
THE STOCK MARKET IN POLAND

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Short History of Stock Market in Poland

- Part of historical sources report that the Polish stock exchange already existed in the 14th century in Warsaw;
- One of the first shares issued in Poland was the Company's dividend action Wool Manufactures published in Warsaw in 1768, which issued 120 shares. The shareholders of the first joint stock company were the nobility, magnates, bankers and traders;
- Opened in 1817 the Exchange commodity-monetary housed in the hall of the palace of the former Saxon kings;
- In the 20th century in the same Warsaw Stock Exchange were active over 100 brokers jury and the value of funds in excess of 3 billion zlotys that time. There have been more than 56,000 stock transactions of a value of 560 million turnovers.

Stock Exchange In Warsaw

April 16, 1991 - the first bell, the first listing, the first shares.

So begins the recent history of the stock market in Poland.



Stock – general information

- In Poland are distinguished approximately 20 types of stocks such as:
 - Registered and bearer stock;
 - Cash and contribution stock;
- Nevertheless, the most important are:
 - Common stock - carries voting rights that can be exercised in corporate decisions (1 common stock gives 1 vote);
 - Preferred stock – owners have subordinate rights in relation to common stock.

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- - a fraction of the share capital.
 - - unlimited disposal of shares by the shareholders.
 - - all the rights and duties (contribution) of serving the shareholder in relation to the company.
 - - a document issued by the company.
 - The nominal value of shares may not be less than 1 grosz (cent).
 - The aim of the issue is to increase the number of shares traded and held by investors, as well as to influence the share price.
 - A characteristic feature of the stock market in Poland is the need for state intervention to ensure the efficient and uninterrupted operation and deepen the confidence of investors.

In Poland there are over 10 000 joint-stock companies, ...

of which the overwhelming number are private companies whose shares may not be offered to the public.

To be able to offer the public sale of shares, the company must become a public company, obtaining the consent of the **Financial Supervision Authority**, which is the financial regulatory authority for Poland.

It is responsibilities that include supervising of banking, capital markets, insurance, pension scheme and electronic money institutions.



The Polish Financial Supervision Authority

issue a permit and keeps a record of:

- ✦ Investment firms and their agents;
- ✦ Custodian banks;
- ✦ Investment companies and funds;
- ✦ Insurance companies;
- ✦ Employee pension funds.



Stock Exchange in Warsaw



GIEŁDA PAPIERÓW
WARTOŚCIOWYCH
w Warszawie



- With the approval of the **Stock Exchange in Warsaw** shares amended the company are traded.
- The Management Board takes into account the financial situation of the company, its development prospects, qualifications and experience of the management company and the security of trading.

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- It has a capitalization of 283 billion USD and it is a member of the World Federation of Exchanges and the Federation of European Securities Exchanges.
 - Organizes trading in financial instruments and is responsible for its security, development and promotion as well as provides:
 - concentration of supply and demand for financial instruments;
 - safe and efficient conduct of the transaction;
 - dissemination of information about courses and transactions in financial instruments.
 - ✦ In 2010, up to 323 thousand enrolled in WSE shares, was a record for the Warsaw Stock Exchange. Such a large number of subscriptions for shares of the Warsaw Stock Exchange shows the confidence of the Warsaw Stock Exchange, which was a huge success.

WIG 20 (*Warszawski Indeks Giełdowy*) *Warsaw Stock Exchange Index*

- The WIG20 is a capitalization-weighted stock market index of the 20 largest companies on the Warsaw Stock Exchange.
- It is the most prestigious WIG20 index on the Warsaw Stock Exchange and recorded 20 largest Polish joint-stock companies. This is a type of price index.
- As indicators of the selection of companies to serve the WIG20 value of trading shares and market capitalization.



