



WARSAW STOCK EXCHANGE

DEVELOPING A SUCCESSFUL IPO MARKET: POLAND'S EXPERIENCE

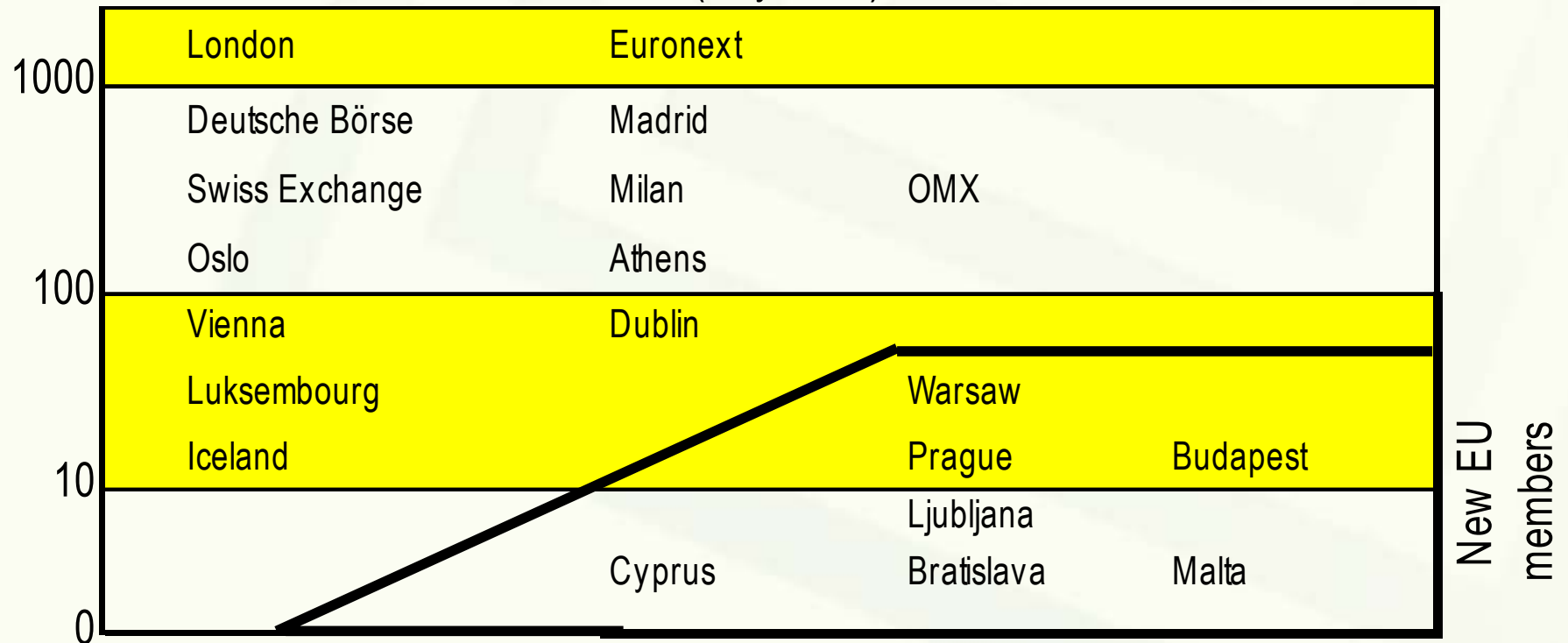
Wiesław Rozłucki
President

