



**BM&F BOVESPA**

*A Nova Bolsa*



4Q11 Earnings

February 15, 2012

# 4Q11 Highlights

Focus on cost control and return to shareholders



**Net Revenues:** R\$471MM (4Q10: R\$473MM)  
(down 0.4%)

**Adj Expenses<sup>1</sup>:** R\$164MM (4Q10: R\$159MM)  
(up 3.1%)

**Adj EPS.:** R\$0.183 (4Q10: R\$0.185)  
(down 1.0%)

**Adj Net Income<sup>2</sup>:** R\$353MM (4Q10: R\$368MM)  
(down 4.2%)

**Adj EBITDA.<sup>3</sup>:** R\$307MM (4Q10: R\$315MM)  
(down 2.5%)

**Adj EBITDA Margin.:** 65.2% (4Q10: 66.5%)

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

**BM&F Seg:** second sequential all-time high record with a ADTV of 2.7 million contracts in 2011

**Adjusted OpEx and CapEx within the budget;** 2012 operating expenses budget range is the same of 2011 – (from R\$580 to 590MM)

### Revenues diversification (4Q11 vs. 4Q10):

- Growth of ETFs ADTV (+107.1%), assets under custody of Tesouro Direto (+61.1%) and in the open interest of Securities Lending (+56%)
- Increase of stock index contracts ADTV (+79.8%) and mini-sized contracts ADTV (+69.0%)

**Extraordinary expenses:** a one-time transfer of funds (R\$92.3 million) to strengthen BM&FBovespa Market Surveillance (BSM)

**Shareholder return** (payout + buybacks): **R\$1.5 bn in 2011 (~R\$0.79 per share)**, including payout distribution of R\$226.7 million related to 4Q11 earnings

## STRATEGIC PROJECTS

**PUMA Trading System:** equities module development to be concluded in 4Q12

**Clearing Integration:** technological development to be implemented in 4Q12

**OTC Platform:** first module to be operational in 2H12

<sup>1</sup> Excludes stock options plan, depreciation, provisions, tax on dividends from CME Group and the guarantee fund transferred to BSM. <sup>2</sup> Excludes deferred liability recognized in correlation with temporary differences from amortization of goodwill for tax purposes, the impact of the stock options plan, the investment in associate (CME Group) accounted for under the equity method of accounting, net of taxes related to dividends, taxes paid overseas to be compensated, the guarantee fund transferred to BSM and taxes paid overseas to be compensated. <sup>3</sup> Excludes stock option plans costs and the guarantee fund transferred to BSM.

# BOVESPA Segment Performance

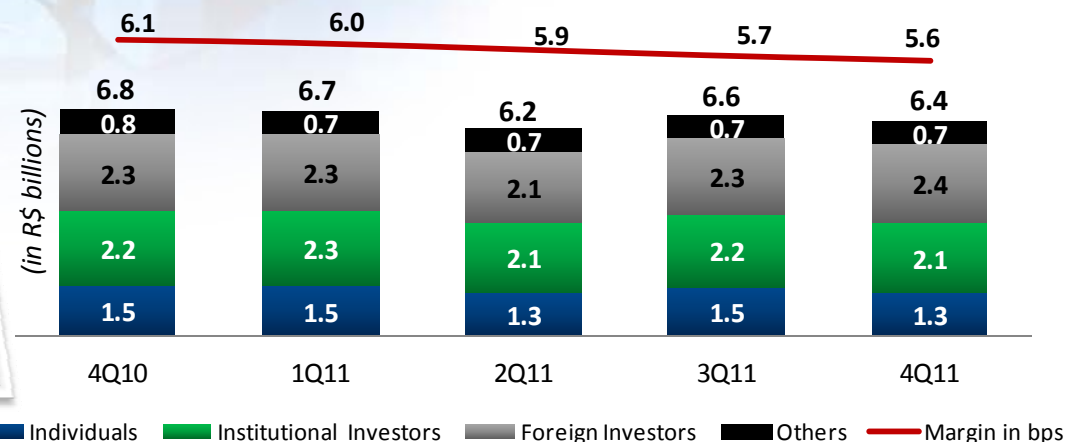
Increased HFT activity and growth of turnover velocity



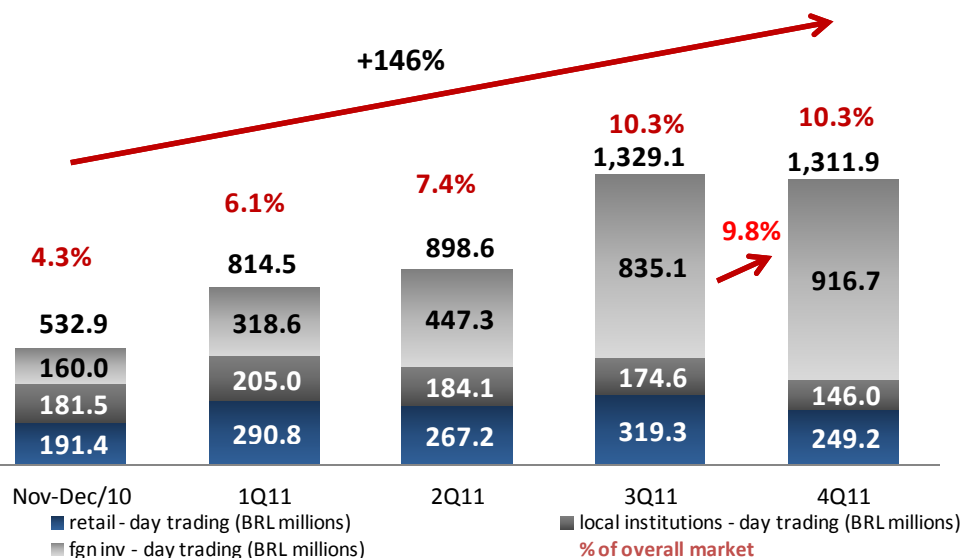
## 4Q11 vs. 4Q10 Volumes

- Market volatility positively impacted turnover
- Volume decreased, mainly because of market capitalization and retail investors slowdown in ADTV
- Decrease in margin impacted by volume growth in HFT

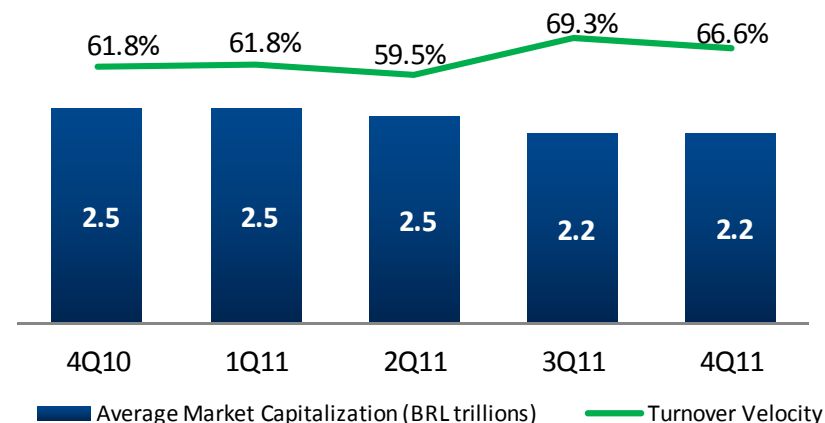
## ADTV evolution by type of investors and Margin



