



WARSAW STOCK EXCHANGE (GPW) – EFFECTIVE TOOL FOR SUPPORTING ECONOMIC GROWTH

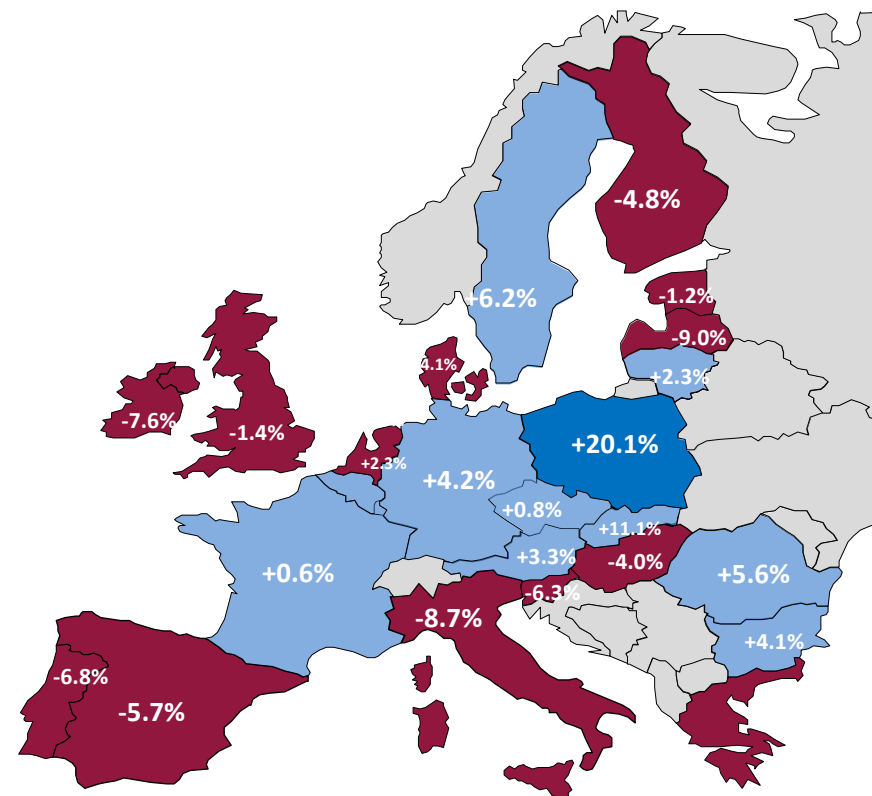
MARCH 2015



Poland: uninterrupted growth story

- ⚙ Economic performance remains robust
- ⚙ GDP growth still remains one of the highest in EU. Positive prospects for the next years (GDP growth: 3.3 in 2014f, 3.4 in 2015f, 3.7 in 2016f, 3.9 in 2017f and 4.0 in 2018f)
- ⚙ Poland's resilience built on a number of economic strengths
- ⚙ Polish economy outperformed by far all other European countries during the turbulent crisis time (cumulative real GDP growth rates in 2008-2013 – 20.15%)
- ⚙ Potential growth supported by all main components of the production function: labour supply, capital accumulation (both, private and public) and total factor productivity
- ⚙ Relatively stable employment rate in 2009-2013
- ⚙ Periods of Polish Zloty weakening driven by global events and elevated risk aversion
- ⚙ Poland is set to be the biggest beneficiary of the European multi-annual financial framework for the years 2014-2020 (11% of EUR 960 bn of total commitments)

2008-2013 accumulated GDP growth

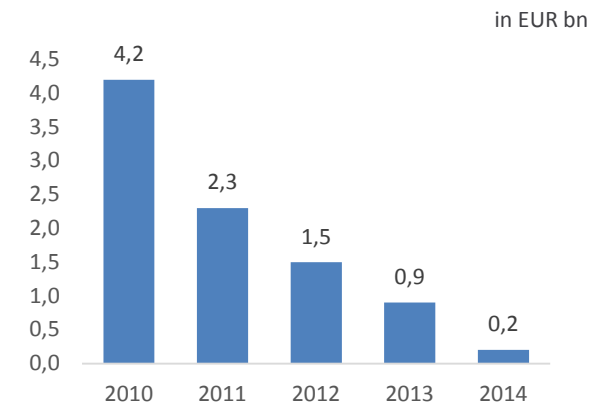


Since 2008, other European countries have practically stood still or experienced recession, while Poland's cumulative GDP growth reached over 20%

