



GPW Group's Financial Results Q2 2017

28 July 2017

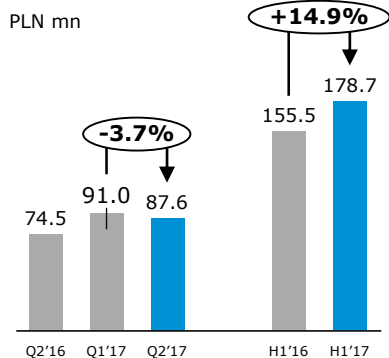
Summary of the GPW Group's Activity in Q2 2017

Financial Results of the GPW Group in Q2 2017

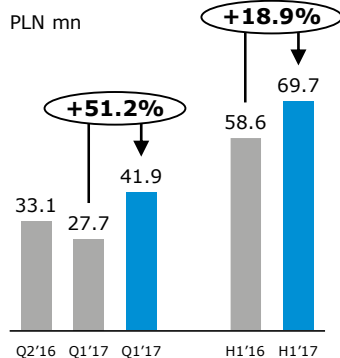
GPW Group's Financial Results Up In Q2 2017



Sales revenue

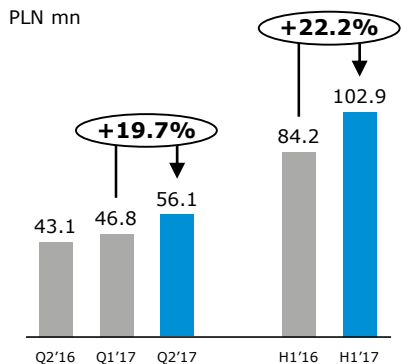


Net profit

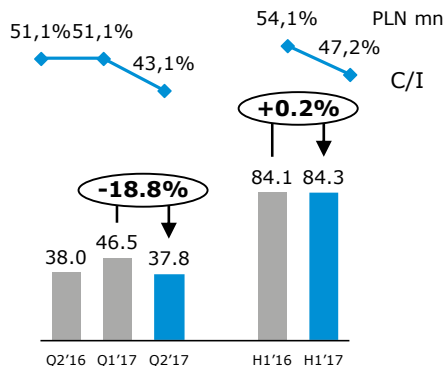


- ◆ Revenues increased by 17.7% YoY in Q2'17 to PLN 87.6 mn and by 14.9% in 6M'17
- ◆ Record-high net profit of PLN 41.9 mn (up by 51.2% QoQ and 26.7% YoY)
- ◆ Record-high EBITDA of PLN 56.1 mn up by 19.7% QoQ and 30.0% YoY)
- ◆ Historically one of the lowest C/I of 43.1% (down by 15.7% QoQ and 15.6% YoY), and C/I in 6M'17 at 47.2% (down by 12.8%)