## HFT: ADTV and share of trading volume



## Average market capitalization and Turnover Velocity





# BM&F Segment Performance

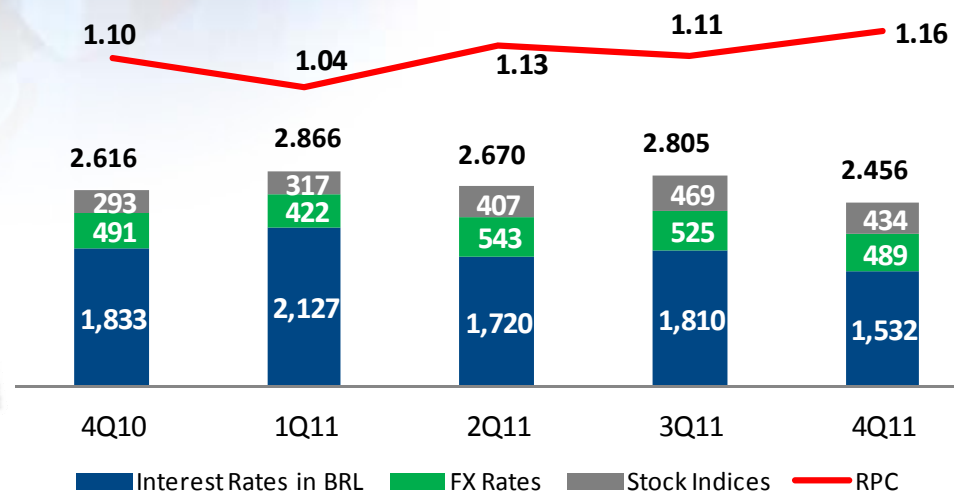
High growth of stock index and mini-sized contracts



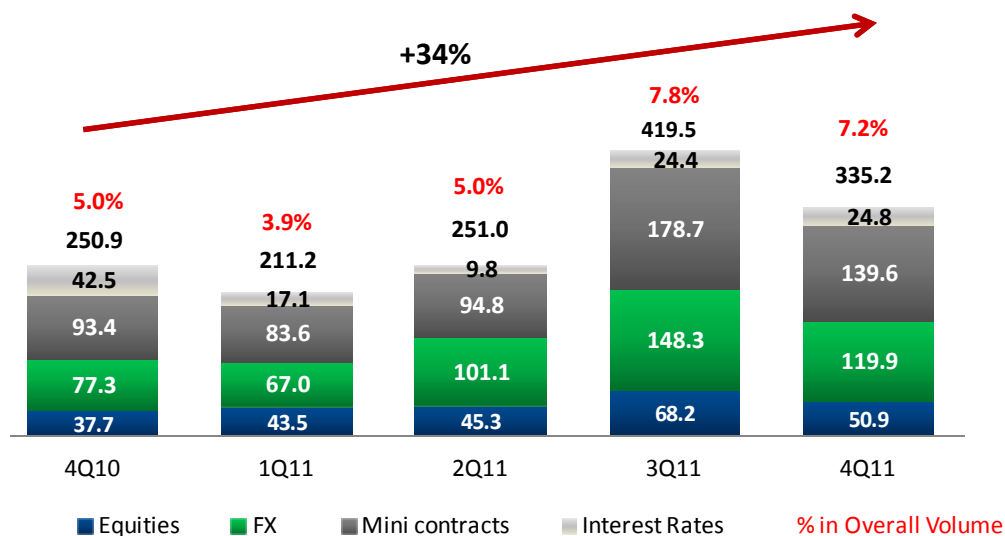
## 4Q11 vs. 4Q10 Volumes

- Volume of mini sized and stock indices contracts soared 69% and 80%, respectively
- Greater HFTs volumes (up 34%)
- 6.1% ADTV decrease impacted by 16.4% reduction in ADTV of interest rates in BRL
- Higher RPC explained by higher participation of longer term contracts

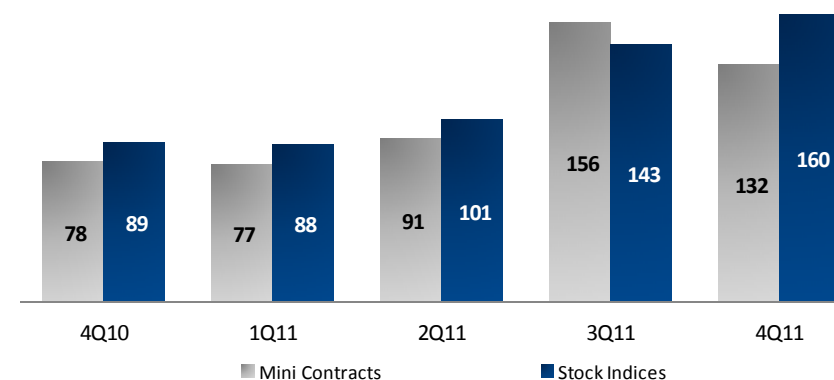
## ADTV in (thds of contracts) and RPC (in R\$)



## HFT: ADTV (thds of contracts) and share of ADTV (%)



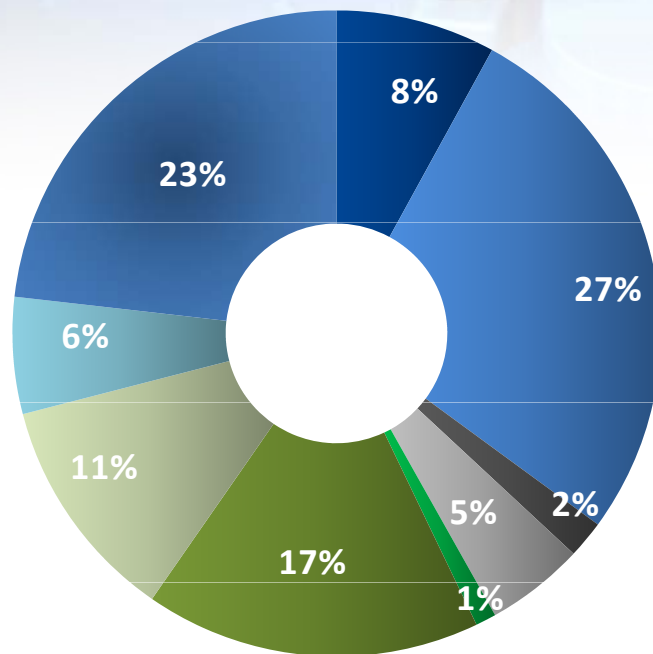
## ADTV : Mini-sized and stock index (in thds of contracts)



# 4Q11 revenues breakdown

Diversification of revenues is clear after revenues rebalancing

4Q11 revenues: BRL522 million



- Cash Market -Trading
- Cash Market -Post-Trading
- Equities Derivatives - Trading
- Equities Derivatives - Post-Trading
- Other Revenues - BOVESPA Seg.
- Interest Rates in BRL Derivatives
- Fx Derivatives
- Other Financial and Commodities Derivatives
- Others Revenues

## Revenues Diversification

- High diversification between trading and post trading
- Diversification inside BM&F and Bovespa Segments products and markets
- Stocks and Derivatives Trading and Post-trading are the main revenues lines, but there is consistent growth in other lines