Spectacular transformation of the economic system supported by effective capital market

- ❖ In 1990 there were almost 8,500 state-owned enterprises in Poland. At the end of 2014 there were just 569, and of these 241 were operational
- ❖ GPW was established at the beginning of the privatisation process and became a key tool for implementing the country's privatisation policy
- ❖ The largest state owned entities were privatised through GPW and substantial levels of foreign capital were invested
- ❖ Those privatisations through the stock exchange helped to strengthen the capital market in Warsaw and actively promote culture of investing in securities
- ❖ In 2006-2014 total privatisation proceeds from the exchange were in total equal to EUR 9.90 bn

Privatisation proceeds for GPW



Large-scale privatisations allowed companies to obtain capital and increase the capitalisation of the WSE, but also contributed to greater public interest in investing in securities

Warsaw Stock Exchange: over two decades of supporting economic growth



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- WSE supports growth financing of Polish companies and local governments
- Listed companies are more transparent in reporting profits and paying taxes
- The Exchange fosters competition and innovation in the Polish economy as it helps to finance higher-risk projects
- WSE offers access to capital during a bank credit crunch, which cushions the impact of a crisis
- Poles invest savings on the capital market and participate in financing of companies and infrastructure investments
- WSE is an attractive alternative to bank deposits at low interest rates (1-2%) compared to dividend yields of WIG20 companies at nearly 4% p.a.*

Ca. **PLN 135 bn** of
WSE offerings since
2007

Ca. PLN **84.4 bn** of
capital raised by
companies and local
governments
in bond issues since
2009

Foreign companies
listed on WSE
reinforce the
international position
of Poland (**61 foreign
companies from 23
countries**)

PLN 44 bn
of shares held by
households
(3% of total savings)

2.5 mn Poles stayed
with pension funds
tying their pension
savings with the
capital market

1.5 mn broker
accounts

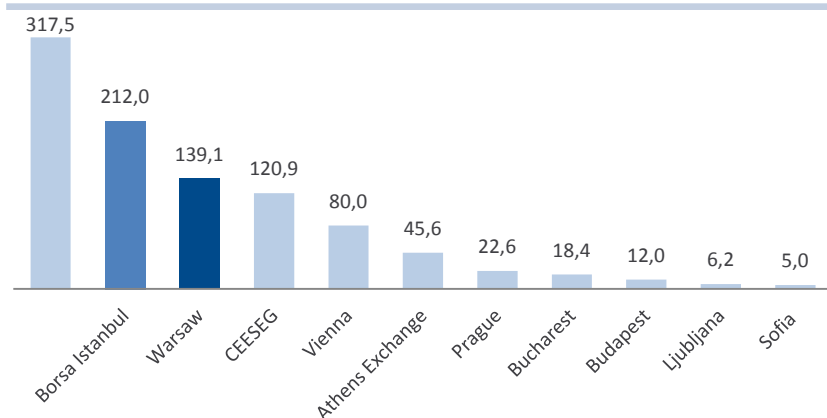
Poland's capital market is a stable source of capital for the economy

