Bolsas y Mercados Argentinos
2Q26 Earnings Call Transcript

PRESENTATION

[Alejandro Berney — Investor Relations Officer, BYMA]:

Good morning, and thank you all for joining. My name is Alejandro Berney, Investor Relations Officer for BYMA. Today we will discuss our second-quarter results. Please hold your questions until the end of the presentation, when we will open the floor for Q&A.

This was a strong quarter in terms of business growth. As in the previous quarter, the Central Securities Depository (CSD), operated by Caja de Valores, is driving growth. Unlike the trend of the last two to three years, the CSD is now growing faster than the exchange business — we will cover this in more detail during the presentation.

Combined revenue from both businesses grew 60% in historical terms and 25% in real terms. This is the only page in the presentation where we show inflation-adjusted figures (shown on the right side); the historical figures in the middle of the page are the ones we typically reference.

Expenses grew slightly above inflation — 68% in historical terms and 31% in real terms — but gross margin still grew 21% in real terms. Other operating income was roughly flat in real terms, i.e., it grew in line with inflation. We consider this a very good result given the current interest rate environment in Argentina, and we'll go into more detail later.

Net income grew 22% in historical terms — somewhat below inflation due to higher income tax — and fell 9% in real terms.

Turning to the details of the business: the CSD continues to grow strongly. We have added monthly figures for assets under custody (AUC) to our Investor Relations website, along with a redesigned layout that should make the information easier to find. AUC is now broken down by asset class.

This was an interesting quarter, as we saw growth across all asset classes. From the end of last year through the first quarter, most growth was driven by National Treasury bills. This quarter, growth was broad-based; in percentage terms, corporate bonds grew the most, though government securities remain the largest component in market-value terms and therefore drove most of the growth in absolute terms.

CEDEAR assets under custody grew 18% quarter-over-quarter, driven more by volume than by price — roughly two-thirds of that growth came from an increase in CEDEAR holdings rather than price appreciation. This indicates that both local retail and institutional investors are demanding more CEDEARs, prompting market makers to convert more shares and driving AUC growth.

As a result, the CSD posted very strong results: revenue doubled year-over-year, driven by both core CSD services and additional services. As a reminder, "additional services" relate to international custody — both outflows (local institutions buying assets offshore) and inflows (foreign investors buying local assets) as well as SME instruments, which also contributed to AUC and revenue growth.

Growth accelerated versus the first quarter, and we expect this trend to continue. It is being driven by the National Treasury: the Central Bank has been buying significant dollar reserves, and the pesos issued for those purchases are being absorbed by the Treasury through securities issuance — securities that end up in custody, benefiting the CSD segment.

Turning to the exchange business, growth was more subdued, similar to last quarter — 41% in historical terms. Equities remain the largest segment, followed by on-exchange repo and fixed income.

In equities, average daily traded volume (ADTV) grew 92% year-over-year. Part of this comparison reflects a fee change: we currently charge 5 basis points on equities, versus a reduction from 8 to 7 basis points in May of last year — so roughly half of last year's comparable quarter was billed at the higher 8bp rate, which explains part of the gap between volume growth and revenue growth.

Notably, all of the ADTV growth came from CEDEARs. Local share trading, by contrast, has been fairly flat every quarter — around ARS 90–100 billion — with the exception of the fourth quarter of last year, when the market rallied following the late-October elections.

We have two initiatives underway to change this dynamic: a local market maker program and a local ETF.

BYMA has already selected a broker-dealer to act as market maker for BYMA shares locally; this is expected to go live in October. Since this market maker will operate from abroad, some connectivity work is still required. We are also in discussions with other local issuers about hiring a local market maker, which should help drive growth in local equity volumes more broadly.

A local bank has confirmed it will launch the first local ETF tracking the S&P Merval Index, also around October. This will create arbitrage opportunities — both between the ETF and its underlying shares, and between the ETF and the index futures contract — which should further support local equity volumes.

Fixed income trading recovered this quarter. The first quarter had been weak due to heavy Central Bank intervention in the third and fourth quarters of last year. As interest rates have come down — helped by the liquidity the Central Bank has injected while building dollar reserves — average daily traded volumes recovered in both the guaranteed and bilateral segments this quarter, along with related revenue growth versus both last year and the first quarter.

We also have an initiative underway in this segment: the recent acquisition of Quantex, an OTC platform using a request-for-quote (RFQ) trading mechanism. This venue is being set up in partnership with Tradeweb, giving foreign investors easier access to local fixed income. BYMA will act as the sole intermediary for the entire market, so foreign broker-dealers won't need to establish a credit line with local counterparties. We believe this will increase trading volumes from foreign investors interested in local instruments.