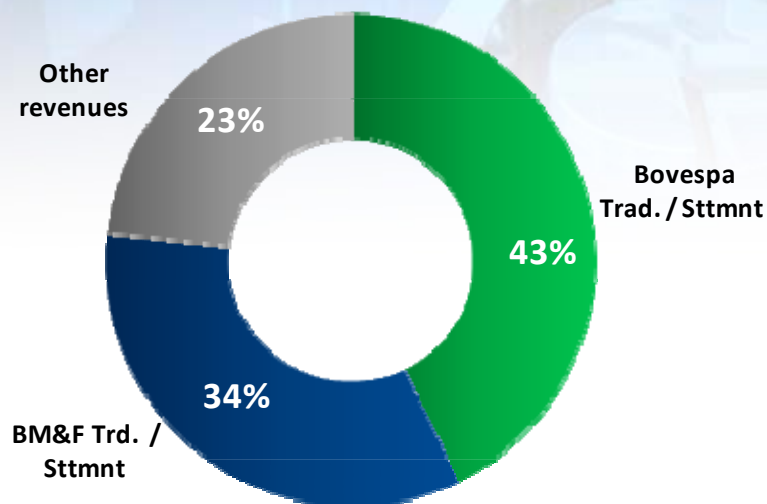
## Trading and Post-trading rebalancing

- 4Q11 shows the revenues breakdown after the fees rebalancing (implemented in the Bovespa segment on 08.26.2011)
- This change reflects better the cost structure of the Company and eliminates some cross subsidies

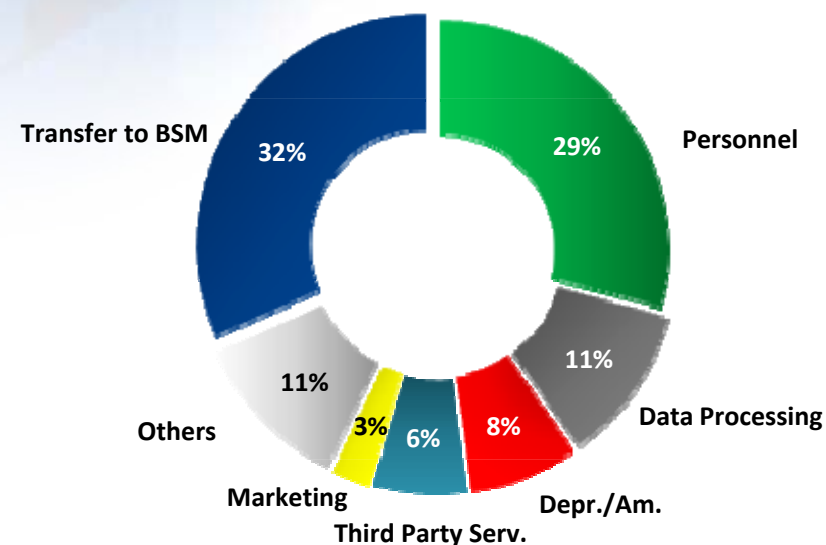
# Revenues and Expenses Details

Growth of “other revenues” and focus on costs controls

## Revenues Breakdown – 4Q11



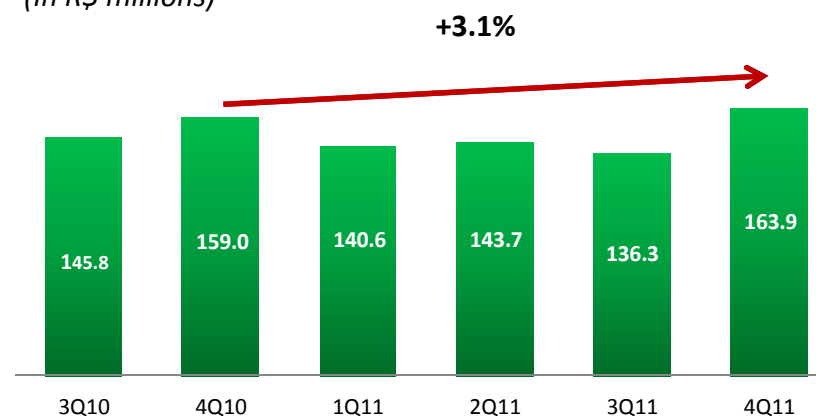
## Expenses Breakdown – 4Q11



R\$ millions	4Q11	4Q10	Var. % 4Q11 x 4Q10
<b>Gross Operating Revenues</b>	<b>522.0</b>	<b>526.4</b>	<b>-0.8%</b>
<b>Seg. BOVESPA (trd. and sttmnt.)</b>	<b>223.8</b>	<b>258.7</b>	<b>-13.5%</b>
Fees from trading and sttmnt.	218.7	253.2	-13.6%
Others (including public offering sttmnt.)	5.0	5.5	-8.1%
<b>Seg. BM&amp;F (trd. and sttmnt.)</b>	<b>177.2</b>	<b>180.9</b>	<b>-2.1%</b>
<b>Other operating revenues:</b>	<b>121.1</b>	<b>86.8</b>	<b>39.5%</b>
Depository and custody	23.5	23.7	-0.8%
Securities Lending	21.6	13.9	55.7%
Market data sales	16.3	15.8	3.0%
Listings	10.7	11.2	-4.2%
Other	49.0	22.3	120.1%

## Adjusted Expenses<sup>1</sup>

(In R\$ millions)



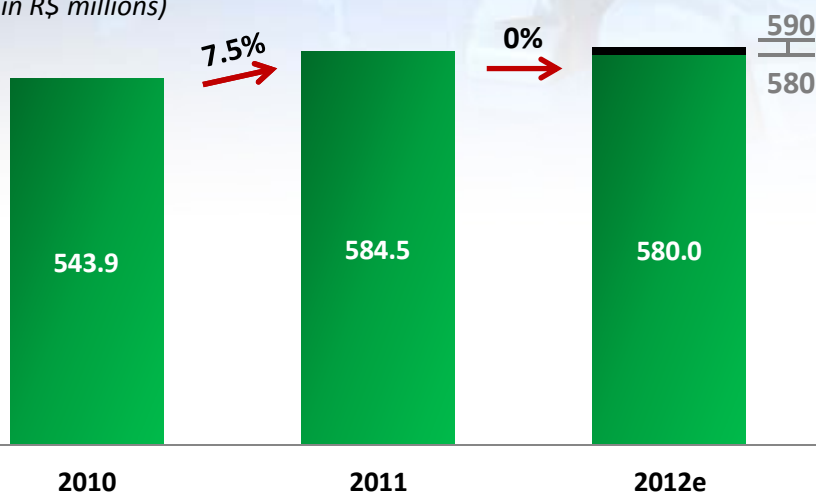
<sup>1</sup> Excludes stock options plan, depreciation, provisions, tax on dividends from CME Group and the guarantee fund transferred to BSM

# Personnel expenses:

Focus on expenses controls and processes improvements

## Adjusted Expenses

(in R\$ millions)