Market of first choice in Central and Eastern Europe

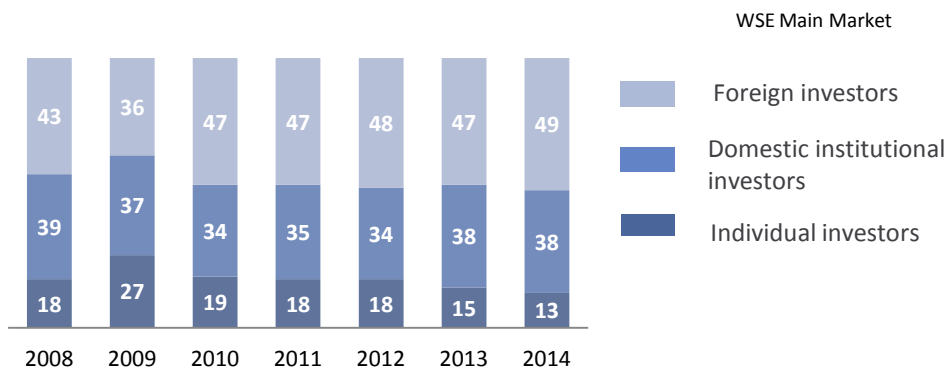


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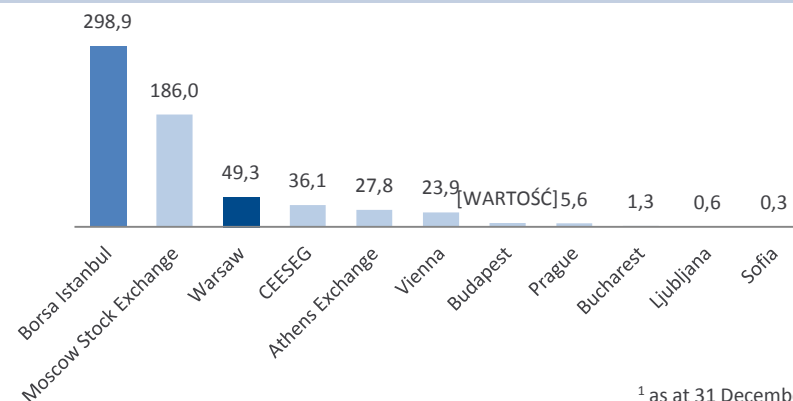
Capitalisation of domestic companies (2014, EUR bn)



Diversified investor base



Value of session equity trading (2014, EUR bn)



¹ as at 31 December 2014

Activity of issuers on WSE markets



Main Market

420 domestic companies
51 foreign companies

Capitalisation:

PLN 591 bn
PLN 662 bn



NewConnect

421 domestic companies
10 foreign companies

Capitalisation:

PLN 9.1 bn



Catalyst

193 issuers (incl. Treasury)
4878 series of non-Treasury
bonds

Value of listed non-Treasury issues:

PLN 64.1 bn

WSE is the biggest exchange in Central and Eastern Europe

Source: FESE, WFE, WSE

¹ CEESEG Group includes: Vienna, Budapest, Prague, Ljubljana

² Series A (registered) shares held by the State Treasury, investment firms, banks and other shareholders, are preferred in that one share gives two votes at the General Meeting

Comprehensive product offering



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Listing	Trading				Post-trading <i>including COR³</i>	Market data
	Equities & other	Derivatives	Bonds	Commodities <i>excluding COR³</i>		
- Equities - Bonds - ETFs - Warrants - Structured products	- Equities - Structured products - Warrants - ETFs - Investment certificates	- Futures contracts - Options - Index participation units	- Corporate bonds - Municipal bonds - Bank bonds - T-bills - T-bonds	- Electricity spot and forward contracts - Natural gas spot and forward contracts - Property rights in certificates of origin - Electricity futures to be introduced to trading this year, followed by gas futures	- Settlement - Custody - Clearing - COR³	- Real-time data - Delayed data - Historical data - Indices - Relate to all markets operated by GPW Group

Financial market

Commodity market

High safety of trading, operational excellence and a broad range of products make GPW one of the most recognised Polish financial institutions in the world

¹ Associate company (33%); offers post-trading services on the financial market

² 100% owned by PolPX; offers post-trading services on the commodity market

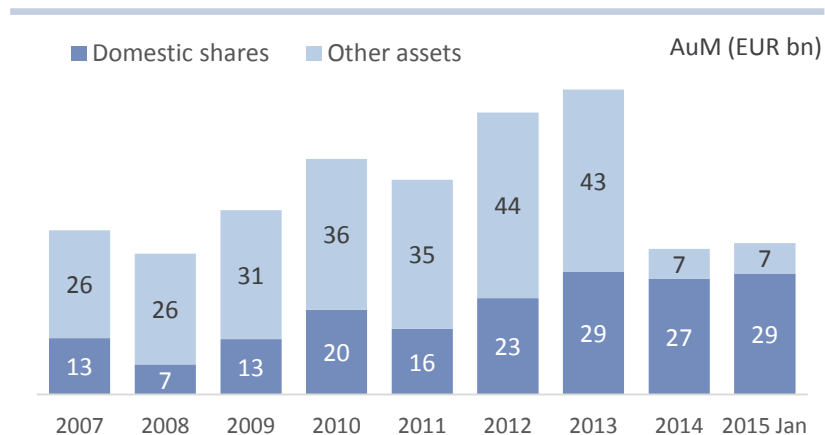
³ Certificate of Origin Register operated by PolPX

