



GPW Group financial results Q2 2015

30 July 2015

Summary of GPW Group's activity in Q2 2015

Paweł Tamborski, President of GPW Management Board, CEO
Grzegorz Zawada, Vice-President of GPW Management Board, CSO
Ireneusz Łazor, President of TGE Management Board, CEO

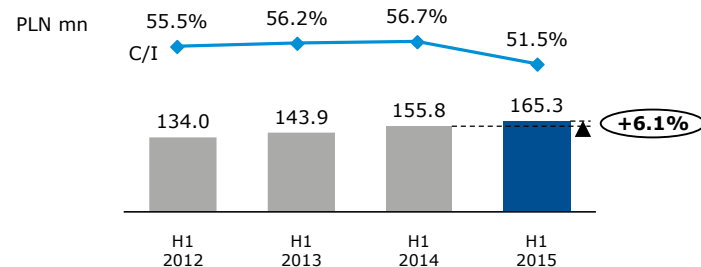
Events

- ◆ Increase of EOB turnover in equities by 7% yoy and recovery on the ECM market
- ◆ Seasonally lower activity of TGE participants on the markets in gas and property rights in RES certificates
- ◆ Multiple development initiatives and organisational improvements
- ◆ Determined integration and enhancement of the effectiveness of the Group
- ◆ Capital increase of Aquis and dilution of GPW's stake to 26.33%
- ◆ Dividend for 2014 at PLN 2.4 per share
- ◆ GPW and EBRD's development project
- ◆ New opening of NewConnect

Financial results

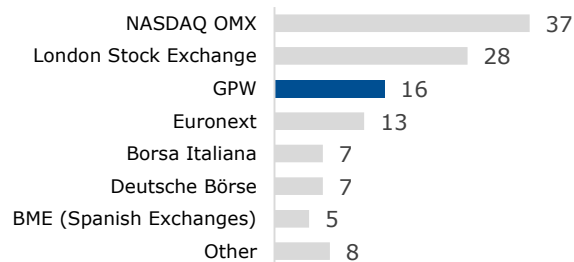
	Q2 '15 qoq	H1 '15 yoy
◆ Revenues	▲ 11.4%	▲ 6.1%
◆ Op. expenses	▲ 1.4%	▼ -3.6%
◆ EBIT	▲ 28.3%	▲ 19.8%
◆ Net profit	▲ 32.2%	▲ 12.7%
◆ EBITDA	▲ 20.2%	▲ 14.4%

Operating expenses and C/I

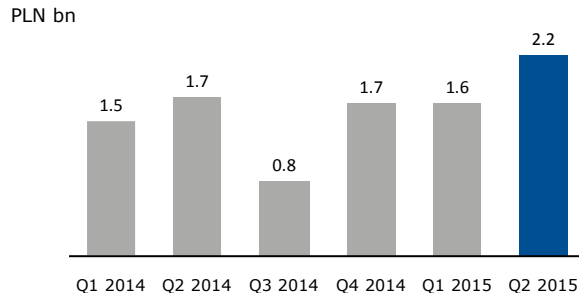


Recovery on the ECM market

Number of IPOs in Europe, Q2 2015¹



Value of Poland's ECM market²



- ◆ More issuer activity on the IPO market: completed IPOs of UniWheels, Idea Bank, Wirtualna Polska and Atal (transactions with value over PLN 100 mn)
- ◆ GPW IPOs in Q2 2015 equal to 13.2% of the number and 2.1% of the value of European IPOs¹
- ◆ Promising IPO pipeline for the coming quarters:
 - ✓ 22 prospectuses tabled to PFSA by end of June, including 6 from public companies and 16 from companies not yet listed
 - ✓ Awaiting the IPOs of Poczta Polska and Bank Pocztowy, which can encourage individual investors to invest savings on the exchange
- ◆ Catalyst: corporate bonds newly listed in Q2 in aggregate amount of PLN 1.7 bn (including ENEA, PLN 1 bn)
- ◆ International acquisition (including Croatia, Slovenia, Baltic States)
- ◆ GPW remains active in Ukraine