EBITDA

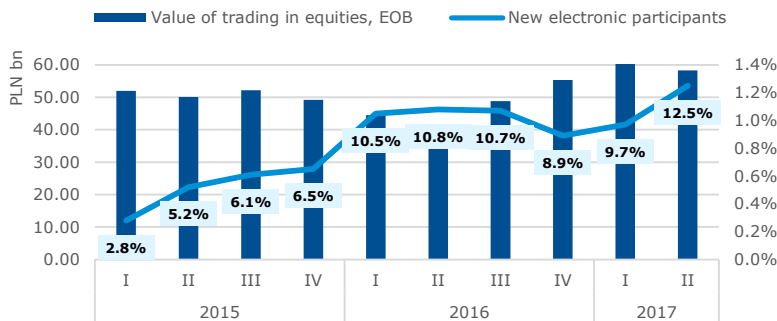


Operating expenses

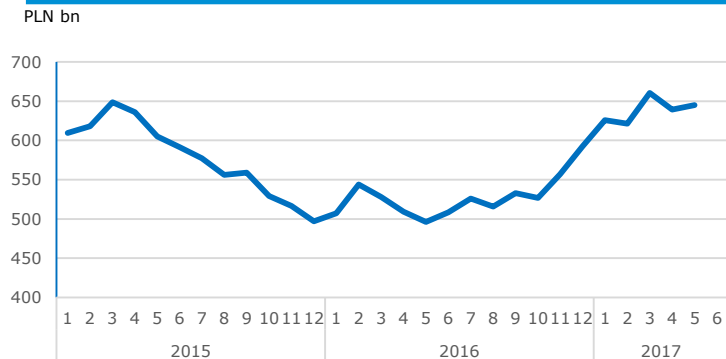


Further Improvement of Liquidity on Equity Market in Q2 2017

Activity of new electronic clients on the equity market¹



Growing capitalisation of domestic companies

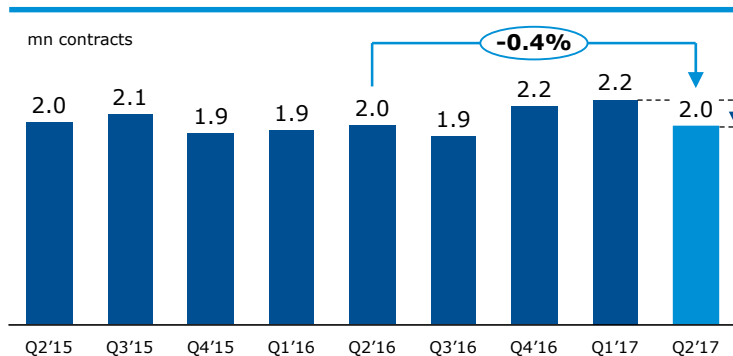


- ◆ Turnover in equities down by 12.7% QoQ in Q2'17 to PLN 58.3 bn and up by 42.7% YoY
- ◆ WIG20 +5.7%, mWIG40 +3.5% in Q2'17
- ◆ Velocity ratio at 36% in Q2'17 (43,% in Q2'17)
- ◆ Start of operation of Interactive Brokers (June)
- ◆ Start of operation of Deutsche Bank London branches as a remote Exchange Member
- ◆ Extension of the High Volume Provider and High Volume Funds programmes until 30 June 2018
- ◆ Share of new proprietary traders¹ in turnover in stocks in Q2'17: 12.5%
- ◆ New Independent Software Vendor (ISV): Embedded Software
- ◆ GPW Benchmark S.A. takes over the function of WIBOR fixing organiser from ACI Polska Financial Markets Association as of 30 June 2017

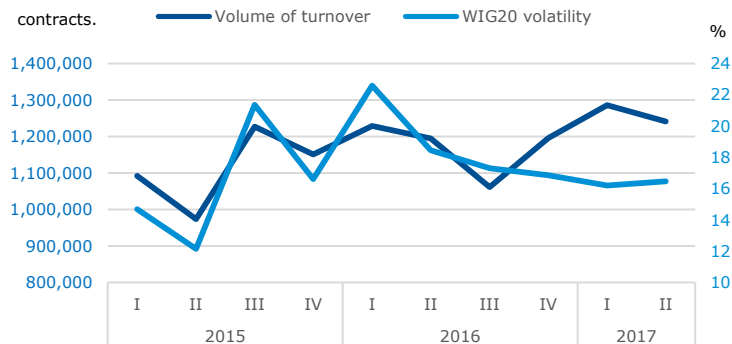
¹ Participants of liquidity support programmes (HVP and HVF) and a new market maker