Strong domestic institutional and retail investor base

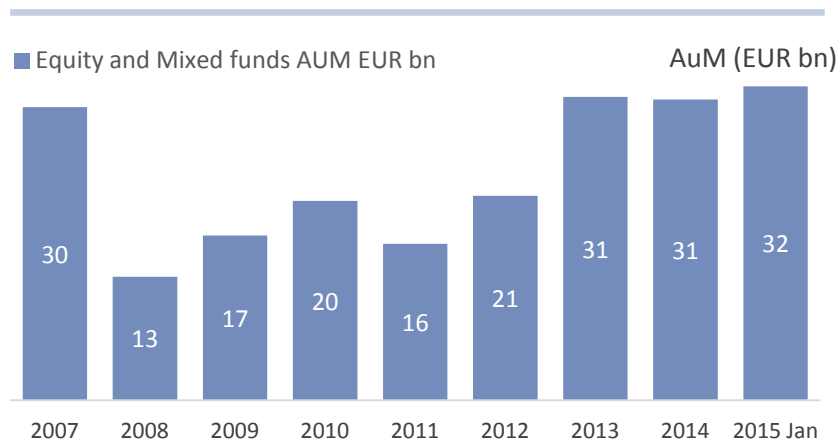


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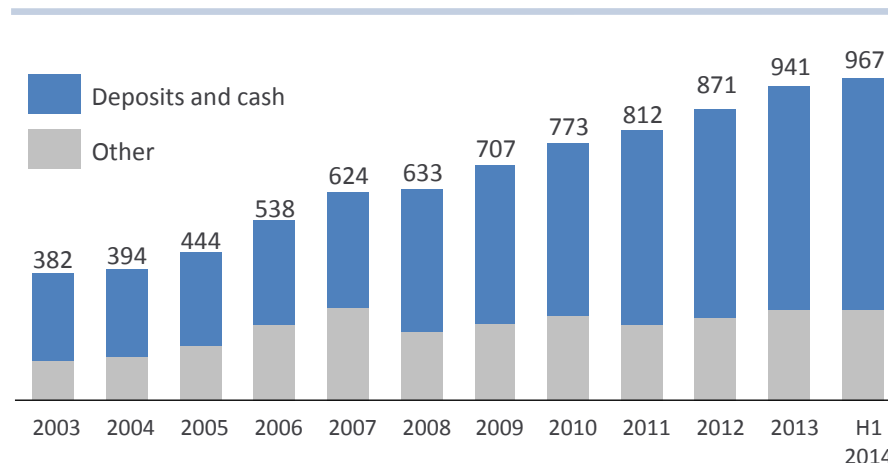
Pension funds



Investment funds



Household assets, 2003 – 2014 (PLN bn)



- ❖ In Jan 2015, Open Pension Fund's net assets value amounted to EUR 36 bn and investment funds net assets value amounted to EUR 32 bn.
- ❖ Most of Poles' savings are bank deposits: in view of currently low interest rates, there is a growth potential for direct and indirect investments on WSE
- ❖ Shares represent only 3% of Poles' savings – however, individual investors are very active on WSE (share in turnover in 2014: 13%)