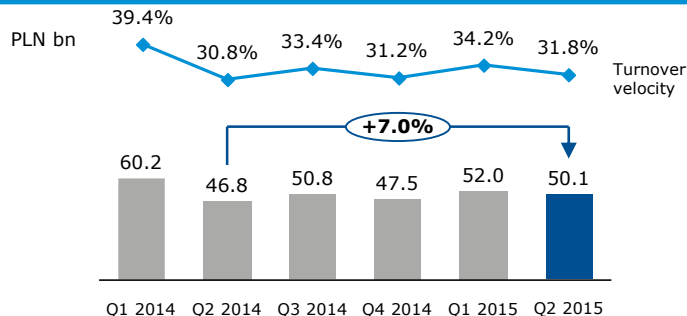
¹ IPO Watch Europe, PwC

² Equity Capital Market; source: Dealogic (transaction value as at the pricing date)

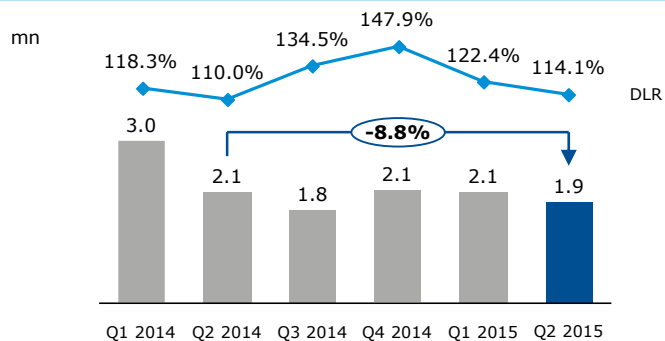
Investor activity on the financial market weaker qoq due to domestic factors



Equities turnover (Main Market, EOB)¹



Volume of trade in futures



Development initiatives

- ◆ For market makers
 - ✓ temporary waiver of GPW and KDPW_CCP fees on trade in small and mid-caps
- ◆ For active mutual funds
 - ✓ new programme High Volume Funds on the cash and derivatives market
- ◆ For investors on the equity market
 - ✓ completed in Q2: Polish Capital Markets Day in New York, Emerging Europe Financials Conference in Warsaw; upcoming: Austria (October), Paris (October)
- ◆ For international investors on the derivatives market
 - ✓ Acquiring the first ISV: international software vendor for professional investors
 - ✓ WIG20 futures certified by US CFTC
- ◆ Pending connection of the first Global Clearing Member (GCM)

¹ Electronic Order Book net of block trades

We promote the exchange in the regions

'Capital for Growth' programme

- ◆ Strengthening the position of the Exchange as a place to raise capital for development and create local jobs
- ◆ Support for businesses and local governments in applying for funding in the EU Perspective 2014-2020

Capital for growth. The Exchange supports companies and local governments

Gazeta Wrocławska, 18 June 2015

The capital market will finance the initial contribution for those using European funds