Derivatives Market: Impacted by Lower Volatility

Volume of derivatives trade



Volume of WIG20 futures v. WIG20 volatility

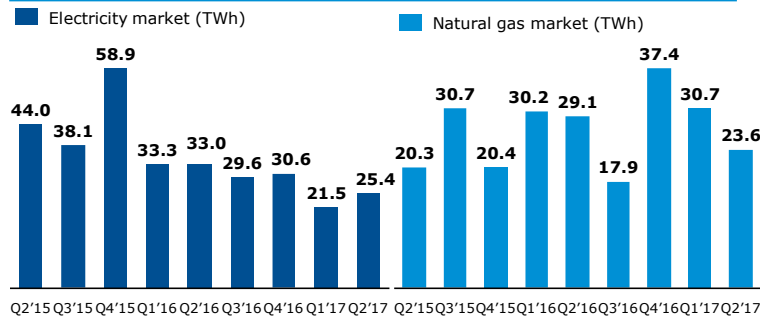


- ◆ Volume of trade in futures in Q2'17 at 1.98 million contracts (down by 11.8% QoQ and -0.4% YoY)
- ◆ Volume of trade in WIG20 futures in Q2'17 at 1.24 million contracts (down by 3.5% QoQ and up by 3.9% YoY)
- ◆ Addition of another volume bracket to HVP: up to PLN 2.5 mn and/or 75 futures (previously: PLN 5 mn and/or 150 futures)
- ◆ Introduction of futures on shares of Dino Polska SA
- ◆ Share of proprietary traders¹ in total trade in futures in Q2'17: 6.8% (vs. 5.9% in Q1'17 and 4.2% in Q2'16)

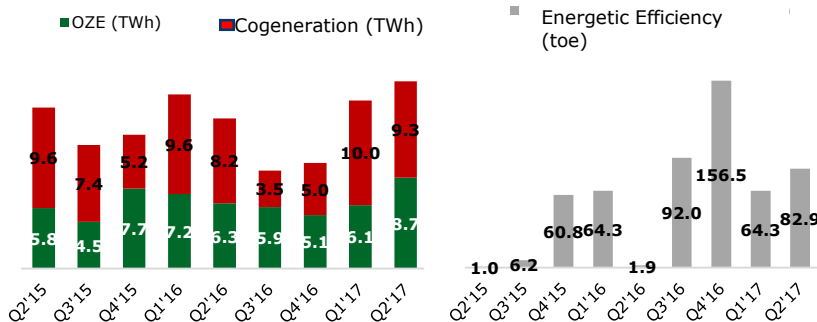
¹ Participants of liquidity support programmes (HVP and HVF) and a new market maker

Commodity Market In Q2'17

Volume of spot and forward transactions in electricity and gas



Volume of trade in property rights



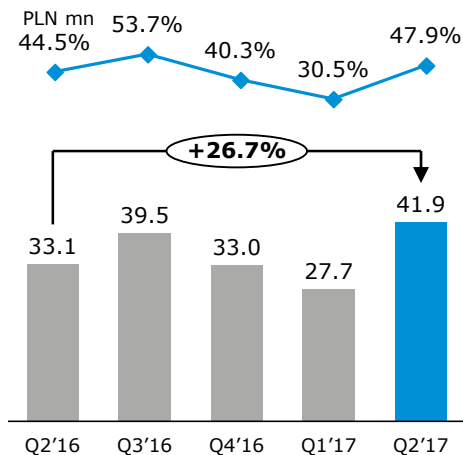
- ◆ **Gas market** – trading in Q2'17 down by 23.1% QoQ and 18.9% YoY due to seasonality and regulatory uncertainty around MiFID II implementation in Polish law
- ◆ **Electricity market** – trading up by 17.8% QoQ and down by 23.2% YoY as a result of expiration of the obligation under long-term contracts and in view of uncertainty about the implementation of MiFID II in Polish law
- ◆ **Register of Certificates of Origin/Property Rights Market:**
 - ✓ volume of spot transactions in property rights (except energy efficiency certificates) at 17.7 TWh – up by 10.1% QoQ and 22.7% YoY, and volume of forward transactions up by 320.5% QoQ (0.3 TWh)
 - ✓ Volume of trading on RES market up by 44.3% QoQ and 36.5% YoY
 - ✓ Trading in white certificates up by 29.1% QoQ
 - ✓ Dynamic growth in the number of members of the Register of Certificates of Origin – 138 new members in Q2'17, totalling 3243 at the end of Q2'17
- ◆ Roll-out of the new trading system X-Stream Trading on 31 May
- ◆ Adoption of the MCO (Market Coupling Operator) Plan by NEMO operators