Kiev, October 6, 2005

WSE ON EUROPEAN LANDSCAPE CAPITALISATION OF DOMESTIC COMPANIES

EUR billion

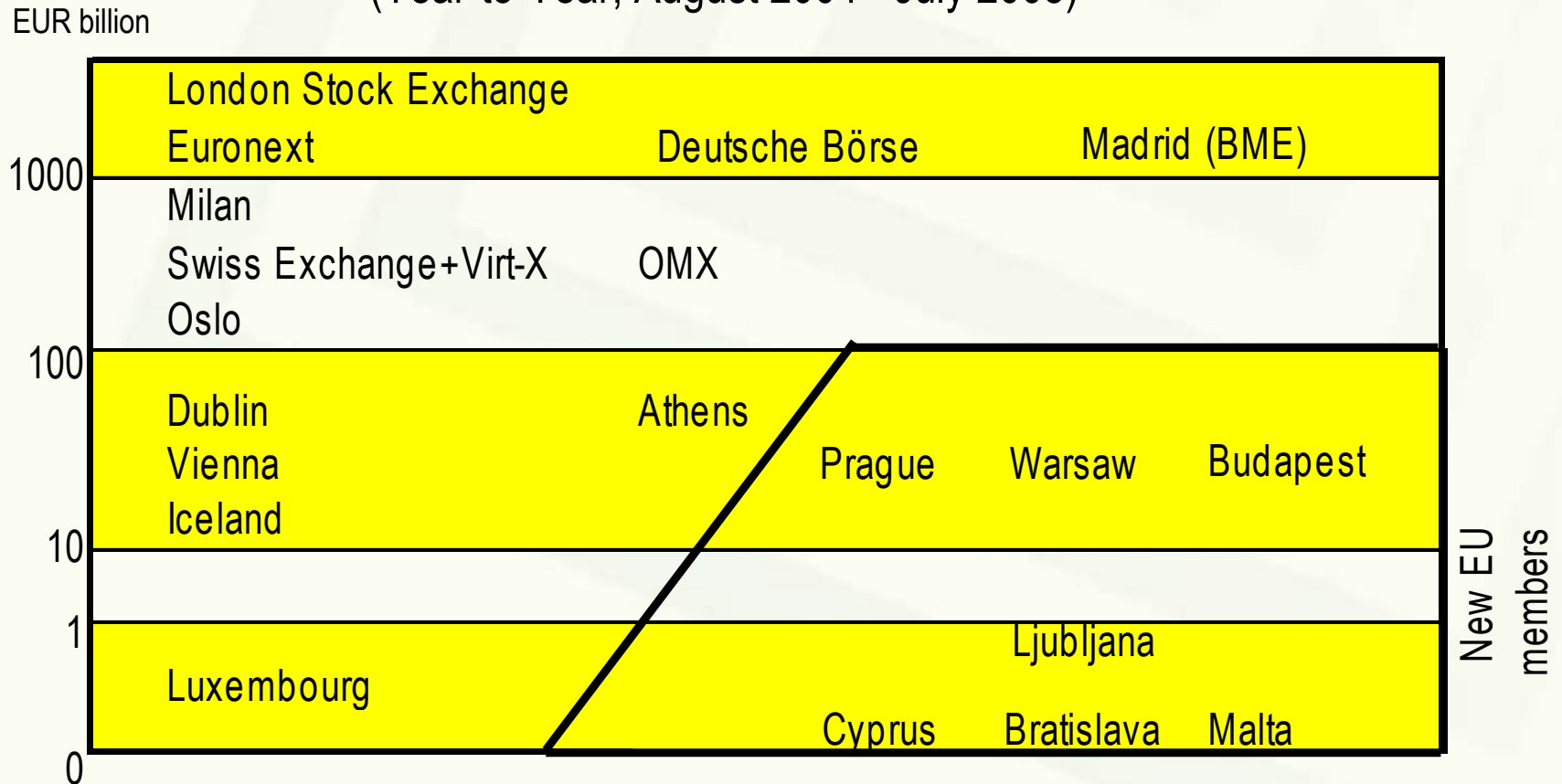
(July 2005)