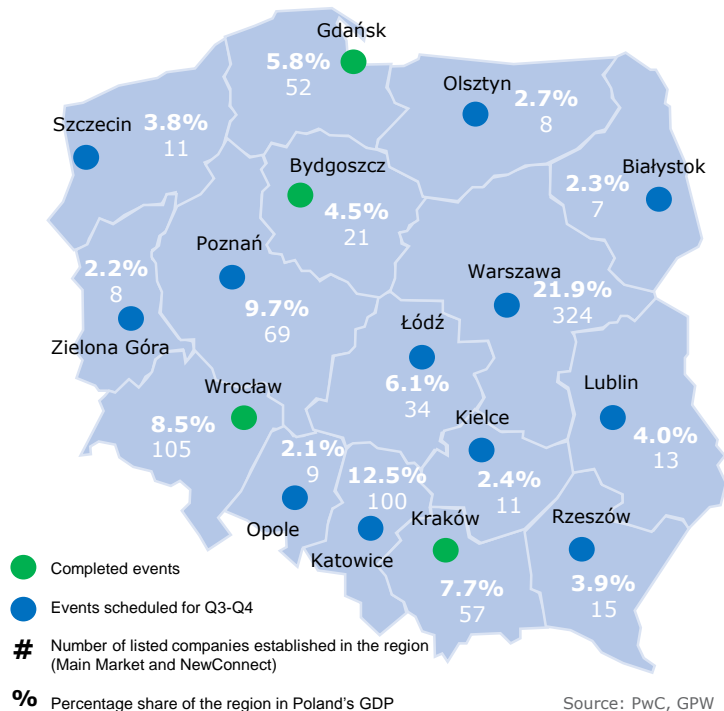
Gazeta Krakowska, 15 June 2015

Debt issue could increase the potential of local governments

Dziennik Bałtycki, 29 May 2015

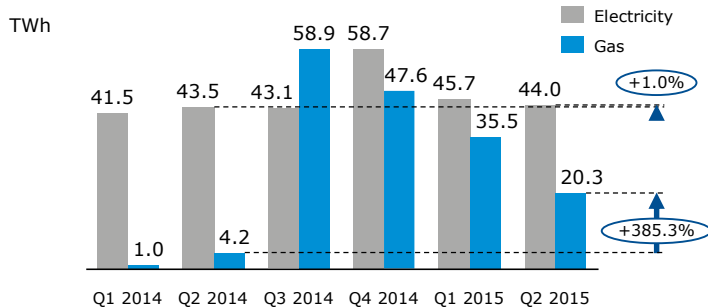
Over 900 big Polish enterprises have the potential to be listed on the stock exchange

Report: Capital market as a tool for financing the development of the Polish regions, PwC, May 2015

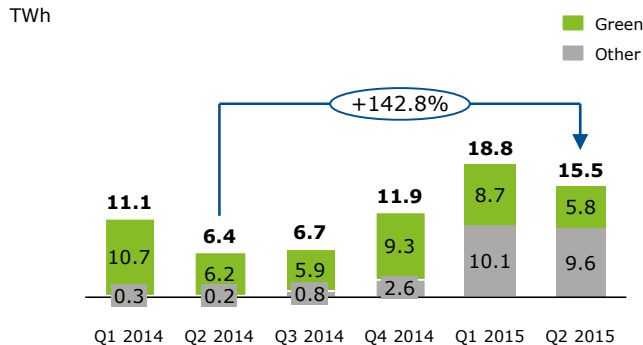


Commodity market growth potential

Volume of trade in electricity and gas



Volume of trade in property rights



- ◆ Volume of trade in electricity on TGE equal to 112.2% of electricity consumption in H1 2015 vs. 108.4% in H1 2014
- ◆ TGE Financial Instruments Market (futures) – to launch in Q4 2015
- ◆ RRM TGE – TGE’s new service of reporting trade under the EU Regulation REMIT
- ◆ Regulatory environment
 - ✓ CO₂ – Act on Greenhouse Gas Emission Trade opens the door to the selection of Poland’s primary auctions platform – TGE intends to take part in the tender
 - ✓ Act on Renewable Energy Sources – adverse impact on the development of the property rights market and the register of certificates of origin

GPW Group Financials, Q2 2015

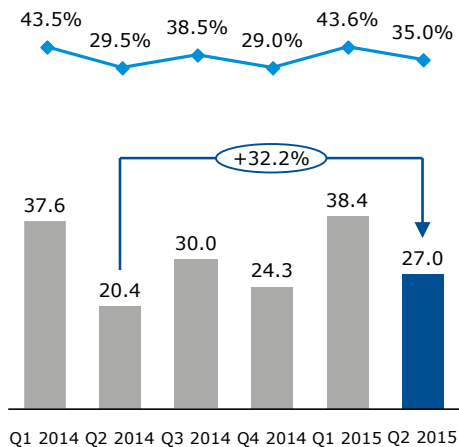
Karol Póltorak, Vice-President of GPW Management Board, CFO