Summary of the GPW Group's Activity in Q2 2017

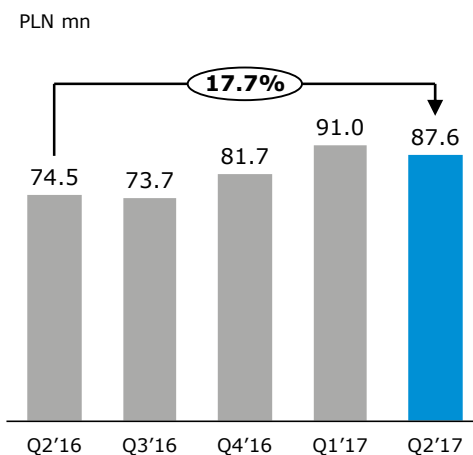
Financial Results of the GPW Group in Q2 2017

Profitability Ratios Improved

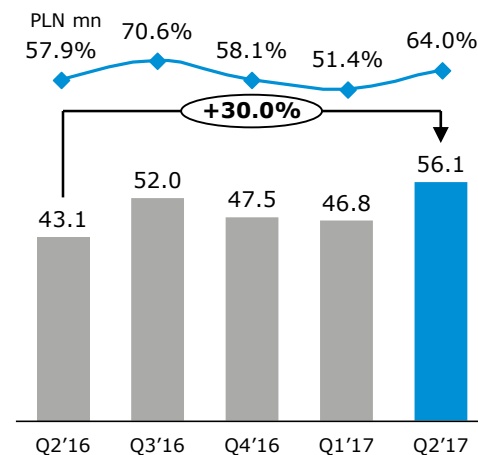
Net profit and net profit margin



Sales revenue



EBITDA and EBITDA margin



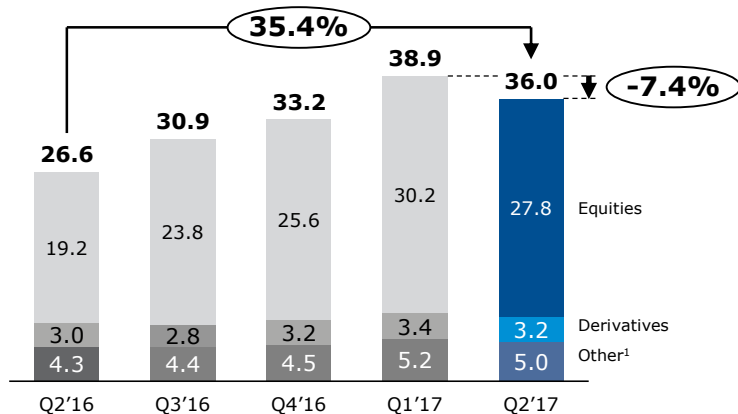
- ◆ Sales revenue up YoY driven by stronger investor activity on the financial market
- ◆ Record-high net profit (up by 26.7% YoY) and EBITDA (up by 30.0% YoY)
- ◆ Operating expenses at PLN 37.8 mn, down by 18.8% QoQ and 0.7% YoY (one-off events in Q1'17 – PFSA fees PLN 11.4 m, PFN donation PLN 3 m and Tax Office correction of interest rate used by TGE for tax liabilities PLN 3.8 m)

Trading Revenue on the Financial Market

Trading revenue – financial market

PLN mn

Q2'17: 41.0%



- ◆ Trading revenue on the financial market at PLN 36.0 mn (down by 7.4% QoQ, up by 35.4% YoY)
- ◆ Average turnover in shares per session in Q2'17 – PLN 973.7 mn vs. PLN 1.041 bn in Q1'17 and PLN 648.6 mn in Q2'16
- ◆ Average transaction fee on the stock market in Q2'17 down to 2.15 bps. vs. 2.21 bps. in Q1'17 and Q2'16