On-exchange repo declined for the first time, after the local regulator introduced a cap on the leverage (debt-to-equity) local brokers can use — a relative limit tied to each broker's own net worth rather than a fixed amount. As brokers' equity grows, this limit should grow with it, though we expect a more moderate growth pace than before. We view this quarter's decline as a one-off adjustment: daily volumes show growth resuming in the second quarter, though not yet back to earlier peak levels.

Market data remains a small share of total revenue. We expect this line to grow as local ETFs launch and more of them begin using our indices.

Expenses grew above inflation this quarter, and roughly half of that increase relates to the BYMA Clearing launch — including consultancy fees paid to technology vendors, launch-related bonuses, and overtime. Both the compensation and consultancy lines reflect this one-off impact, which should ease starting next quarter.

The other half of the increase in compensation reflects headcount growth, as we continue to adjust our talent profile in certain areas — though again, we expect this to normalize in the coming quarters.

Finally, our Ingresos Brutos (gross revenue tax) line grew below inflation, reflecting early results from our tax-efficiency initiatives. We expect even lower growth in this line over the next few quarters as these initiatives — some implemented toward the end of the first quarter, others during the second quarter — take full effect.

FX-related gains (from currency devaluation) turned positive again this quarter, after a loss in the first quarter due to peso appreciation. The peso devalued again in the second quarter, generating gains in peso terms.

Interest income and mark-to-market results were similar to the first quarter — a solid outcome given the negative real interest rates for much of the quarter, which we view positively given prevailing market conditions.

As a result, efficiency metrics remain strong. Margins came down slightly from all-time highs in EBITDA and operating margin, but remain close to historical peaks. Since roughly half of the expense increase was tied to the one-off BYMA Clearing launch, we expect efficiency to improve again over the remainder of the year.

We've included historical figures for reference. One correction: the percentages on the first line of the document sent by email contained an error, which has been corrected in this presentation — only that page was affected; the prior page was correct. We will upload the corrected version to our Investor Relations website, so please disregard the version sent by email.

We've covered the BYMA Clearing launch and our key projects. I'll also mention that we've relaunched our Investor Relations website, which should make information easier to find — we welcome any feedback.

With that, I'll open the floor for questions.

Q&A

[Pedro Offenhenden]:

Thank you for taking the call. One question on expenses — you mentioned one-off costs related to the BYMA Clearing launch this quarter. Should we expect any additional extraordinary expenses in the second half, or was everything recognized this quarter?

[Alejandro Berney — Investor Relations Officer, BYMA]:

Everything was recognized this quarter.

[Pedro Offenhenden]:

Understood — so we should expect normalized expenses similar to year-end last year?

[Alejandro Berney — Investor Relations Officer, BYMA]:

Exactly — closer to the first quarter of this year.

[William Barranjard]:

Thank you for the presentation, and congratulations on the new Investor Relations website — it was easy to use. I have two questions. First, on CSD revenue: I noticed it declined slightly even though AUC grew about 11%. Could you help me understand that disconnect — is it a mix shift, or something that could affect yields going forward?

[Alejandro Berney — Investor Relations Officer, BYMA]:

We always compare against the same quarter of the prior year because part of the revenue mix is seasonal. In the first and third quarters, we collect fees on coupon payments related to the national government's external debt, which are relatively large. We typically see a corresponding increase in corporate-action fees in January and July — that seasonality explains most of the difference.

[William Barranjard]:

Understood, thank you. My second question is about the dynamic between CEDEARs and local equities — you mentioned local equity volumes have been flat, and that you plan to launch a local market maker to help. Is there a correlation where CEDEAR growth is drawing capital away from local equities? And is this growth linked to a specific trend — for example, memory/semiconductor stocks — and if so, is there a risk that CEDEAR growth decelerates if that trend cools?

[Alejandro Berney — Investor Relations Officer, BYMA]:

That's a good point. We listed the CEDEAR for SpaceX the same day its IPO priced in the US — it was tradable locally within two to three hours. It was the most actively traded CEDEAR for a week, even ahead of SPY, which is typically our most-traded CEDEAR. There's clearly strong interest in names like NVIDIA and other hyperscalers.

Our conclusion is that local retail investors are genuinely investing — not simply using CEDEARs to dollarize their portfolios. In one sense, yes, CEDEARs compete with local equities, but ultimately it's the investor's decision what to invest in; they don't distinguish between instrument types the way we do internally. A good example is Mercado Libre — the vast majority of investors assume it trades directly on our exchange, when in fact it trades as a CEDEAR. Investors focus on the company, not the instrument type.

[William Barranjard]:

Understood, thank you. Ricardo, go ahead — I'll follow up later.

[Ricardo Buchpiguel]:

Thank you for the opportunity. A quick follow-up on William's question — could you give a sense of the yield or margin difference between CEDEARs and local equities? And separately, could you elaborate on the tax measures you mentioned, and what we should expect for the full-year tax rate?