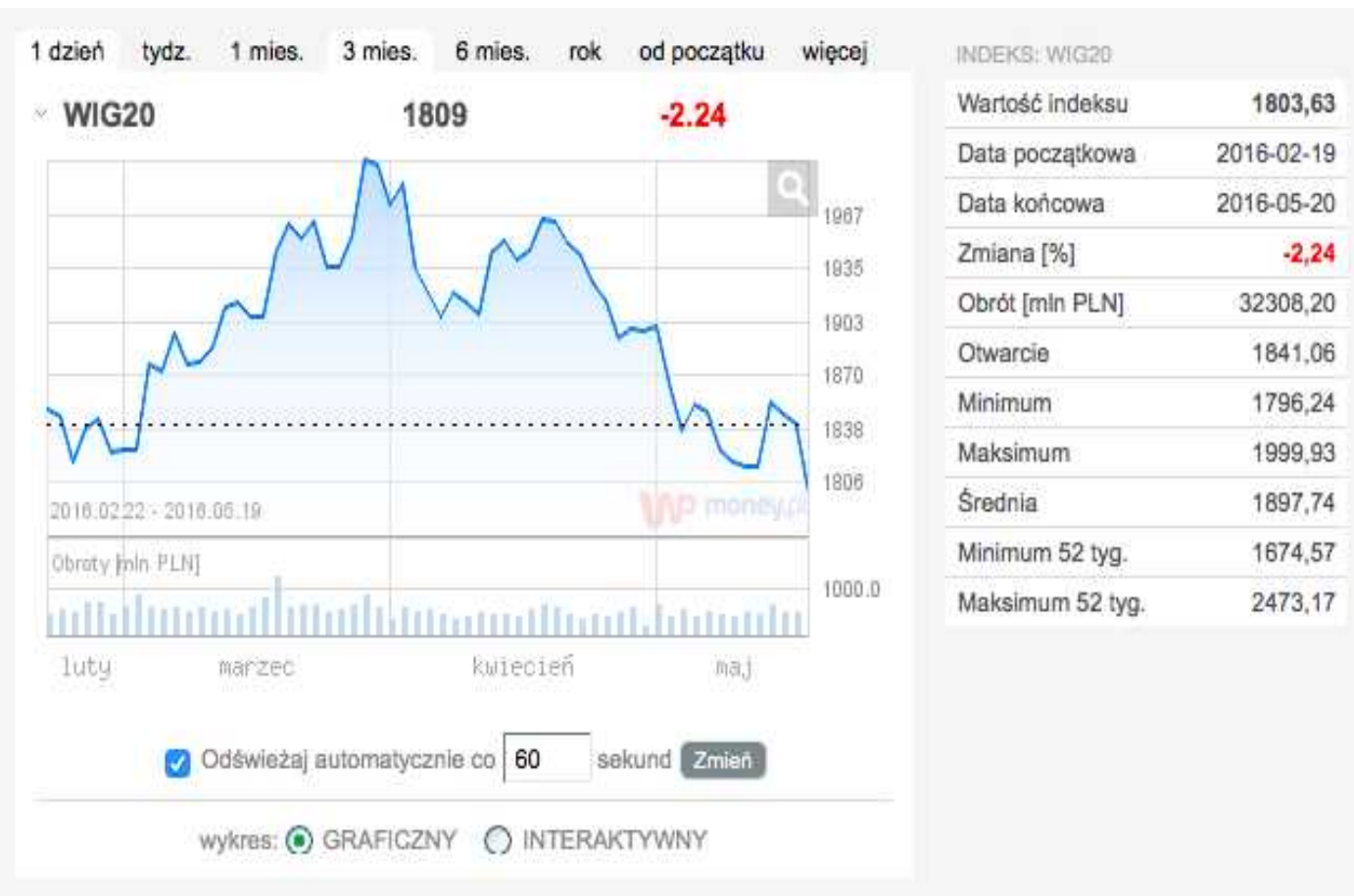
The WIG20 includes mainly banks: Alior, BZ WBK, MBank, PKO BP.

Energy companies: ENEA, Energa, PGE, PGNiG, Tauron PE.

Clothing companies: CCC, LPP.