Investor activity on GPW markets

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Shares – value of trade (EOB, PLN bn)	40.8	48.8	55.3	66.7	58.3
					+42.7% YoY -12.7% QoQ
Futures and options – volume of trade (mn contracts)	1,98	1.9	2.2	2.2	2.0
					-0.4% YoY -11.9% QoQ
Treasury bonds – TBSP, cash transactions (PLN bn)	58.5	63.4	69.2	61.1	49.9
					-14.7% YoY -18.3% QoQ
Treasury bonds – TBSP, conditional transactions (PLN bn)	33.2	58.2	45.9	71.5	78.4
					+136.1% YoY

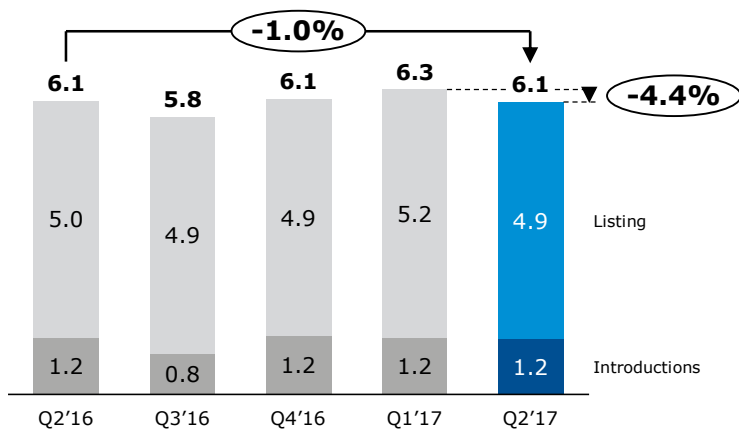
¹ Debt instruments, other cash market instruments, other fees paid by market participants

Stable Listing Revenue

Listing revenue

PLN mn

Q2'17: 6.9%



- ◆ Total value of IPOs and SPOs in Q2'17 at PLN 4.0 bn
- ◆ 3 successful IPOs on the Main Market in Q2'17 worth PLN 2.2 bn (Griffin Premium, Dino Polska SA, Maxcom SA)
- ◆ Capitalisation of domestic companies on the Main Market in Q2'16 at PLN 645.0 bn vs. PLN 621.3 bn in Q1'17 and PLN 496.1 bn in Q2'16
- ◆ Stable revenue from listing fees
- ◆ Increase of free float value from 47% in Q2'16 to 49% in Q2'17

Issuer activity

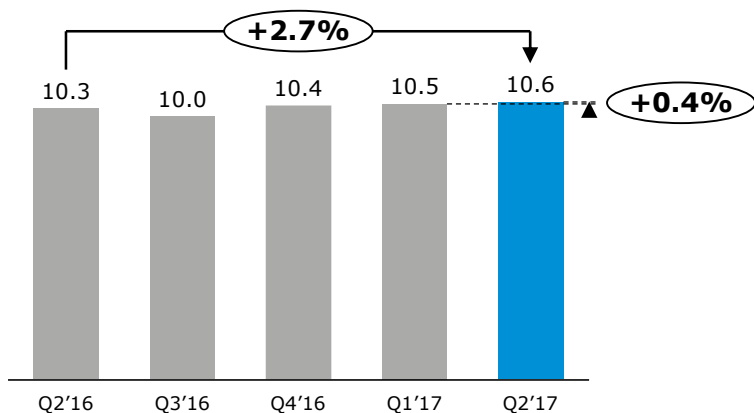
	Q2'16	Q3'16	Q4'16	Q1'17	Q1'17
Number of IPOs on the Main Market	7	4	6	3	3
					0% YoY -57.1% QoQ
Capitalisation of domestic companies (PLN bn)	496.1	515.7	557.1	621.3	645.0
					+30.0% YoY +3.8% QoQ
Value of IPOs (PLN mn)	394	0	629	99	2211
					+461.1% YoY