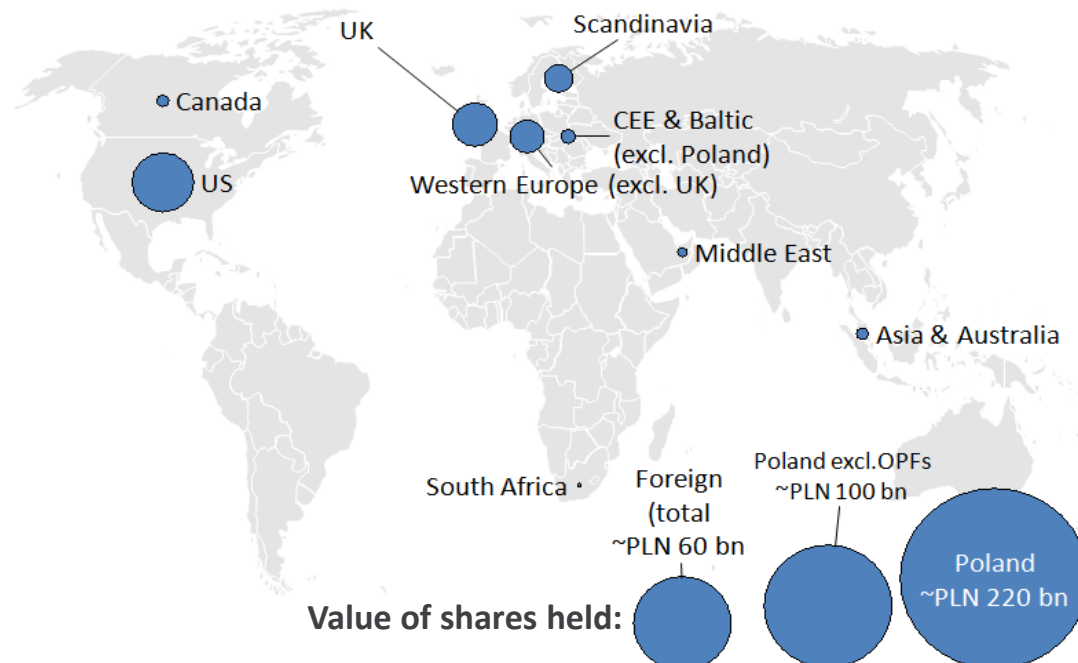
Strong and growing foreign investor base



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Origin of GPW investors (free float by geographic segment)

- ❖ Focused efforts, also in co-operation with issuers, to spark interest in GPW-listed companies among foreign investors
- ❖ Close co-operation with investment banks
- ❖ Value of GPW listed shares held by foreign investors accounted for 38.8%¹ of market capitalization of domestic shares listed on the GPW



Activity of foreign investors on GPW shows the scale of opportunities and potential of the Polish capital market recognised by international investors and companies

¹ Data as of end of June 2014

Source: PFSA, NBP, GPW, Thomson Reuters

Vibrant commodity market with significant growth potential

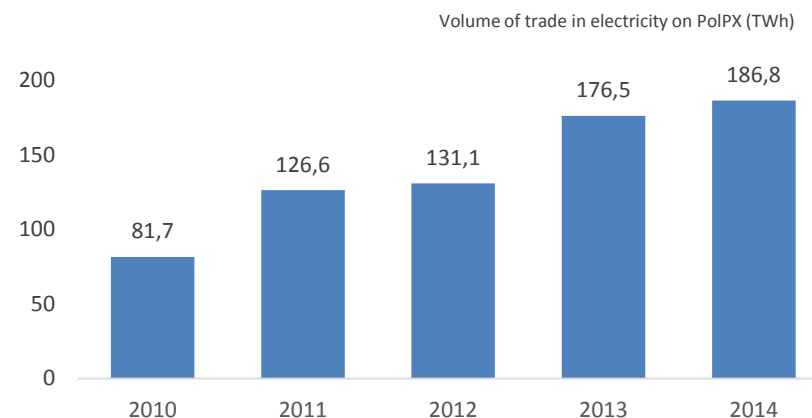


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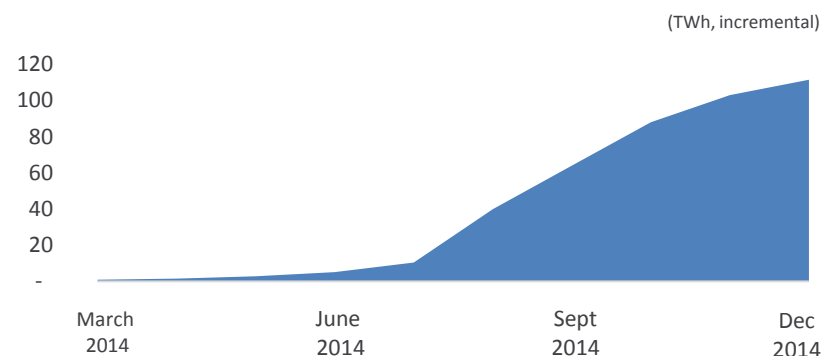
About Polish Power Exchange