Insurance company: PZU.

Nazwa spółki	Pakiet	Udział w portfelu [%]	Udział w obrocie [%]	Wpływ na zmianę indeksu [%]	Zmiana kursu spółki [%]	Kurs [PLN]
ALIOR BANK	54361000	1,87	6,7003	-0,3691 ▼	-19,76 ▼	53,92
ASSECO POLAND	74917000	2,53	1,0362	+0,0197 ▲	+0,78 ▲	53,02
BZ WBK	30353000	5,02	1,7009	+0,0637 ▲	+1,27 ▲	259,80
CCC	25340000	2,65	2,8547	+0,0335 ▲	+1,26 ▲	164,30
CYFROWY POLSAT	214367000	3,02	3,4971	-0,1444 ▼	-4,79 ▼	22,08
ENEA	214078000	1,37	0,9018	-0,0215 ▼	-1,57 ▼	10,02
ENERGA	200740000	1,26	2,2259	-0,0226 ▼	-1,80 ▼	9,82
EUROCASH	78256000	2,44	5,8145	+0,1436 ▲	+5,89 ▲	48,92
GRUPA LOTOS	86543000	1,71	2,1794	+0,0223 ▲	+1,31 ▲	31,00
KGHM POLSKA MIEDZ SA	136410000	5,46	12,3844	+0,0740 ▲	+1,35 ▲	62,84
LPP	1283000	4,19	2,6423	+0,0613 ▲	+1,46 ▲	5123,90
MBANK	12886000	2,47	1,3892	+0,0103 ▲	+0,42 ▲	300,85
ORANGE POLSKA	647357000	2,44	2,9107	+0,0041 ▲	+0,17 ▲	5,92
PEKAO	130972000	12,31	9,9831	-0,3329 ▼	-2,70 ▼	147,55
PGE	778079000	5,78	8,5907	-0,1638 ▼	-2,83 ▼	11,66
PGNIG	1628291000	5,51	5,8301	-0,0207 ▼	-0,38 ▼	5,31
PKN ORLEN	309998000	13,32	10,5881	+0,1903 ▲	+1,43 ▲	67,41
PKO BP	857593000	12,63	7,1171	-0,1137 ▼	-0,90 ▼	23,12
PZU	559670000	12,34	10,6650	-0,0533 ▼	-0,43 ▼	34,60
TAURON POLSKA ENERGIA	1043590000	1,68	0,9886	-0,0197 ▼	-1,18 ▼	2,52