Source: FESE

WSE ON EUROPEAN LANDSCAPE VALUE OF EQUITY TRADING

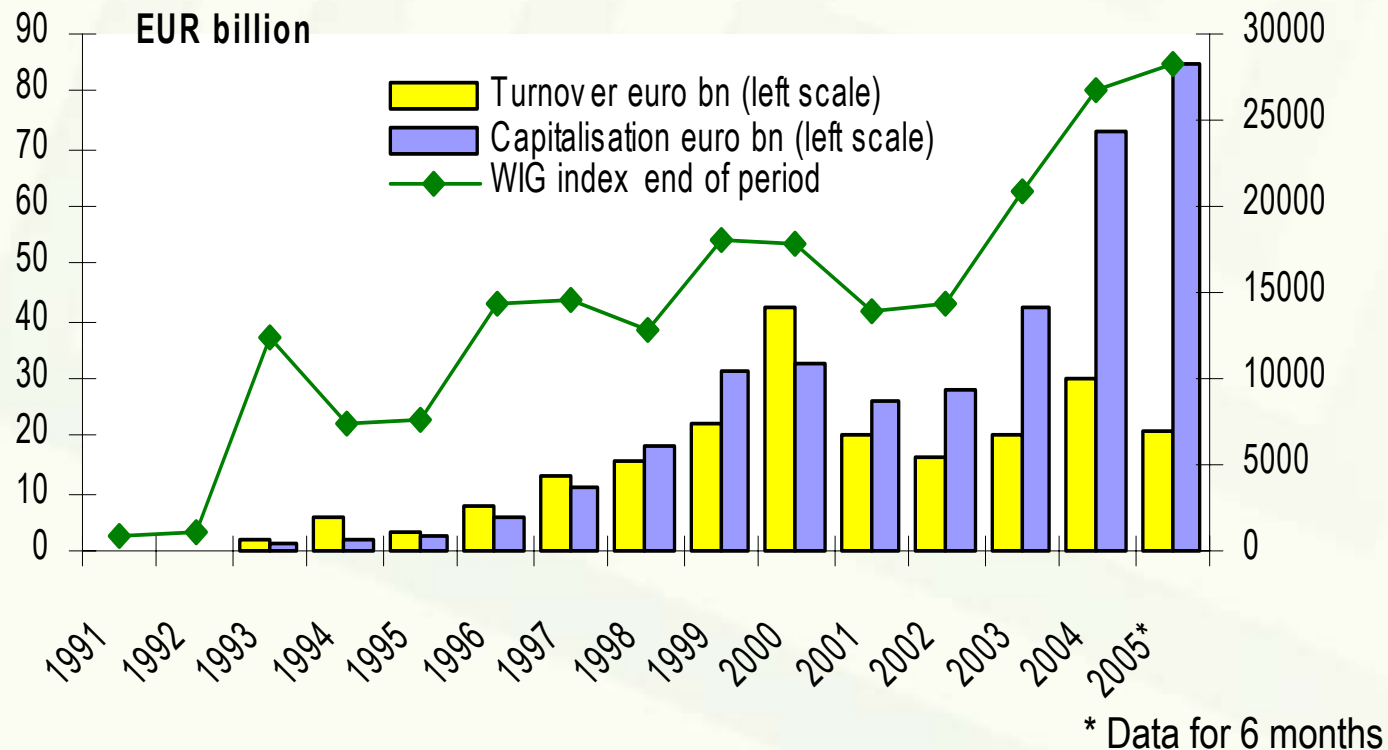
(Year-to-Year, August 2004 - July 2005)



Source: FESE

WARSAW STOCK EXCHANGE

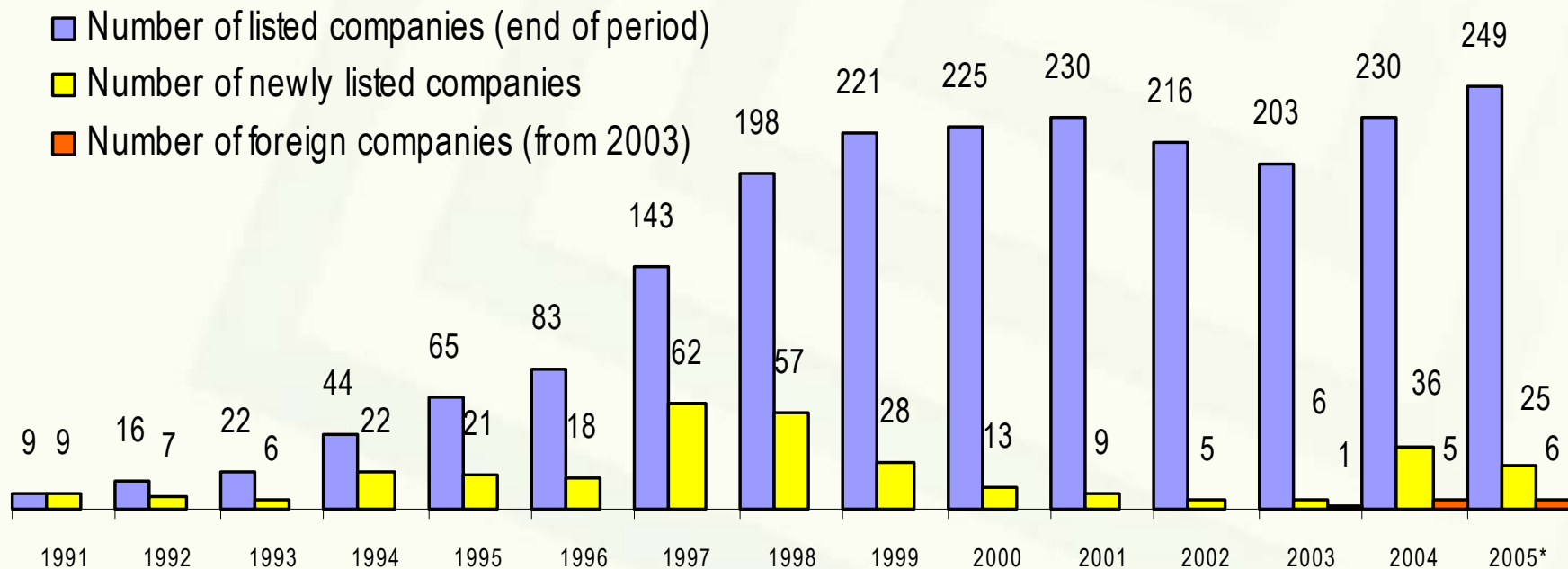
14 YEARS OF BUSINESS DEVELOPMENT (1)