Improvement of profitability measures yoy



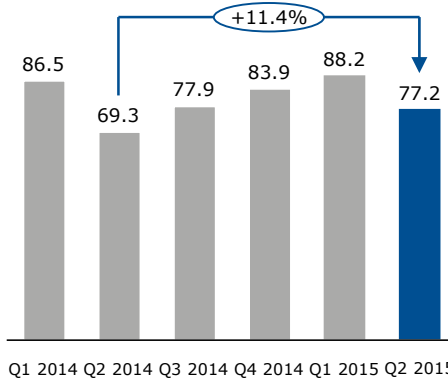
Net profit and net profit margin

PLN mn



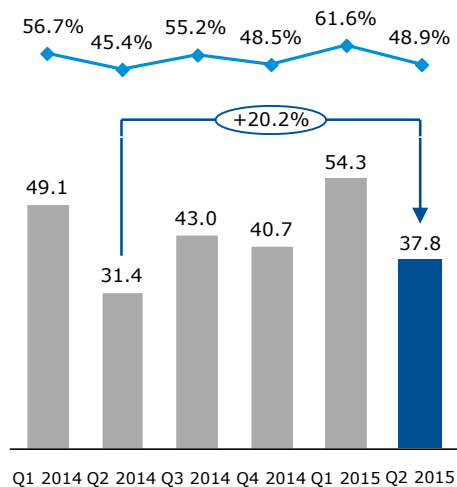
Revenues

PLN mn



EBITDA and EBITDA margin

PLN mn



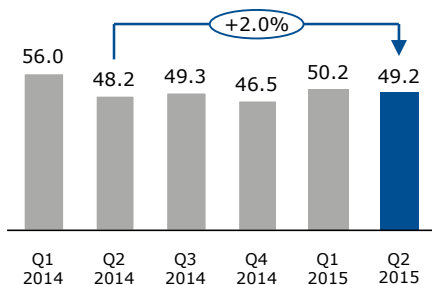
Increase of revenue yoy on the financial and commodity markets

Revenue – financial market

63.8%



PLN mn

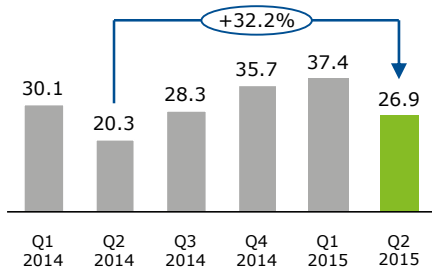


Revenue – commodity market

34.8%



PLN mn



- ◆ GPW Group's total revenue at PLN 165.3 million in H1 2015
 - ✓ Increase of 6.1% yoy
- ◆ GPW Group's total revenue at PLN 77.2 mn in Q2 2015
 - ✓ Increase of 11.4% yoy and decrease of 12.5% qoq (due to seasonality of the commodity market)
- ◆ Share of revenue on the commodity market in the Group's total revenue at 34.8% in Q2 2015 (vs. 36.0% in all of 2014)

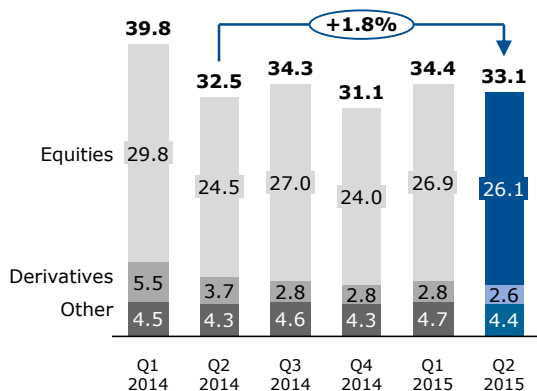
Stabilisation of trading revenue (financial market)

Trading revenue (financial market)

42.9%



PLN mn



- ◆ Average fee on the equity market at 2.5 bps in H1 2015 vs. 2.4 bps in all of 2014
 - ✓ a lower share of market makers in EOB trade
- ◆ Average turnover in shares per session at PLN 821 mn in Q2 2015 vs. PLN 767 mn in Q2 2014 and PLN 837 mn in Q1 2015

Investor activity on GPW markets

Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015

Equities – value of trade (EOB, PLN bn)

60.2	46.8	50.8	47.5	52.0	50.1
					7.0% yoy
					-3.7% qoq

Futures and options – volume of trade (mn contracts)

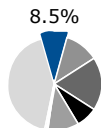
3.18	2.18	1.89	2.24	2.20	2.01
					-7.8% yoy
					-8.7% qoq

Treasury bonds – TBSP, cash transactions (PLN bn)

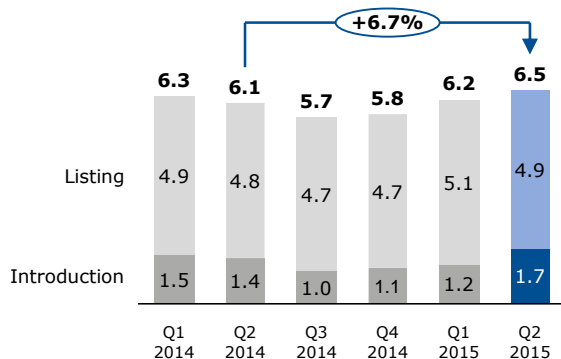
82.2	77.6	94.7	72.9	92.6	59.4
					-27.8% yoy
					-35.9% qoq