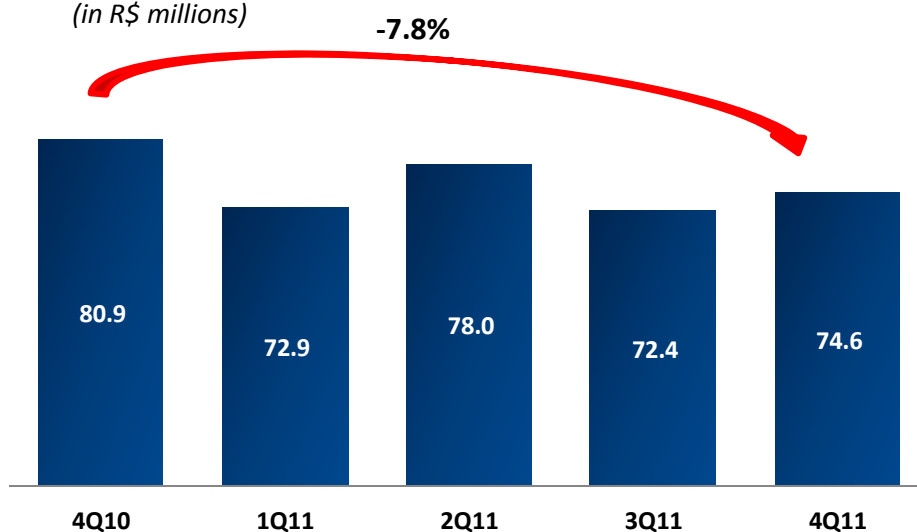


### 2011 vs. 2010: 7.5% growth

- Small real growth between 2010x2011 and fall for 2012
- 2011 expenses: R\$584.5 million, within budget
- Same interval for 2012:
  - R\$580-590 million

## Adjusted personnel expenses

(in R\$ millions)



### 4Q11 vs 4Q10: 7.8% lower

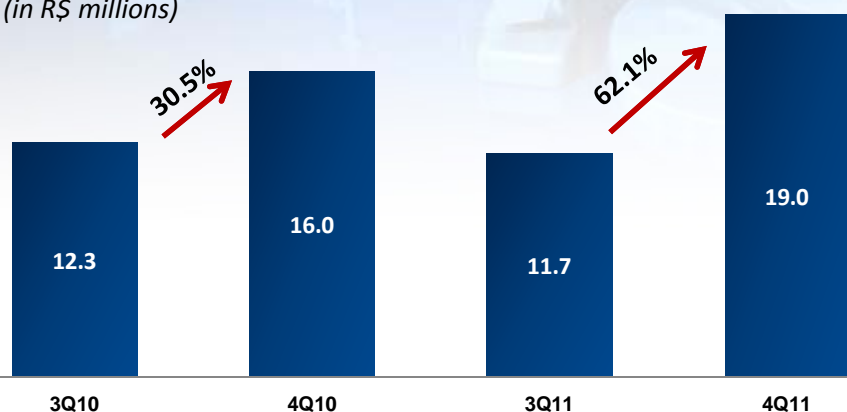
- Annual bargain of around 7%
- Reduction is due to additional bonuses for employees in 2010

# Expenses

Extraordinary expenses in 4Q11

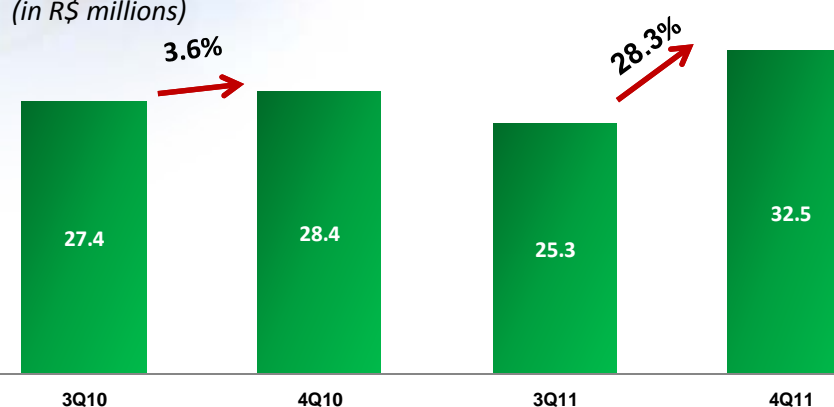
## Third Party Services

(in R\$ millions)



## Data Processing

(in R\$ millions)



### One-off expenses impacting third party services and data processing lines

- Consulting firms to some projects, including the PQO – Operational Qualification Program for Brokers
- Data processing expenses related to a security information project and some evolutive maintenance of systems

## Others

- Amounted to R\$19.1 million, 147.1% higher than 4Q10
  - Mainly related with projects write offs

## BSM – extraordinary transfer: R\$ 92.3 million

- Segregated cash and restricted to MRP, managed by BSM
- Strengthening and increasing the independency of self regulation - BSM
- BVMF impacts: lost of financial revenues from management this cash

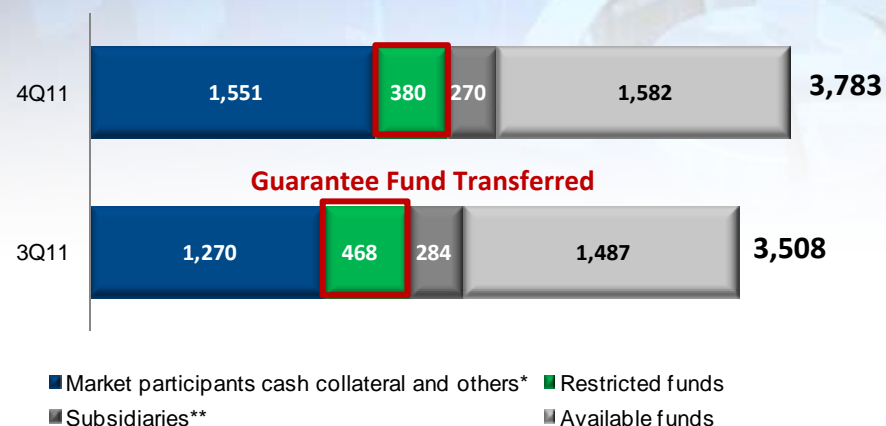


# Financial Highlights

Commitment to shareholder returns



## Cash and Financial Investments (in R\$ millions)

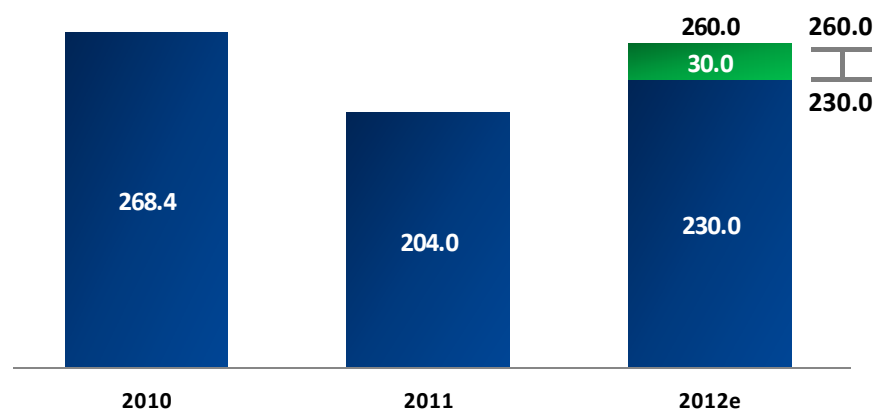


## Financial Income

- **R\$64.1 million in 4Q11**, reduction of 11.3% over 4Q10
- Financial Income of R\$86.3 million 5.4% down, mainly due to a reduction on average interest rates
- Financial Expenses of R\$22.2 million increased 17.5% because of the FX devaluation