- WIG index reached its all-time high in September 2005 (31 959 points)

WARSAW STOCK EXCHANGE

14 YEARS OF BUSINESS DEVELOPMENT (2)



Foreign issuers on WSE:

- 2003 – 1 (BACA AG)
- 2004 – 4 (Borsodchem Plc., IVAX, BMP AG, MOL Plc.)
- 2005 – 1 (AMREST)

* August 2005

PRIVATISATION AS A SOURCE OF NEW LISTINGS ON WSE

private vs. privatised companies

- Number of newly listed companies

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
Number of privatised companies	9	5	4	8	6	3	10	5	1	1	0	0	0	2
Number of private companies	0	2	2	14	15	15	52	52	27	12	9	5	6	34

*As of August 2005 there were 25 newly listed companies on WSE including 5 privatised companies

- Capitalisation of newly listed companies

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*	2004*
Capitalisation (Euro millions)	40	42	244	1 055	1 544	420	3 234	9 043	4 058	1 112	986	85	7 417	18 930
% privatised companies	100%	74%	76%	81%	38%	40%	68%	86%	66%	1%	0%	0%	0%	37%
% private companies	0%	26%	4%	19%	62%	60%	32%	14%	34%	99%	100%	100%	100%	63%

*Including foreign companies

- For 2004 capitalisation of newly listed domestic companies - EUR 10 099 million:

- privatised 70%
- private 30%

Source: WSE

2004-2005 IPO BOOM ON WSE (1)

NUMBER OF NEWLY LISTED COMPANIES

Exchange	Year	2000	2001	2002	2003	2004	January-July 2005
London		399	245	228	201	423	388
Warsaw*		13	9	5	6	36	20
Euronext		106	49	18	24	32	18

Frankfurt		152	21	6	0	6	4
Bratislava		3	0	2	1	6	2
Vienna		8	8	8	9	5	4
Budapest		1	1	0	2	1	0
Prague		0	0	1	0	1	2

*Note: 25 newly listed companies end of August 2005

Source: FESE, WSE

2004-2005 IPO BOOM ON WSE (2)

VALUES OF IPO

	Offering value (EUR million)	
	2004	1-2Q 2005
Euronext	8 486	2 025
LSE	8 309	7453
WSE	2 988*	744
Borsa Italiana	2 481	1240
Madrid	2 415	-
Deutsche Boerse	1 818	1929
Dublin	681	-
Swiss Exchange	408	355
Oslo	292	522
Stockholm	90	-
Vienna	7	1051
Athens	5	-
Luxembourg	-	1218

*2004 – PKO BP the largest IPO in WSE's history ca. EUR 2 bn

Source: Pricewaterhouse Coopers

1994-2004 VALUE OF PUBLIC OFFERS

(in PLN)