Higher revenue from new issues

Listing revenue



PLN mn



- ◆ IPOs of new companies in aggregate at PLN 1.28 bn vs. PLN 0.03 bn in Q1 '15
- ◆ 8 IPOs on the Main Market and 11 IPOs on NewConnect vs. 2 and 1 in Q1 '15
- ◆ SPOs of companies listed on the Main Market at PLN 5.7 bn vs. PLN 3.3¹ bn in Q1

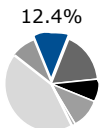
Issuers' activity

Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Number of IPOs on the Main Market					
5	8	5	10	2	8
0.0% yoy 300.0% qoq					
Capitalisation of domestic companies (PLN bn)					
613.4	607.2	635.2	591.2	618.2	605.2
-0.3% yoy -2.1% qoq					

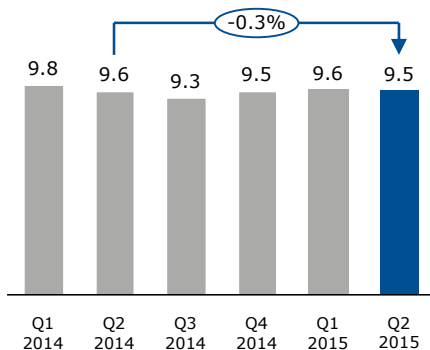
¹ Q1 2015 data do not include two secondary offerings by Banco Santander SA worth PLN 33 bn

Stable revenue from information services

Revenue from information services



PLN mn



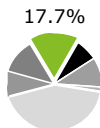
- ◆ New agreements signed with commodity market data recipients (including Bloomberg)
- ◆ New non-display data agreements
- ◆ No improvement in the number of data vendors and subscribers due to stagnation on the equity and derivatives markets

Data vendors and subscribers

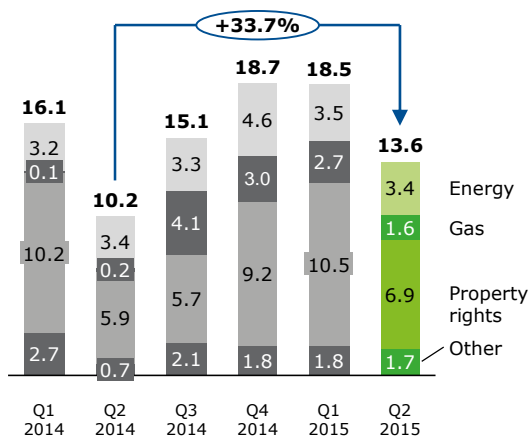
Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Number of subscribers (thou.)					
265.4	261.9	246.4	240.3	241.1	241.7
					-7.7% yoy
					0.3% qoq
Number of data vendors					
59	58	57	58	58	56

Seasonally lower trading revenue (commodity market)

Trading revenue (commodity market)



PLN mn



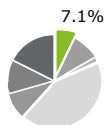
- ◆ Seasonally lower activity of TGE participants on markets in gas and property rights in RES certificates
- ◆ Significant (yoy) improvement of the volume of trade in property rights in cogeneration certificates

Investor activity on the commodity market

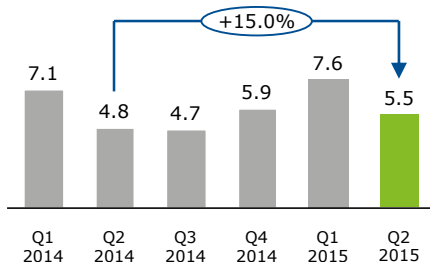
	Q2 2014	Q1 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Electricity – volume of trade (TWh)	41.5	43.5	43.1	58.7	45.7	44.0
						1.0% yoy -3.7% qoq
Natural gas – volume of trade (TWh)	1.0	4.2	58.9	47.6	35.5	20.3
						385.3% yoy -42.6% qoq
Property rights – volume of trade (TWh)	11.1	6.4	6.7	11.9	18.8	15.5
						142.8% yoy -17.7% qoq