## Investments (CAPEX) 2011: R\$204MM

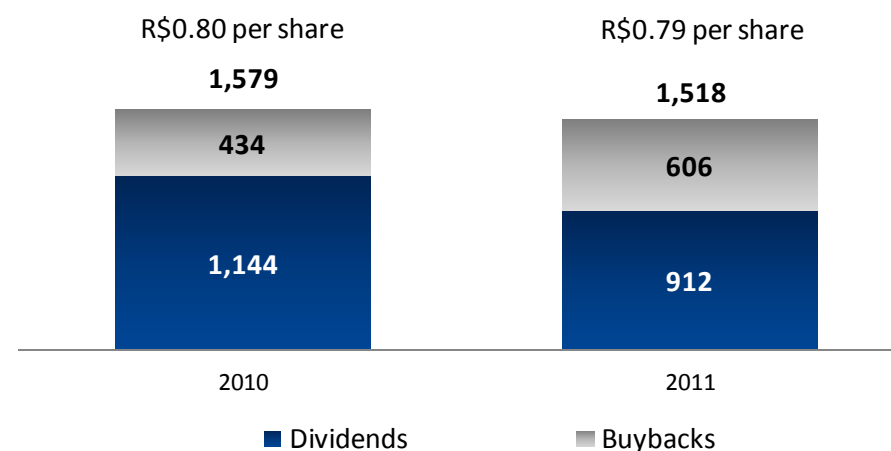
(in R\$ millions)



- CapEx totaled R\$88.5 million in 4Q11
- 88.9% of this investment was destined to IT projects

## Shareholder Return (Payouts and Buyback Program)

(in R\$ millions)



\*Includes collaterals pledged by participants in the form of cash, receivables and rights in securities under custody, as well as payouts still undisbursed

\*\* Includes third party collaterals (R\$119 million in the 3Q11 and R\$118 million in the 4Q11) and restricted funds (R\$12 million in the 4Q10 and R\$12 million in the 4Q11) at Banco BM&F

# Equity method accounting

*In millions of R\$*

Tax Book		2011
Fiscal results before earnings from overseas	(a)	-53.1
Earnings before taxes from overseas <sup>1</sup>	(b)	185.2
Taxable earnings $(a + b)$	(c)	132.1
Taxes $(34\% \text{ of } c)$		44.9
Taxes withheld abroad at the rate of $34\%^2 (d)$	(d)	62.9
Difference for future compensation $(d-c)$		18.0

**Equity accounting** = R\$219.4 million  **R\$156.5 million + R\$62.9 million**

*~ 5.1% of CME Group Net Income*

- The R\$62.9 million fully impacted the equity accounting line in 4Q11
  - Adjusted to this effects, the equity account would have amounted to R\$68.5 million in the quarter, stead of R\$131.5 million, while the income tax and social contribution (current + deferred) would be R\$62.9 million lower

<sup>1</sup> Equity accounting from 5.1% share on the earnings before taxes of CME Group

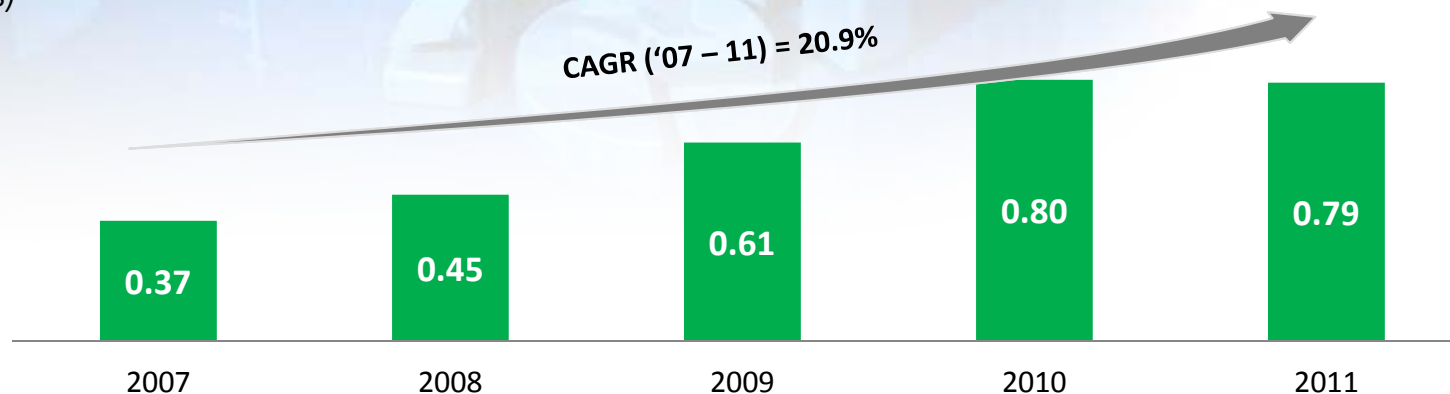
<sup>2</sup> Taxes paid abroad to compensate: capped by 34% of the Earnings before taxes of CME Group adjusted to 5.1% BVMF's participation

# 2011 Highlights

Secular growth of business and results

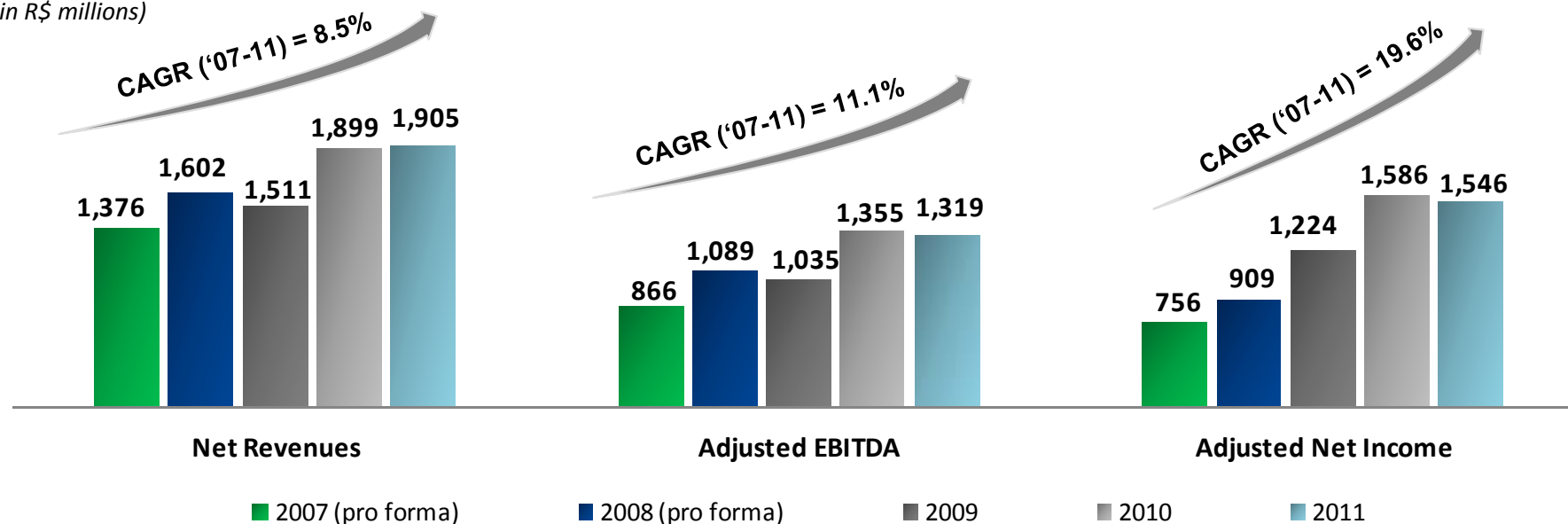
## Adjusted EPS

(in R\$)