- ⚡ POLPX, the only licensed power exchange in Poland, was founded in 1999 as the crucial component of electricity market liberalization in Poland
- ⚡ Since February 2012 POLPX has been a subsidiary of the Warsaw Stock Exchange
- ⚡ Fastest-growing commodity exchange in the region
- ⚡ POLPX operates markets for electricity, natural gas and property rights
- ⚡ POLPX will open a commodity-based financial market in 2015
- ⚡ In terms of revenues on the electricity forward instruments market with physical delivery, the Polish Power Exchange is the second largest market in Europe, after the Scandinavian one
- ⚡ Market coupling with Sweden since December 2010. Efforts are underway to join the NWE market as part of the Price Coupling of Regions initiative

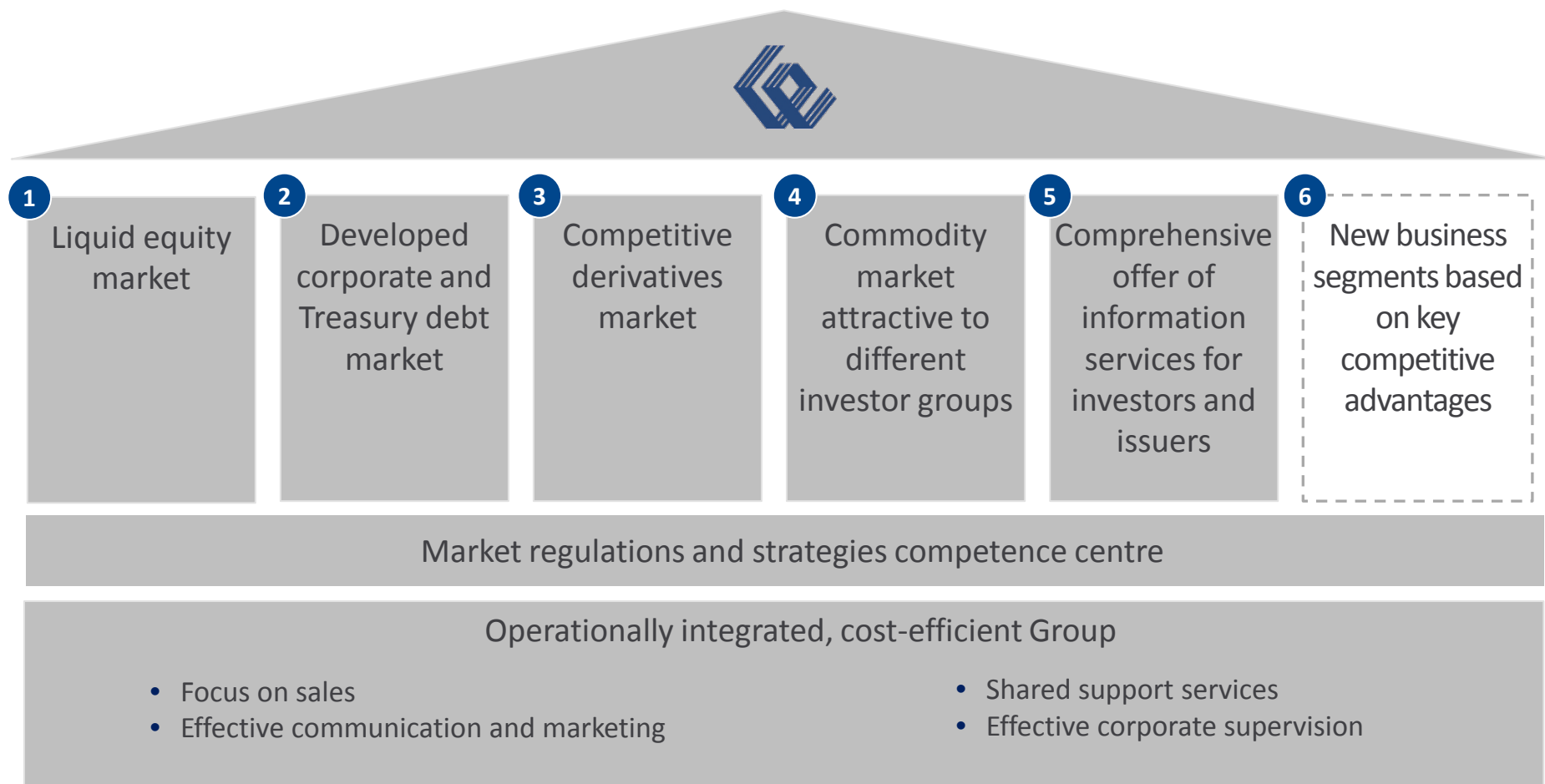
Consistent growth of volumes of trading in electricity on the Polish market