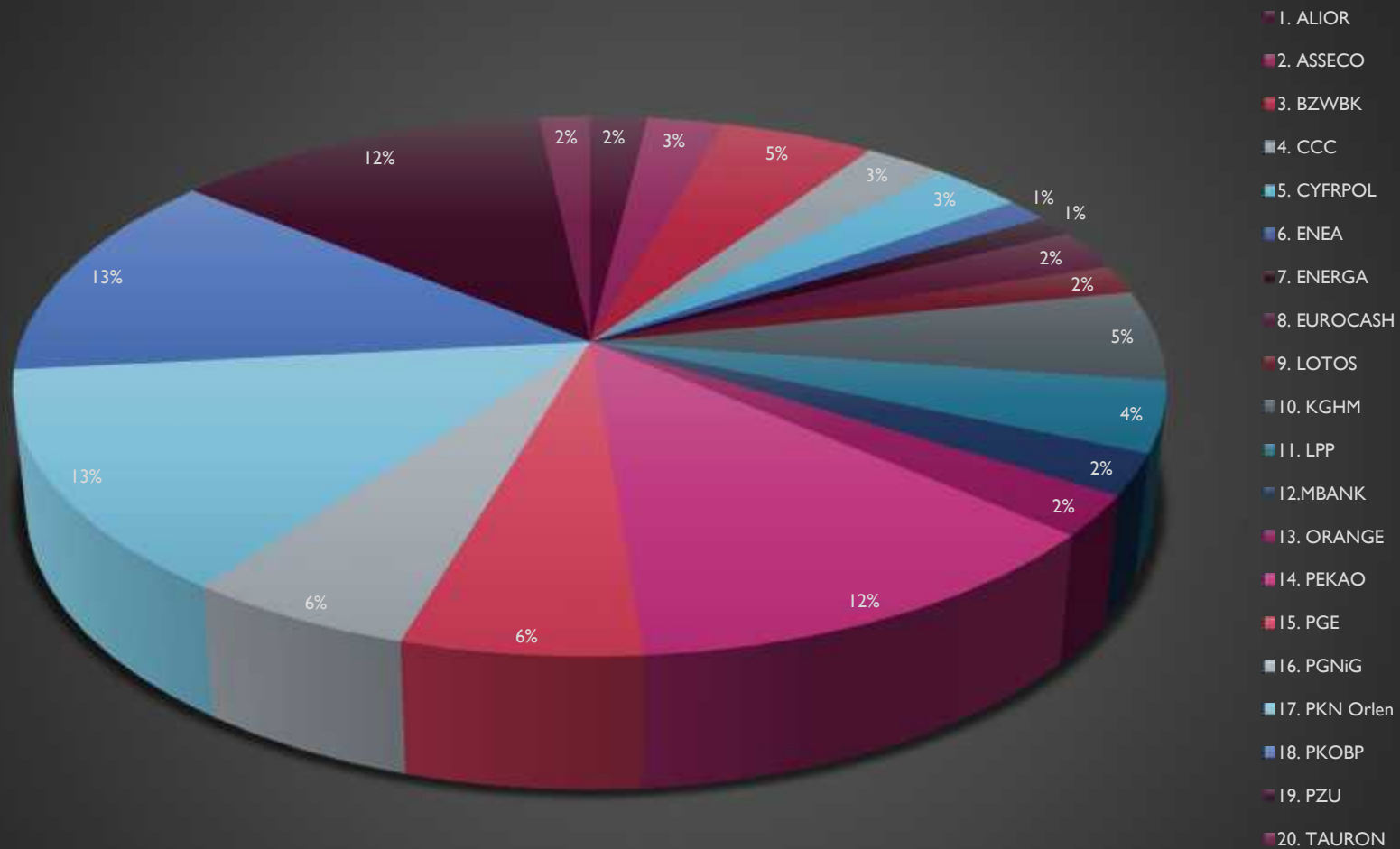


As shown in the attached diagram the value of WIG index for the past 3 months after a period of growth, currently recorded declines amounting to **-2.24%**.