Lower activity in the Register typical of Q2

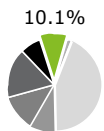
Revenue from operation of the Register



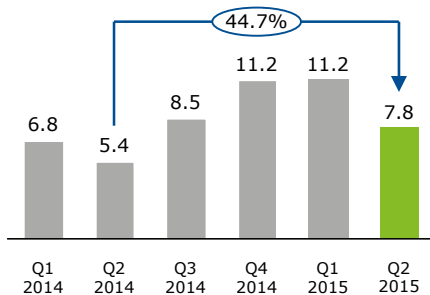
PLN mn



Revenue from clearing



PLN mn



- ◆ Revenue from the register affected by seasonality
- ◆ Revenue from clearing:
 - ✓ Increase yoy driven by growth of the market in gas and cogeneration certificates of origin
 - ✓ Decrease qoq following seasonal decrease in volumes on the market in gas and RES certificates

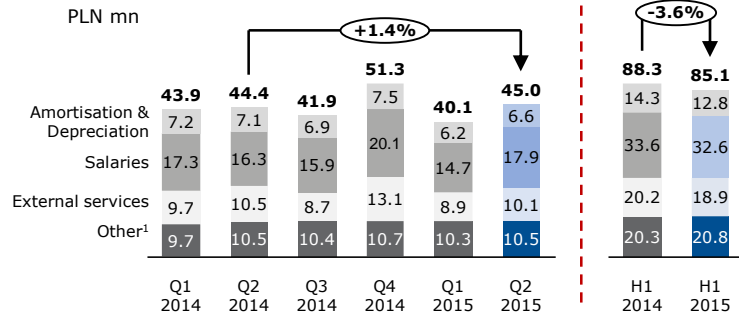
Activity of Register participants

Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Volume of issued property rights (TWh)					
8.8	13.4	8.9	11.2	17.5	10.8
-19.2% yoy					
-38.2% qoq					
Volume of cancelled certificates of origin (TWh)					
9.7	3.7	3.5	3.7	4.3	7.6
108.7% yoy					
78.7% qoq					

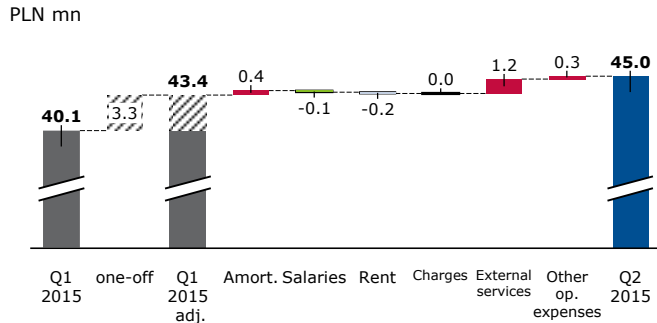
Cost optimisation and business development



Operating expenses



Change in operating expenses



¹ Other includes rent, fees and charges, and other operating expenses

◆ Key ratios:

- ✓ Cost regime: cost/income ratio at **51.5%** in H1 2015 (vs. 57.2% in 2014 and mid-term target <50% in 2020)
- ✓ Decrease of operating expenses by 3.6% yoy in H1 2015 (PLN 85.1 mn vs. PLN 88.3 mn)

◆ Factors in Q2:

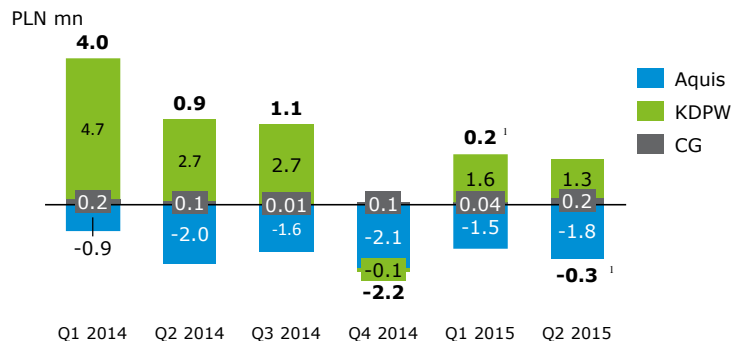
- ✓ External services: increase of the cost of market development ('Capital for Growth' project, investor events, product development, advisory services connected with on-going development projects) and cost of trainings
- ✓ Salaries – no change taking into account the one-off reducing costs in Q1 '15 (PLN 3.3 mn)
- ✓ Optimisation of office space (including termination of rental of NewConnect and Catalyst rooms), rent reduced by ca. PLN 0.3 mn per quarter (as of June 2015)