## Financial Results

(in R\$ millions)

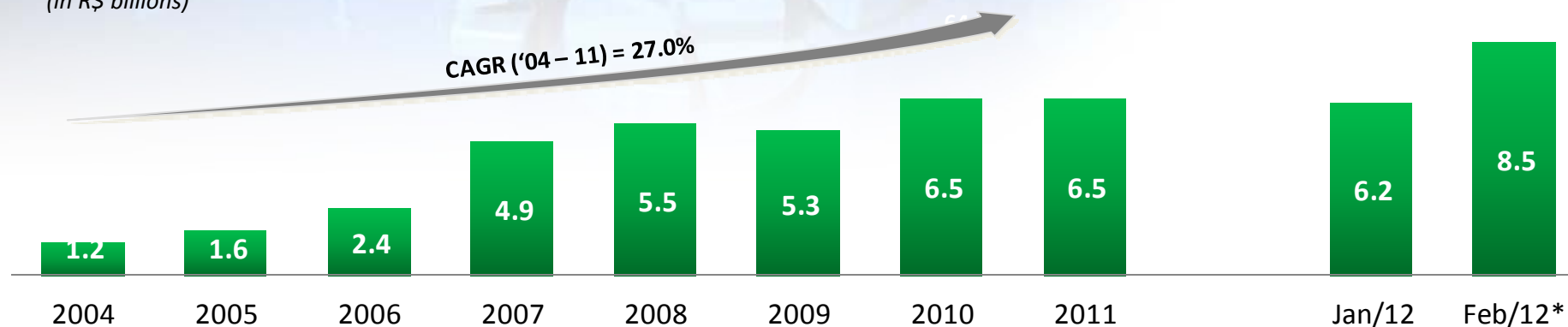


# Records of Average Daily Volumes

Historic record of volumes keeping long term growth

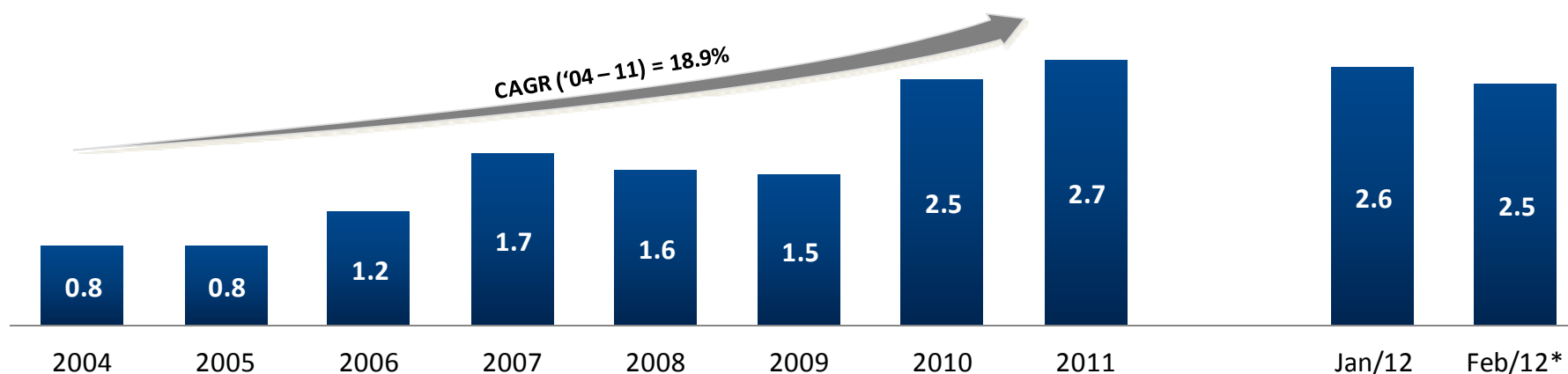
## Average Daily Volume –BOVESPA Seg.

(in R\$ billions)



## Average Daily Volume –BM&F Seg.

(in millions of contracts)





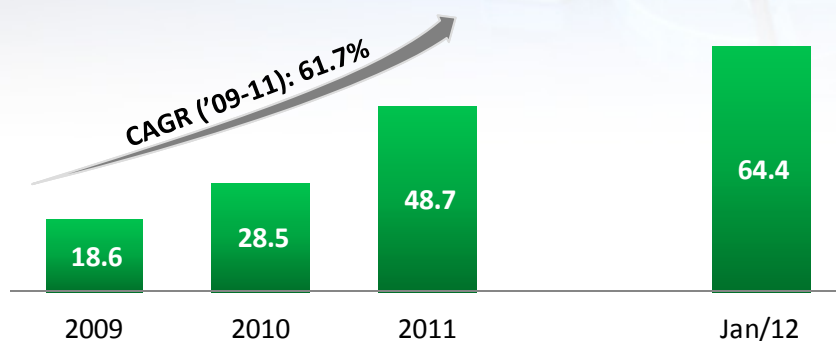
# Consistent Growth

Historic record of volumes keeping long term growth trend

## ETFs – Exchange Traded Funds

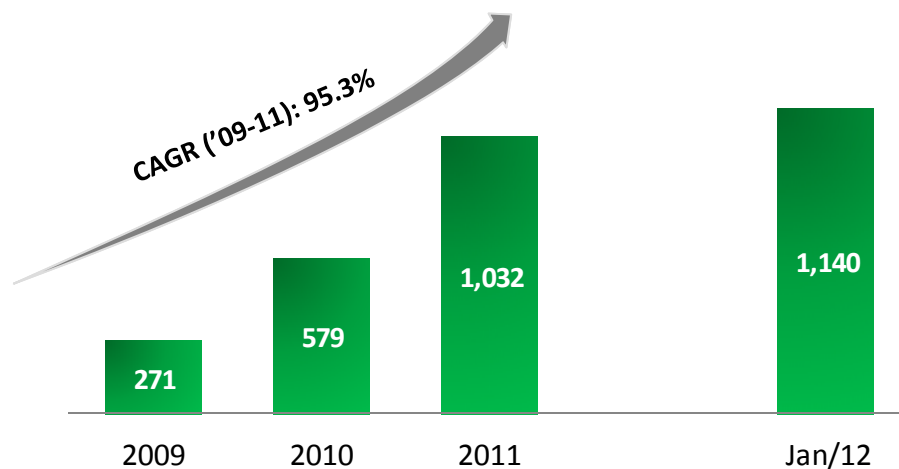
### ADTV

(in R\$ millions)