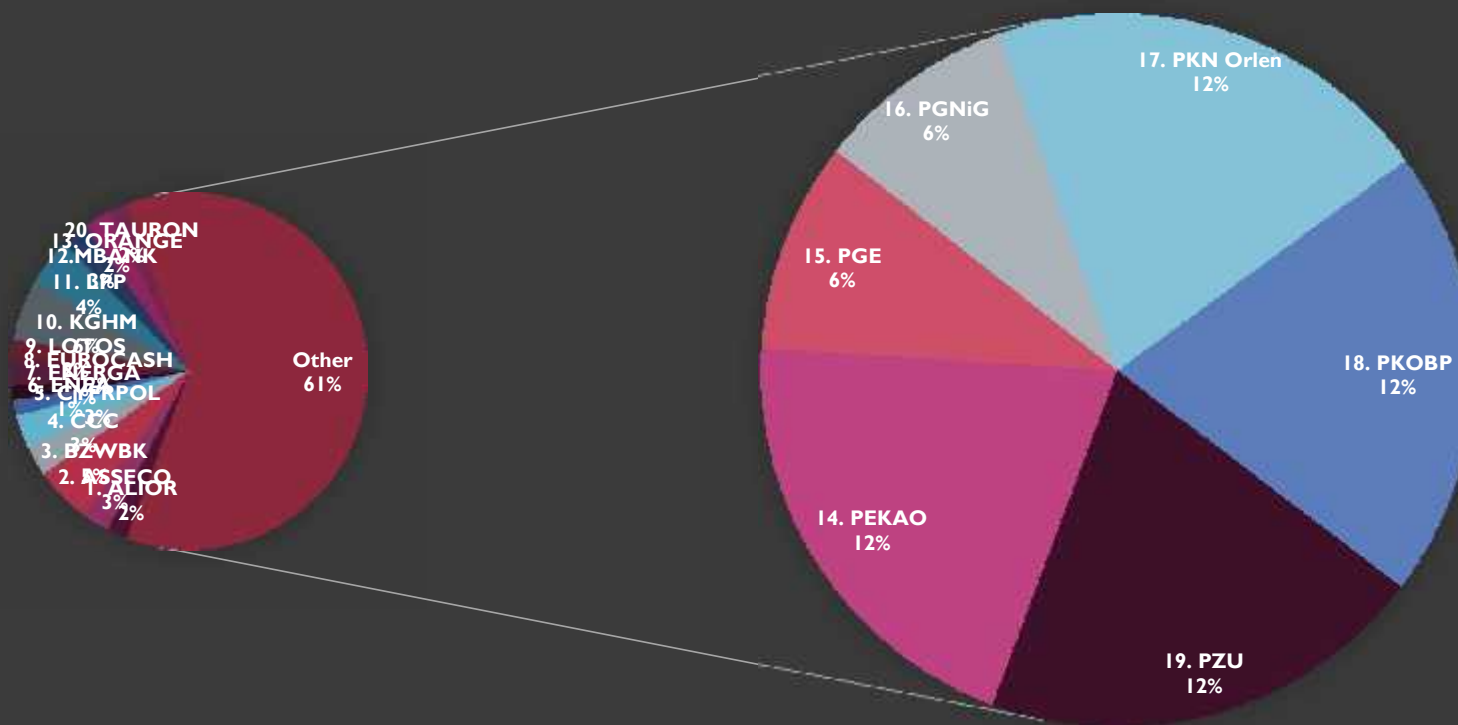
The value of the index for the last 3 months amounted to about **1800 zł**.

The changes allow you to understand the current market in Poland.

WIG20 -% share in the portfolio



WIG20 -% share in the portfolio



PKN Orlen is a major Polish oil refiner and petrol retailer;

PKO BP is a Polish largest bank;

PEKAO S.A. is a Polish universal bank;

PZU is a leader on the insurance market and one of the largest financial institutions in Poland;

Polish Energy Group is a state-owned power company and the largest power producing company in Poland;

Polish Petroleum and Gas Mining is a Polish state-controlled oil and natural gas company.