Year	IPO value (1)	Average IPO value (2)	Value of new capital raised (3)	Average value of capital raised offer (4)	Value of public offers (1)+(3)
1994	841 243 100	84 124 310	1 249 380 400	28 395 009	2 090 623 500
1995	588 754 878	98 125 813	292 773 768	11 260 530	881 528 646
1996	31 639 000	31 639 000	1 400 228 804	29 792 102	1 431 867 804
1997	4 612 800 025	288 300 002	3 308 040 507	44 703 250	7 920 840 532
1998	4 241 131 265	302 937 948	3 797 841 628	64 370 197	8 038 972 893
1999	2 418 429 682	483 685 936	2 504 200 479	51 106 132	4 922 630 161
2000	231 729 488	46 345 898	3 840 160 805	67 371 242	4 071 890 293
2001	2 147 838	2 147 838	2 916 011 814	112 154 301	2 918 159 652
2002	8 796 830	8 796 830	566 239 306	37 749 287	575 036 136
2003	0	0	1 471 876 078	52 567 003	1 471 876 078
2004	9 196 081 717 ^{*)}	574 755 107	3 672 500 092	57 382 814	12 868 581 808
Total	22 172 753 822		24 983 253 680		47 192 007 502

^{*)} including IPO of PKO BP- the largest IPO in WSE's history – 7.7 bn PLN

Source: PSEC

REASONS BEHIND WSE's SUCCESS

- **Favourable macroeconomic conditions and good market situation**
 - **GDP dynamics**
 - **Development of whole financial sector**
 - **Government support policy (Agenda Warsaw City 2010, Capital Market Council)**
- **High standards of Polish capital market**
- **WSE's client-oriented policy**

MACROECONOMIC CONDITIONS AND DEVELOPMENT OF POLISH CAPITAL MARKET

GDP dynamics and capitalisation/GDP ratio in 1999-2005

Year	GDP Dynamics	Capitalisation/GDP
1999	4.1%	20.1%
2000	4.0%	19.0%
2001	1.0%	13.9%
2002	1.4%	14.2%
2003	3.8%	17.2%
2004	5.3%	24.3%
2005*	3.5%	25.4%

Source: Eurostat data, Polish Central Statistical Office, WSE

*GDP forecasts (capitalisation 1H 2005)

HIGH STANDARDS OF POLISH CAPITAL MARKET

- **Market transparency, quality of legal regulations, professional surveillance over capital market**
- **European standards of clearing, settlement and depository functions**
- **Benefits for the issuers from listing**
- **Quality of listed companies, including Corporate Governance implementation**
- **Improving minority shareholders' rights protection**
- **Increased public confidence in capital market (investors' confidence in WSE grew by 22% in relation to previous year; WSE is second in the ranking after the National Bank of Poland)**

ISSUERS BENEFITING FROM LISTING ON WSE

- **Access to dynamically growing capital resources**
- **Increased credibility in front of financial institutions**
- **Increased opportunities for shaping business model of the company (i.e. attracting strategic investor, building capital group, etc.)**
- **Developing corporate culture of the company**
- **Increased opportunities for creating an image of the company**
- **Benefiting from European Union accession (Single European Passport)**

CORPORATE GOVERNANCE IMPLEMENTATION BY COMPANIES LISTED ON WSE

- **Corporate Governance in Poland**
 - **September 2002 - adoption of 'Best Practices in Public Companies in 2002' by WSE**
 - **December 2004 - adoption of 'Best Practices in Public Companies 2005' by WSE**
- **As of August 1, 2005 among 249 WSE-listed companies:**
 - **100% sent their statements fulfilling the disclosure requirement**
 - **13% declared compliance with all the principles**
 - **3% do not observe any of rules so far**
 - **on average a company complies with c.a. 90% of the principles (44 out of 48)**

WSE's CLIENT-ORIENTED POLICY (1)

WSE policy adapted to different needs of different categories of issuers

- **WSE blue chips - Golden Company Programme**
- **Small & Medium sized companies focus**
 - **S&Ms (companies outside the blue chip index) share in WSE turnover and total income from that segment relatively high in Europe (respectively ca 30% and 15%)**
 - **START Programme (IT platform facilitating the companies access to venture capital)**

WSE's CLIENT ORIENTED POLICY (2)

- **Simplified admission procedures**
- **Low WSE admission costs (ca 1.5% of total cost of going public) and low issuer fees**
- **Long-term policy for attracting new issuers (Data Base, site visits, etc.)**
- **WSE Partner Company Programme; WSE authorization for several expert companies assisting new issuers while applying for listing on WSE**
- **Every-day client contact policy**
- **Training, seminars, conferences for issuers**



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