## Assets under Management

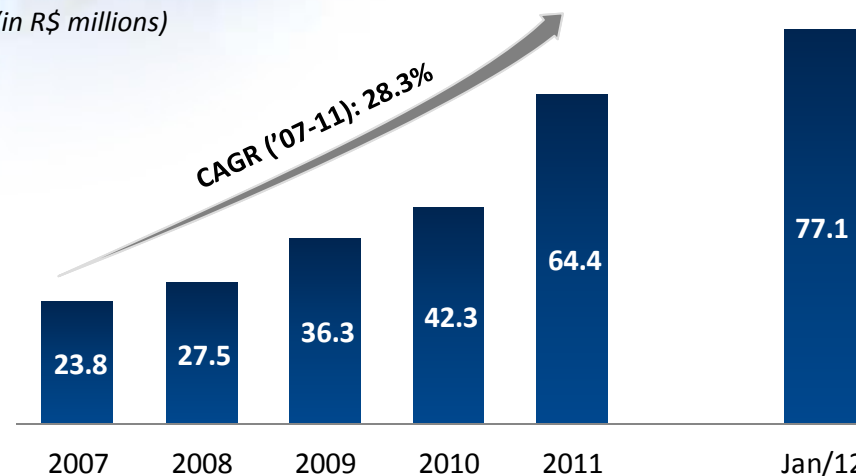
(in R\$ millions)



## Tesouro Direto

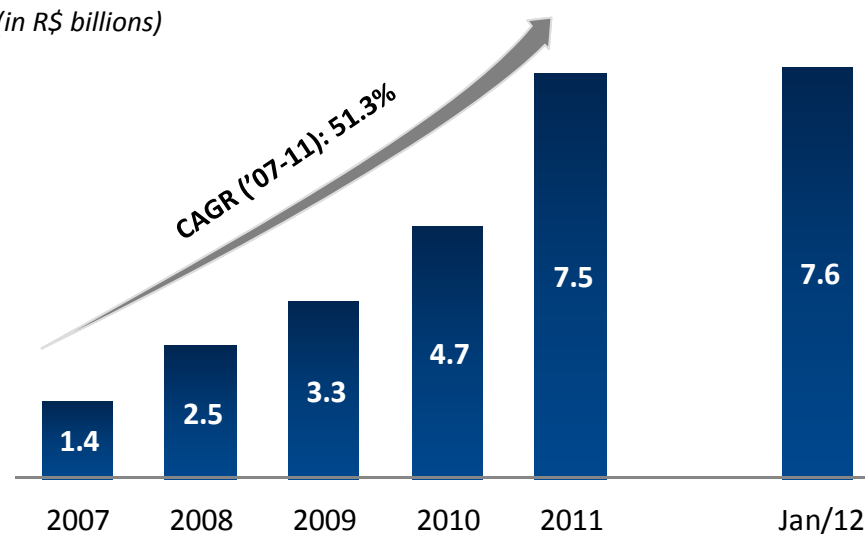
### Average Number of Investors –Retail Investors

(in R\$ millions)



### Assets under Custody

(in R\$ billions)

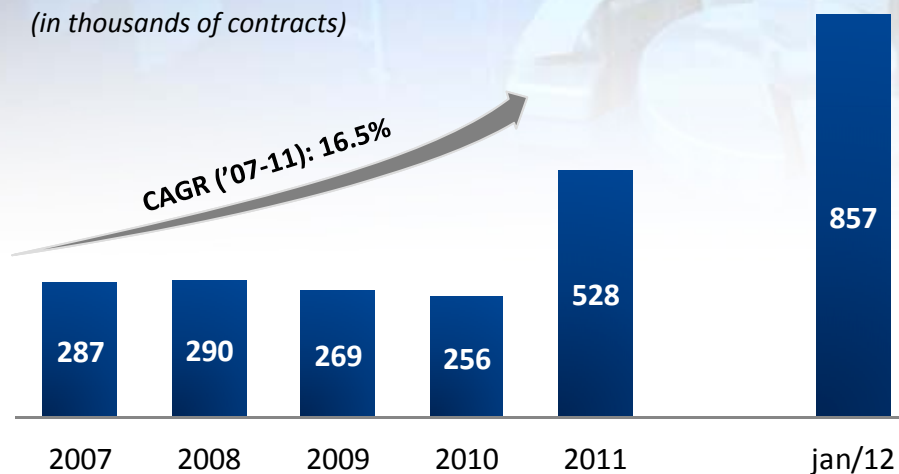


# Consistent Growth

Historic record of volumes keeping long term growth trend

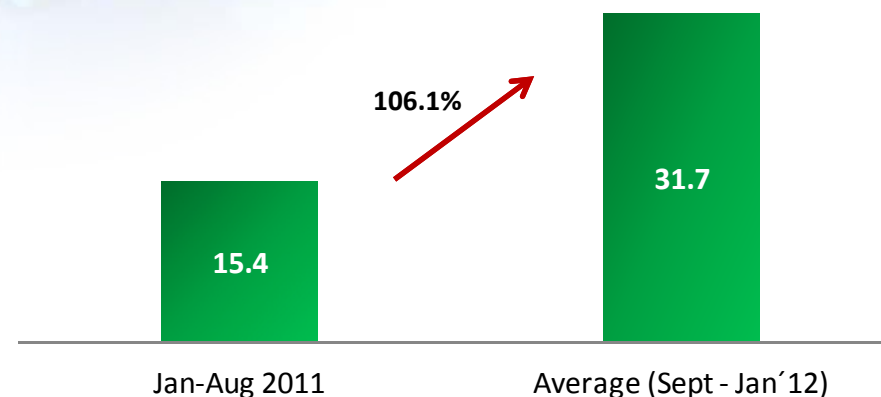
## Average Open interest– Stock Index Futures Contracts

(in thousands of contracts)



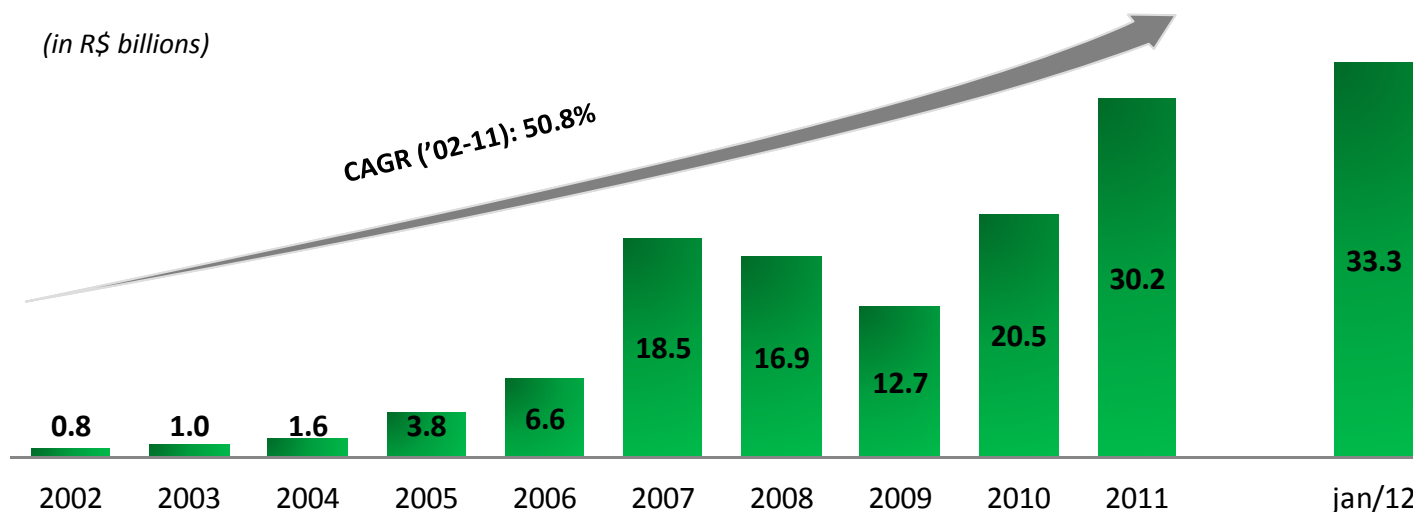
## Options with Market Maker: OGXP3 and ITUB4 - ADTV