WIG20

Warszawski Indeks Giełdowy Dużych Spółek WIG20

Kurs bieżący 1 843,53

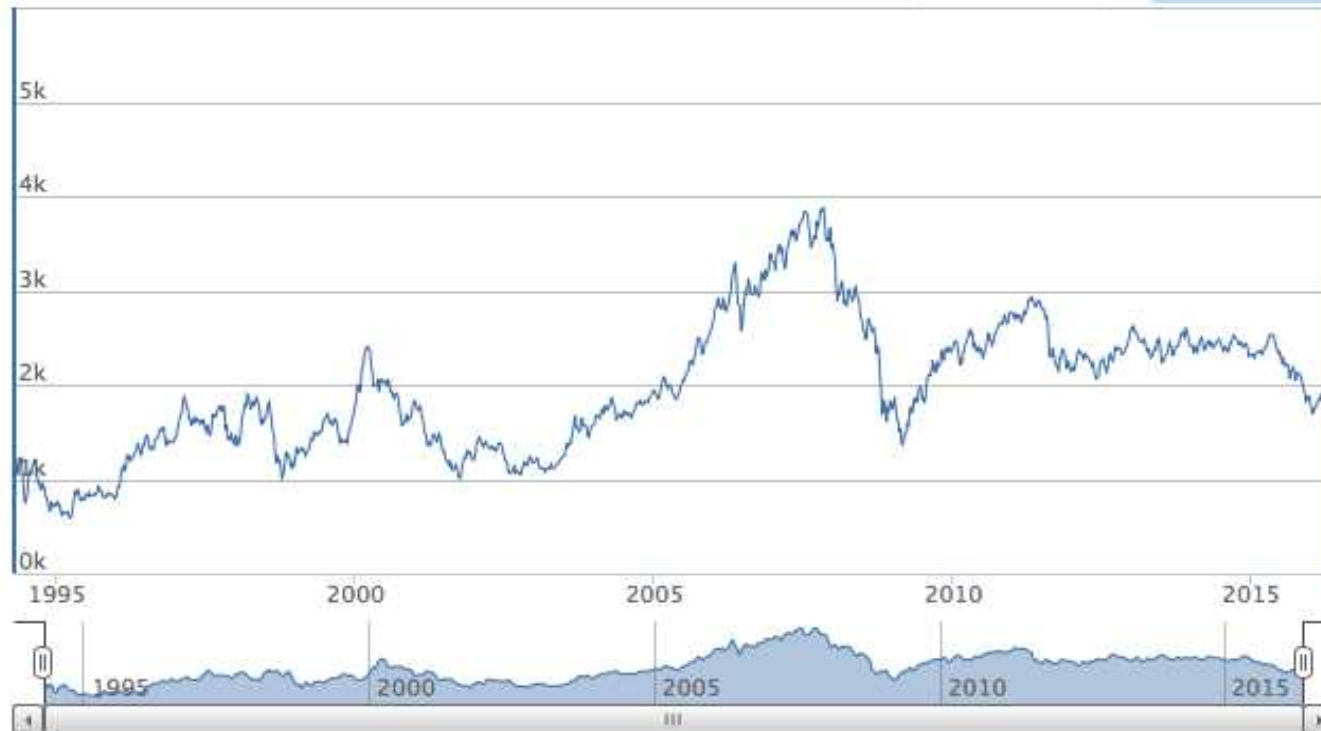


Kurs PLN				Zmiana % dzienna	Obrót		Czas ost. zmiany
Otw.	Min.	Max.	Ost.		szt.	PLN	
1 849,78	1 840,94	1 856,87	1 843,53	-0.31% ▼	310608730	-	14:16

Historyczny kurs
zamknięcia

Zakres 1m 3m 6m 2016 1r Cały

Od Kwi 14, 1994 Do 2016-05-27



In the accompanying diagram shows that the listing of the shares WIG20 has increased since 1995.

The highest level was in 2007, but in 2009, as a result of the Great Depression fell.

2010 and 2011 years show a change for the better in the stock market.

NewConnect

- In addition to the traditional stock market, Warsaw Stock Exchange leading alternative trading system of the shares, called the **NewConnect** market, which has been operating since 2007 and is designed for young and small companies with high growth potential. They are also riskier stocks.
- At the end of February 2015 NewConnect listed were more than 420 companies with a total capitalization of just over 9 billion Zł. (app. 2,5 billion \$).



NEW/connect
RYNEK AKCJI GPW

Companies with The Largest Profitability in 2014

11 BIT studios – Polish game development company based in Warsaw;

Danks - The European Centre for Tax Advisory;

Baltic Ceramics - manufacturer of ceramic proppants used in the exploration and production of oil and natural gas;

Telgam – provider of Internet, TV, phone...

Indata – IT Group.