◆ Optimisation initiatives – according to plan

- ✓ The resulting savings co-finance development initiatives and investments
- ✓ Decrease of GPW separate operating expenses by PLN 5.6 mn in H1 2015, i.e., by 8.6% yoy

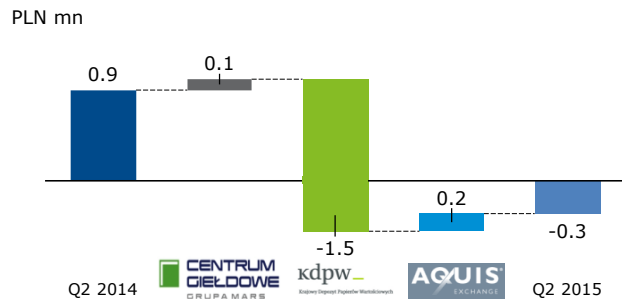
Share of profit of associates

Share of profit of associates

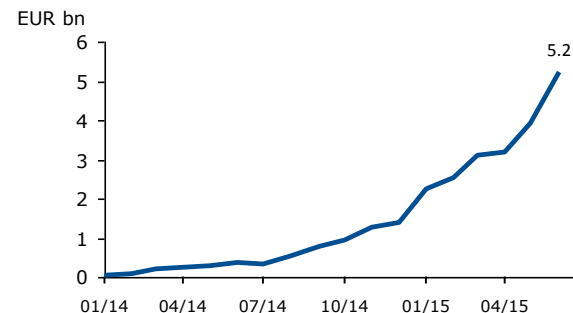


- ◆ KDPW Group: lower revenue, stable costs
 - ✓ effect of netting and low interest rates
- ◆ Aquis Exchange: capital increase without GPW
 - ✓ GPW's stake decreased to 26.33%
 - ✓ Dynamic increase of turnover but still no increase in revenues
 - ✓ Sale of the first IT licence by Aquis (trading, clearing, auxiliary services) in Q1

Change of share of profit of associates



Turnover on Aquis Exchange



¹ Results of KDPW Group in Q1 and Q2 2015 are not fully comparable to previous quarters due to change in the recognition of annual fees paid by participants (until 2014, fully under the revenue of Q1; as of 2015, pro rata in each quarter)

GPW Group's consolidated P&L



PLN mn	H1 2014	H1 2015	Q2 2014	Q1 2015	Q2 2015
Revenue	155.8	165.3	69.3	88.2	77.2
Financial market	104.2	99.5	48.2	50.2	49.2
Trading	72.3	67.5	32.5	34.4	33.1
Listing	12.5	12.8	6.1	6.2	6.5
Information services	19.4	19.2	9.6	9.6	9.5
Commodity market	50.4	64.3	20.3	37.4	26.9
Trading	26.3	32.2	10.2	18.5	13.6
Register of Certificates of Origin	11.9	13.1	4.8	7.6	5.5
Clearing	12.2	19.0	5.4	11.2	7.8
Other operating income	1.2	1.6	0.7	0.6	1.1
Operating expenses	88.3	85.1	44.4	40.1	45.0
Other income	0.7	0.9	0.5	0.7	0.2
Other expenses	2.0	1.8	1.0	0.7	1.1
Operating profit	66.2	79.3	24.3	48.1	31.2
Financial income	5.5	6.1	3.0	1.7	4.4
Financial expenses	5.1	4.7	2.6	2.5	2.2
Share of profit of associates	4.8	-0.1	0.9	0.2	-0.3
Profit before income tax	71.4	80.5	25.5	47.5	33.1
Income tax	13.4	15.2	5.1	9.1	6.1
Net profit	58.0	65.4	20.4	38.4	27.0

- ◆ Share of the loss of Aquis Exchange in Q2 (PLN 1.8 mn) offset by the restatement (at PLN 2.8 mn under financial income) of the value of GPW's stake in Aquis following the capital increase by ca. GBP 3 mn
- ◆ Other expenses in Q2 2015 include one-off cost of liquidation of property, plant and equipment (PLN 0.4 mn) incurred in the optimisation of used office space
- ◆ Other expenses include PLN 675 thou. of payments to the endowment of the GPW Foundation