Growing volumes of trading in gas in 2014



POLPX is publicly entrusted institution and major platform for electricity trading Poland as well as source of transparent data



Market of first choice for investors and issuers in Central and Eastern Europe

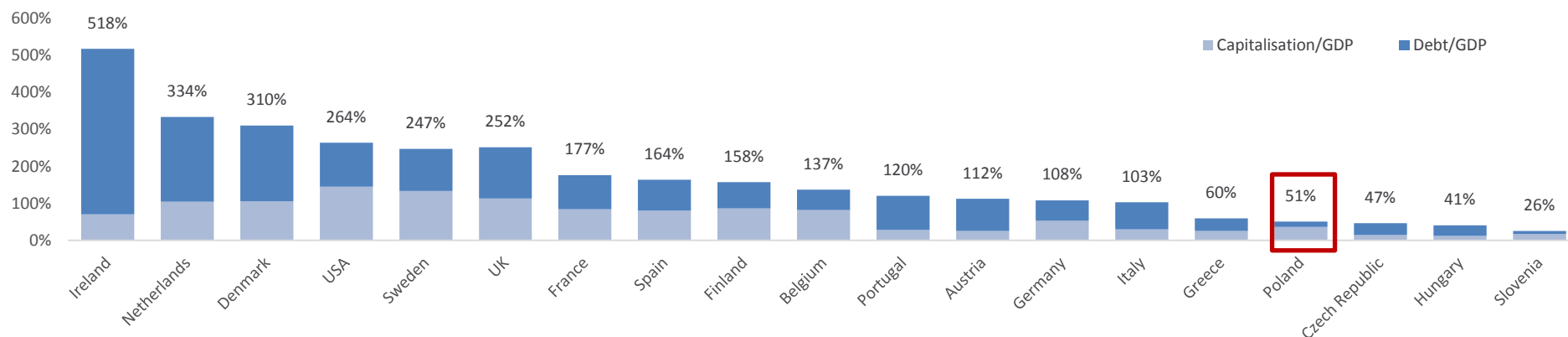
Drivers of WSE Group further development

- ❖ **Capital Market Union:** new initiative aiming at building CMU among 28 member states to foster competitiveness of European capital markets
- ❖ **Favourable macroeconomic outlook:** in 2015, Poland is expected to be the third fastest growing economy in the EU in 2015 after Ireland (3.5%) and Malta (3.3%)
- ❖ **Stable geopolitical situation in Europe:** potential escalation of the military conflict in Ukraine may be relevant to the growth of local market
- ❖ **Growing competition from other trading platform and other European financial centres**
- ❖ **Integration of the electricity market:** integration of the European market is to allow all market participants to cross-border trade in electricity
- ❖ Potential for further organic growth of the GPW Group
 - Implementation of the GPW.2020 strategy
 - Activating development of the debt market
 - New products and services on the commodity market

Main goals and assumptions:

- 75% of companies in the European Union are financed with bank loans and only 25% on capital markets. The proportions are the reverse in the USA.
- The European Commission target percentage of financing on the capital markets in several years is 40%.
- By 2019 the EU is planning to lay the foundation of the Capital Market Union of all 28 member states.
- The Commission is planning to facilitate the flow of capital from investors directly to companies.

Capitalisation of shares and value of bonds to GDP



Source: GDP- Eurostat, Capitalisation of shares- FESE and exchanges (2014.12), Value of bonds- BIS (2014.06)

The Capital Market Union offers a chance to reinforce the role of the capital markets but also implies more competition of global exchanges

Communication Department

tel. +48 22 537 74 71

press@gpw.pl

www.gpw.pl/pressroom

Warsaw Stock Exchange

ul. Książęca 4, 00-498 Warsaw, Poland

tel. +48 22 628 32 32

gpw@gpw.pl

www.gpw.pl