[Alejandro Berney — Investor Relations Officer, BYMA]:

On margins — gross margin is essentially the same for CEDEARs and local equities. CEDEARs run slightly lower because of a liquidity program under which we offer fee discounts to brokers that provide on-screen liquidity. There are also day-trading fee discounts that apply regardless of instrument type. So while the headline rate is 5 basis points, the effective/implied rate is closer to 4.5bp for equities and 4bp for CEDEARs.

On taxes — this refers specifically to Ingresos Brutos (a provincial turnover tax), not income tax. We've taken a few actions. Two of our subsidiaries, Tecval and Caja de Valores, relocated their head offices to Parque Patricio, an area of Buenos Aires City where the local government offers reduced rates to encourage development. By the end of the first quarter, Tecval's rate reduction had been recognized by the local tax authority; Caja de Valores' reduction followed in the second quarter, once the necessary approvals were completed. Separately, BYMA opened a new office in Córdoba with around 50 employees, which also qualified for a reduced Ingresos Brutos rate. Provinces effectively compete for corporate footprint and set rates based on a company's blended presence across jurisdictions, so this has also helped reduce BYMA's consolidated Ingresos Brutos rate.

[Ricardo Buchpiguel]:

That's very clear. But just to confirm — we also saw a decline in the income tax line. Could you elaborate on that and what to expect going forward?

[Alejandro Berney — Investor Relations Officer, BYMA]:

The income tax line is volatile mainly because of financial income, which fluctuates depending on the mix between local and offshore assets — that's the main driver of quarter-to-quarter volatility, not the core business. The statutory rate is 35%; with available tax-efficiency mechanisms, we'd project an effective rate closer to 30% for the year.

[Ricardo Buchpiguel]:

Very clear, thank you.

[Carlos Gomez-Lopez]:

Hello, thank you for taking my question, and congratulations. My usual question: is there any progress on the reduction or elimination of FX controls, or visibility into that happening later this year? And second — after a period of very low interest rates, how would higher rates affect the business, positively or negatively, across segments?

[Alejandro Berney — Investor Relations Officer, BYMA]:

On FX controls — our view, which has strengthened over the course of the year, is that we don't expect changes before the election. Central Bank and Ministry of Finance officials have become clearer about this. Interestingly, they send somewhat mixed signals: on one hand, they say they aren't worried about FX volatility next year because they're building strong reserves; on the other, they say they want to avoid a repeat of last year's volatility, so they remain cautious about changing FX controls. In fact, a new control was added this year — a 90-day minimum holding period between sending funds abroad and bringing them back through the exchange, targeting retail investors. That reinforces our view that controls are, if anything, tightening rather than loosening.

On interest rates — setting aside the relationship between rates and asset prices, higher rates would benefit our other operating income (portfolio returns), so the fact that this quarter's results were similar to the first quarter's despite the low-rate environment is a good outcome from a portfolio-management standpoint. We also tend to see more arbitrage activity — for example, between on-exchange repo and short-term bills — in higher-inflation, higher-rate environments; that arbitrage activity has been somewhat lower as rates have come down.

[Carlos Gomez-Lopez]:

Thank you.

[Ignacio Sniechowski]:

Hi Alejandro, thanks for taking my question. Could you give an update on BYMA's cash position? Second, could you break down the 68% held in pesos — are these National Treasury bills and bonds, CER-linked, or dollar-linked instruments? And finally, do you expect that peso allocation to shift toward dollars going forward, or is it a level you're comfortable with?

[Alejandro Berney — Investor Relations Officer, BYMA]:

At the start of the year, our portfolio was closer to 30% in dollars, reflecting our positioning ahead of a large dividend payment — around USD 125 million — which we paid out in dollars. After that payment, we moved to roughly 60% in pesos, and our investment committee has since allowed the peso position to grow organically, since we collect and pay most of our cash flows in pesos — dollarizing effectively means selling pesos to buy dollars.

Looking ahead, given strong export flows — and absent continued Central Bank dollar purchases, the peso would likely have depreciated further this year — we expect somewhat less dollar generation in the second half due to seasonality, so peso depreciation should track closer to inflation, which we also expect to continue moderating. These decisions are reviewed monthly by our investment committee rather than set for the full year, given how quickly conditions in Argentina can change.

[Ignacio Sniechowski]:

Thank you very much, Ale.

FINAL COMMENTS

[Alejandro Berney — Investor Relations Officer, BYMA]:

Thank you all for joining. As a reminder, you can send questions to us at ir@byma.com.ar. I'd also like to introduce Mora, a new addition to our IR team, who many of you may not know yet — she also helps with investor questions and actually led the redesign of our Investor Relations website. We'll upload the recording of this call shortly. Thank you again and have a good weekend.