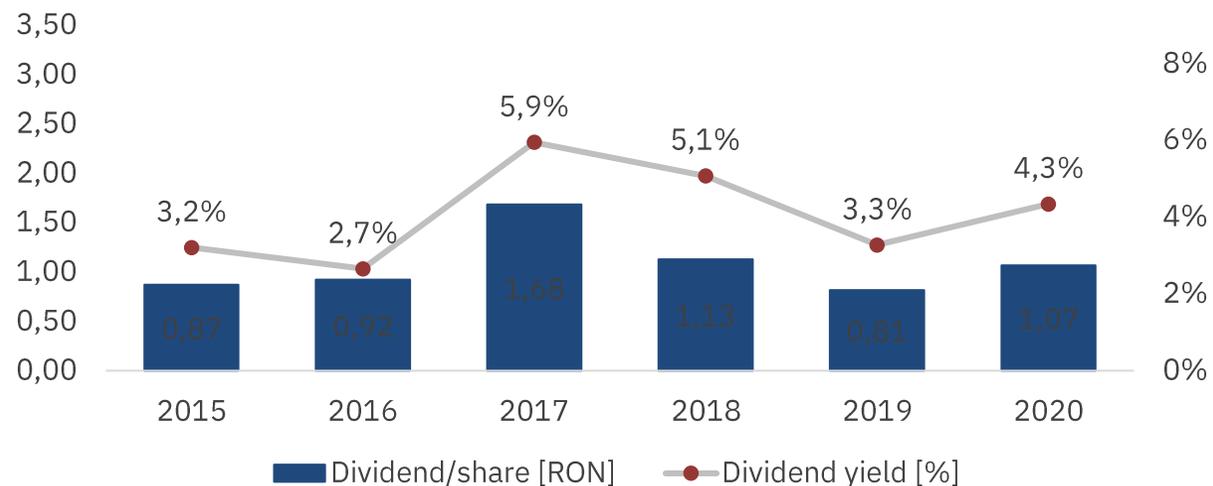
- **Total assets** - RON 113.5 mn, slight increase compared to the value from Dec 31, 2020 of RON 112.93 mn. The increase of current assets generated by government securities with maturity less than 1 year, acquired during the year or reclassified from non-current assets are compensated by the decrease of non current assets generated by the government securities matured during the period or reclassified as current assets.
- **Total liabilities** in amount of RON 9.7 mn, + 128% compared to Dec 31, 2020 (RON 4.25mn), mainly due to the increase of long-term leasing debts following the recognition of the debt related to the headquarters rental, according to IFRS 16, as well as the increase of current liabilities generated by deferred income, as a result of higher tariffs for issuers (invoiced annually) and of the estimated profit tax liability.
- **Equity** of RON 103.8 mn, -4% compared to the value from Dec, 2020, influenced by the decrease of the retained earnings following the 2020 dividends payment, partially offset by the registration of current profit in 1H 2021 and related legal reserve.

Analysis of consolidated financial position

- **Total assets**, similar level compared to beginning of the year, up to RON 211.16 mn
 - **Fixed assets**, + 24% compared to Dec 20, from RON 82.38 mn to RON 101.98 mn, mainly due to the acquisition of government securities, as well as the recognition of right-of- use assets related to the renewal of the headquarters lease agreement, according to IFRS 16.
 - **Current assets**, -15% compared to the beginning of the year, from RON 129.06 mn to RON 109.17 mn, mainly due to the fact that government securities acquired are with maturities higher than 1 year and considered non-current or placed in deposits with a maturity of less than 90 days.
- **Total liabilities** of RON 68.45 mn, + 9% compared to the value as of Dec 31, 2020 of RON 62.6 mn, mainly short-term, the increase is generated by the long-term leasing liability following the recognition of the debt related to the headquarter lease contract, according to IFRS 16.
- **Shareholder's equity** -5% compared to Dec 20, respectively RON 102.49 mn, influenced by the impact of a current result for S1 2021 and the related legal reserve, as well as by the payment of dividends for 2020 from BVB standalone.

Overview of the financial position

Attractive dividend yield



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

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

Consolidated attributable profit and consolidated earnings per share are information that is presented in accordance with the requirements of International Financial Reporting Standards (IFRS) and do not represent the basis for granting BVB dividends.

The proposal for the distribution of BVB's profit in the form of dividends is made from the net profit of the Bucharest Stock Exchange SA (BVB individual) according to the dividend policy published on the BVB website, in the "Investor Relations" section

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