GPW Group's consolidated balance sheet



PLN mn	As of:			
	30.06.2014	31.12.2014	31.03.2015	30.06.2015
Non-current assets , including among others	587.0	572.7	571.4	572.3
Property, plant and equipment	118.5	119.8	116.6	112.1
Intangible assets	264.3	261.0	262.8	265.6
Share of profit of associates	188.7	188.1	188.4	190.1
Current assets , including among others	424.8	451.4	484.8	519.7
Trade and other receivables	41.1	42.6	91.5	61.4
Available-for-sale financial assets	0.4	10.5	10.6	10.6
Cash and cash equivalents	376.2	389.0	379.0	446.8
Total assets	1,011.8	1,024.2	1,056.2	1,092.0

PLN mn	As of:			
	30.06.2014	31.12.2014	31.03.2015	30.06.2015
Equity	696.3	700.5	738.8	664.0
Non-current liabilities	253.2	259.4	253.5	255.2
Liability under the bond issue	243.8	244.1	244.2	244.3
Current liabilities , including among others	62.3	64.3	64.0	172.7
Trade payables	7.0	10.0	10.0	19.6
Income tax payable	0.8	1.2	2.3	7.1
Dividend and other liabilities	42.8	36.2	15.1	116.7
Employee benefits payable	10.3	9.9	7.6	9.6
Provisions	1.3	1.3	1.3	1.3
Total equity and liabilities	1,011.8	1,024.2	1,056.2	1,092.0

- ◆ Non-current liabilities mainly include GPW's liability under the issue of bonds maturing in January 2017
- ◆ Increase in receivables yoy in Q2 2015 mainly due to an increase of TGE Group's VAT receivable related to clearing, but a decrease qoq
- ◆ At the end of Q2 2015, before dividend payout, GPW Group's net debt negative at PLN 206.9 mn (cash surplus)
- ◆ Dividend payout at 4 August 2015 – PLN 100.7 mn

GPW Group's consolidated cash flows



PLN mn	6M until 30 June:	
	2014	2015
Cash flows from operating activities , including among others:	83.6	64.9
Cash flows from operating activities	90.8	66.8
Net profit of the period	58.0	65.4
Adjustments	32.8	1.4
Income tax	13.4	15.2
Depreciation of property, plant and equipment	14.3	12.8
Financial income on restatement of share of profit of associates	0.0	2.8
Interest income on deposits	-4.7	-3.0
Interest and premium on bond issue	5.0	4.2
Share of profit of associates	-4.8	0.1
Change in current assets and liabilities	-23.9	10.7
Decrease of trade and other receivables	-18.8	-6.3
Increase / decrease of other liabilities	-20.8	11.4
Income tax expense	-7.2	-1.9
Cash flows from investing activities , including among others:	-14.0	-3.4
Purchase of property, plant and equipment	-2.2	-2.6
Purchase of intangible assets	-1.8	-4.3
Purchase of available-for-sale financial assets	0.0	0.0
Purchase of associates	-15.2	0.0
Interest received	4.7	3.0
Cash flows from financing activities , including among others:	-5.2	-4.1
Dividend paid and company social fund	-0.2	0.0
Interest paid	-4.7	-3.9
Increase/decrease of net cash and cash equivalents	64.4	57.4
Cash and cash equivalents - opening balance	311.5	389.0
Cash and cash equivalents - closing balance	376.2	446.8

- ◆ Increase of GPW's trade receivables and TGE's statutory receivables caused lower cash flows from operating activities in H1 2015
- ◆ Capital expenditure at PLN 10.2 mn in H1 2015

IR Events

- ◆ **4 August 2015**
Dividend payment date

- ◆ **14-15 September 2015**
Emerging Europe Investment Conference organised by Pekao Investment Banking, Warsaw

- ◆ **8-9 October 2015**
Erste Group Investor Conference, Stegersbach, Austria

- ◆ **15 October 2015**
Polish Capital Markets Day organised by GPW and Societe General, Paris

- ◆ **30 October 2015**
Publication of GPW Group's consolidated quarterly report for Q3 2015

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