Spółki o największej rentowności w 2014	rentowność
11BIT	54.51%
Danks	42.04%
Baltic Ceramics	37.20%
Telgam	24.44%
Indata	19.95%

The Stock Market in Poland and The Global Market

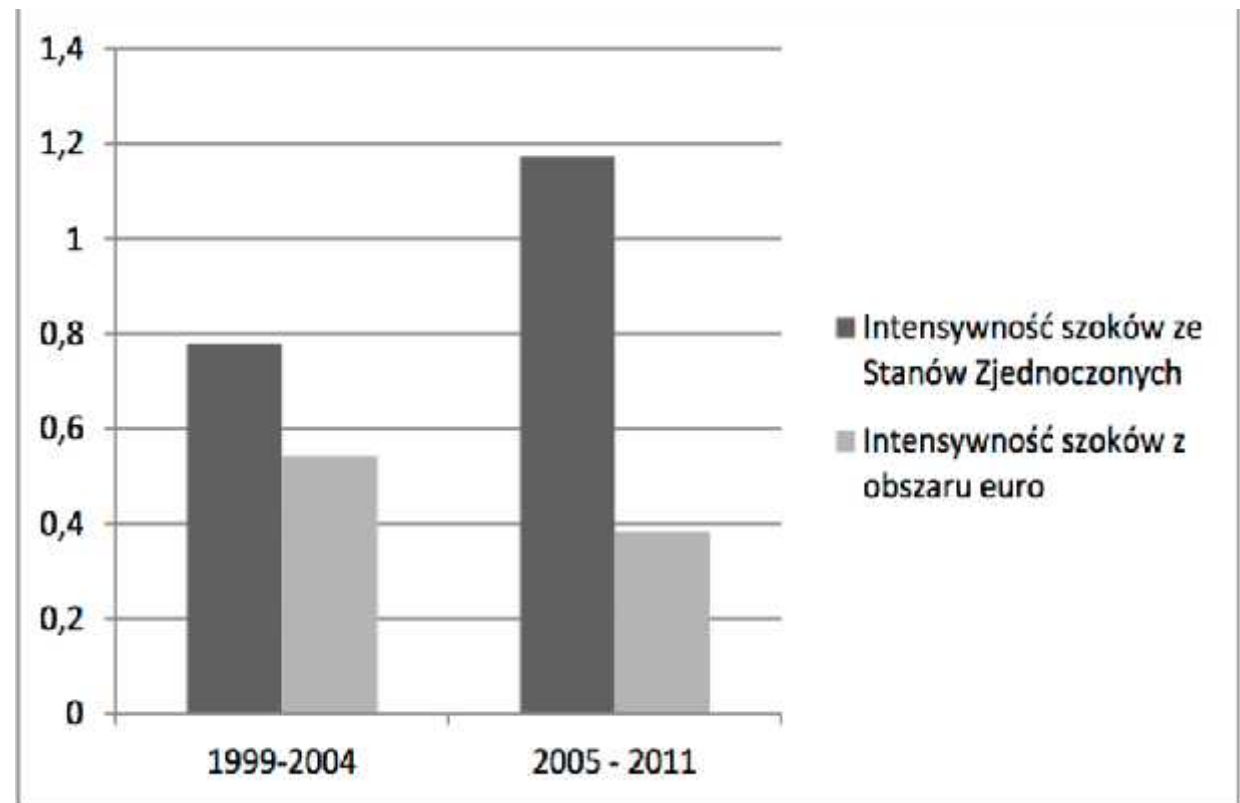
- One of the elements of European integration was to merge the securities markets.
- Integration prevents a large gap between European and national solutions: there were differences in legislative systems, tax, political or cultural barriers.
- Until the end of 2004 adopted key legislation, reformed system of law and enacted new laws. The Member States of EU were obliged to take them into account within the period prescribed by the European Commission.