(in R\$ millions)



## Securities Lending: open interest (average year)

(in R\$ billions)



## 4Q11 Revenues

**Securities lending (BTC):** ~R\$21.6 million



**Stock Indices Fut.:** ~R\$15.0 million - derivatives  
~R\$7.6 million - cash\*



**Tesouro Direto:** ~R\$4.5 million



**Options on market maker:** ~R\$2.0 million



**Exchange Traded Funds (ETFs):** ~R\$2.9 million

**= ~R\$53 million (10.3% of total revenue)**

\*Considers just one maturity in the period



## Consistently increasing and diversifying of revenues and net income

- Well placed to capture Brazilian economic potentials
- Products development offers conditions for leveraging growth and have high indirect benefits
- Favored from increase in sophistication of Brazilian market

## Strengthening competitive position

- PUMA Trading System: **derivatives module implemented**
- Increasing capital efficiency by integrating clearing facilities
- New OTC platform: consistent with diversification strategy and capture of growth opportunities
- Strengthening surveillance and market regulation (BSM)

## Investing in products and partnerships

- Products development is materializing in revenues and broadening market sophistication
- Strengthening ties with investors and participants
- New Products: market maker for options, ETFs, HFTs, cross listing and *Tesouro Direto*

## Consistently delivering sound financial results

- **Focus on OpEx Control** – 2011 Opex Budget revised down and maintenance for 2012 (**reduction in real terms for 2012 adjusted OpEx**)
- Maximizing shareholders return: high payout





## APPENDIX

# Income Statement Summary

R\$ millions	4Q11	4Q10	Change 4Q11 / 4Q10	3Q11	Change 4Q11/2Q11
Gross Revenues	522.0	526.4	-0.8%	547.1	-4.6%
Net Revenues	471.2	473.3	-0.4%	493.7	-4.6%
Expenses	(291.6)	(188.7)	1.2%	(169.6)	72.0%
Operating Income	179.6	284.6	-36.9%	324.1	-44.6%
Equity accounting	131.5	15.1	771.3%	28.3	364.7%
Financial Income	64.1	72.3	-10.3%	70.8	16.7%
Income before Taxes	372.2	419.9	3.6%	82.7	-22.5
Net Income*	191.1	261.5	-26.9%	292.0	-34.4%
EBITDA	204.4	305.5	-33.1	347.5	-41.2%
<i>EBITDA Margin</i>	43.4%	64.5%	-2,118 bps	70.4%	-2,701 bps
Adjusted Net Income	352.7	370.0	-4.2%	339.6	-11.7%
Adjusted earnings per share (in R\$)	0.182885	0.184677	-1.0%	0.205459	-11.0%
Adjusted EBITDA	307.1	314.9	-2.5	356.0	-13.7
<i>Adjusted EBITDA Margin</i>	65.2%	66.5%	-136 bps	72.1%	-693 bps
Adjusted Expenses	(163.9)	(159.0)	3.1%	(136.3)	20.3%

\* Attributable to BM&FBOVESPA's Shareholders

# Balance Sheet

In R\$ millions

ASSETS	2011	2010	LIABILITIES AND SH. EQUITY	2011	2010
<b>Current assets</b>	<b>2,401.1</b>	<b>2,547.6</b>	<b>Current liabilities</b>	<b>1,930.0</b>	<b>1,416.2</b>
Cash and cash equivalents	64.6	104.0	Collateral for transactions	1,501.0	954.6
Financial investments	2,128.7	2,264.4	Others	429.0	461.6
Others	207.8	179.2	<b>Non-current liabilities</b>	<b>2,402.5</b>	<b>1,798.7</b>
<b>Non-current assets</b>	<b>21,188.8</b>	<b>20,086.4</b>	Financing	1,138.6	1,010.1
<b>Long-term receivables</b>	<b>1,767.4</b>	<b>1,216.8</b>	Deferred Inc. Tax and Social Contrib.	1,204.6	732.1
Financial investments	1,589.0	1,066.9	Others	59.2	56.6
Others	178.3	149.9			
<b>Investments</b>	<b>2,710.1</b>	<b>2,286.5</b>	<b>Shareholders' equity</b>	<b>19,257.5</b>	<b>19,419.0</b>
<b>Property and equipment</b>	<b>357.2</b>	<b>367.1</b>	Capital	2,540.2	2,540.2
			Capital reserve	16,033.9	16,662.5
<b>Intangible assets</b>	<b>16,354.1</b>	<b>16,215.9</b>	Others	666.7	200.0
			Minority interest in subsidiaries	16.5	16.3
<b>TOTAL ASSETS</b>	<b>23,590.0</b>	<b>22,634.0</b>	<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>23,590.0</b>	<b>22,634.0</b>

# Reconciliation of GAAP to Adjusted Net Income

## 4Q11 GAAP and adjusted net income reconciliation

<i>R\$ millions</i>	4Q11	4Q10	Change 4Q11 / 4Q10	3Q11	Change 4Q11/2Q11
<b>Gaap net income*</b>	<b>191,066</b>	<b>261,466</b>	<b>-26.9%</b>	<b>292,006</b>	<b>-34.6%</b>
(+) Stock options program	10,419	9,421	10.6%	8,541	22.0%
(+) Deferred tax liabilities	124,706	110,214	13.1%	124,706	0,0%
(-) Profit from investment in associate (equity method investment net of tax on dividends)	128,853	13,123	881.9%	25,659	402,2%
(+) Taxes paid overseas to be compensated	62,987	-	-	-	-
(+) Contribution to MRP	92,342	-	-	-	-
<b>Adjusted net income</b>	<b>352,667</b>	<b>367,978</b>	<b>-4.2%</b>	<b>399,594</b>	<b>-11.7%</b>

\*Attributable to BM&FBOVESPA shareholders



# Reconciliation of Adjusted Operating Expenses

<i>R\$ millions</i>	4Q11	4Q10	Change 4Q11 / 4Q10	3Q11	Change 4Q11/2Q11
<b>Total Expenses</b>	<b>291,630</b>	<b>188,664</b>	<b>54.6%</b>	<b>169,558</b>	<b>72,0%</b>
(-) Stock options programs	10,416	9,421	10.6%	8,541	22.0%
(-) Depreciation	22,127	18,925	16.9%	20,686	7.0%
(-) Provisions	180	(688)	-126,2%	1,408	-87,2%
(-) Tax on dividends from CME	2,675	1,972	35.7%	2,642	1.3%
(-) Contribution to MRP	92,342	-	-	-	-
<b>Adjusted Expenses</b>	<b>163,887</b>	<b>159,035</b>	<b>3.1%</b>	<b>136,281</b>	<b>20.3%</b>



**BM&F BOVESPA**

*The New Exchange*



BM&FBOVESPA - INVESTOR RELATIONS

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