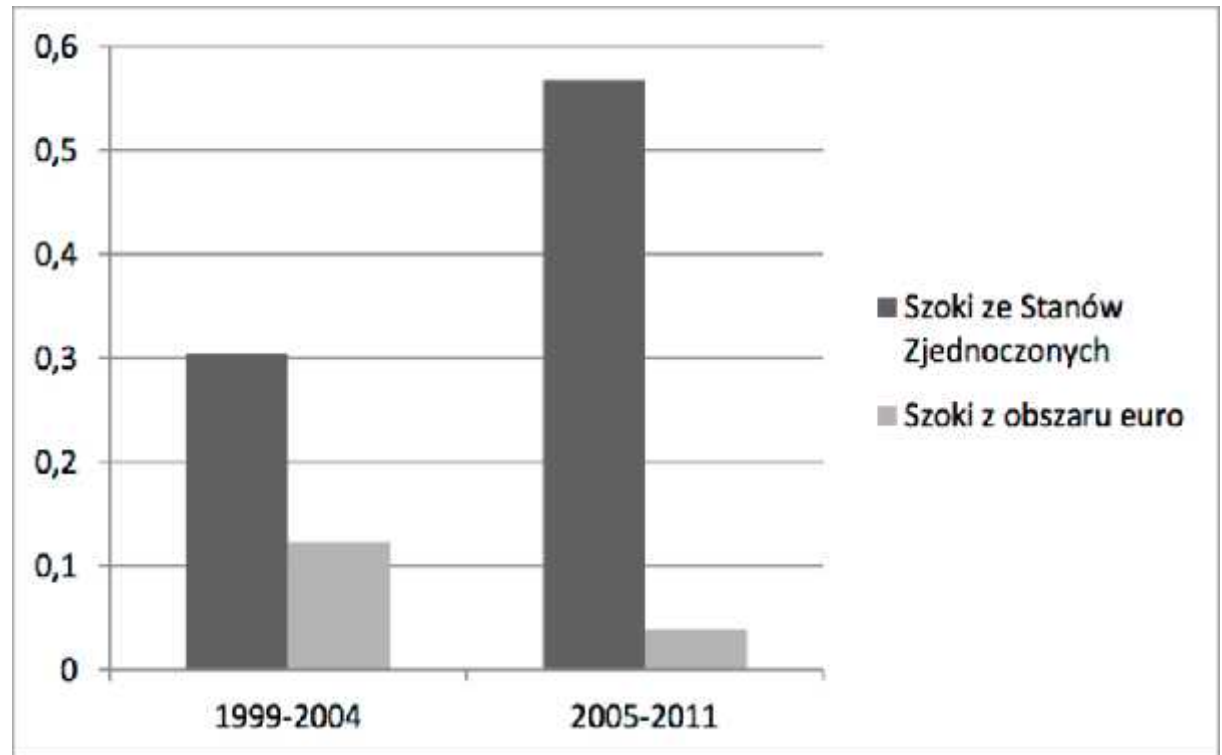
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- After the Polish accession to the EU in 2004, the domestic securities market became part of the EU market. Despite significant differences, the Warsaw Stock Exchange plays a front role among the stock exchanges of Central - Eastern Europe.
 - The institution of the single European passport gives the operators of the countries of the EU the right to issue shares in another Member State. The procedure for admission of the shares and their introduction to public trading in Poland is the same as in the case of Polish companies.

The Degree of Integration of The Polish Stock Market to The Stock Market in The US market and Euro Area

- In the years 1999 – 2011 the Polish stock market was more sensitive to the effects of changes in the US market than the euro area, where since 2005 the sensitivity is greatly increased.



- A similar relationship applies to the WIG20 index in the years 1999 – 2004 , where the Polish market reacts more to changes in the US market than to changes in the euro zone, which is markedly reduced.
- After the Polish accession to the EU in 2004 this changes are much more radical (almost 13 times more).



This analysis allows to draw the following conclusions:

- As you can see Polish stock market has a rich history of great importance in the international arena, especially in Central and Eastern Europe.
- The changes that occurred after the Polish accession to the EU, modernize and simplify the policy of the stock market, resulting in an increase of interest in not only Polish companies but also European.
- New Connect gave a chance to young and prosperous companies to break through on the big market, competing with other companies with similar criteria.
- I hope that my presentation was released and allowed you to understand the operation of Polish stock market in the country and on the international area.

Sources:

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1 Akcja Prawo poboru wykonano,
2. 8. 1923

1 Akcja



THANK YOU FOR YOUR ATTENTION!