Steady Growth of Revenue from Information Services

Revenue from information services

PLN mn

Q2'17: 12.0%



- ◆ New contracts with clients in different market segments
 - ✓ 3 non-display clients
 - ✓ 1 data vendor
 - ✓ 1 processed data recipient
- ◆ First WIBOR datafeed contracts (Thomson Reuters, Bloomberg, SIX Financial, Interactive Data, VWD)
- ◆ Stable number of subscribers for data from GPW
- ◆ Increased number of subscribers for TGE and BondSpot data

Data vendors, subscribers and non-display clients

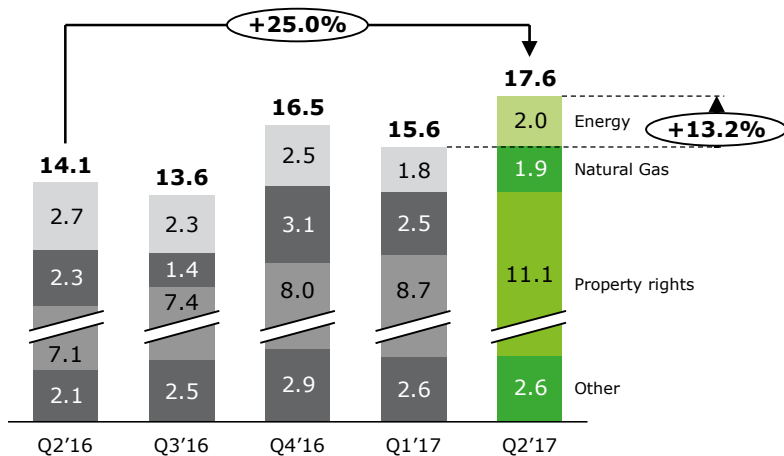
Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Number of subscribers (thou.)				
220.3	222.1	224.6	238.2	236.6
+7.4% YoY -0.7% QoQ				
Number of data vendors				
51	52	51	51	52
Non-display				
35	37	43	48	51

Growing Trading Revenue on the Commodity Market

Trading revenue – commodity market

PLN mn

Q2'17: 20.1%



- ◆ Increase of revenue from trading in electricity QoQ driven by volumes of forward trading
 - ✓ Volume of trading in electricity: +17.8% QoQ and -23.2% YoY
- ◆ Decrease of revenue from trading in gas due to seasonally lower volumes
 - ✓ Volume of trading in gas: -23.1% QoQ and -18.9% YoY
- ◆ Increase of revenue from trading in property rights driven by rising turnover in white certificates (+28.9% QoQ) and green certificates (+42.6% QoQ)

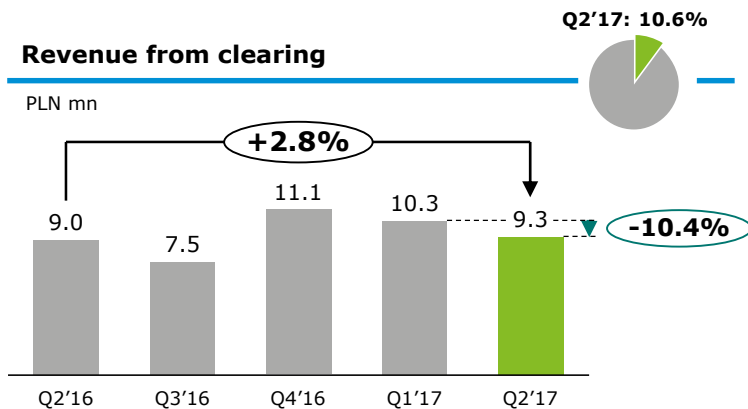
Investor activity on the commodity market

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Electricity – volume of trade (TWh)	33.0	29.6	30.6	21.5	25.4
					-23.2% YoY +17.8% QoQ
Natural gas – volume of trade (TWh)	29.1	17.9	37.4	30.7	23.6
					-18.9% YoY -23.1% QoQ
Property rights – volume of trade (TWh)	14.4	9.2	10.1	16.1	18.0
					+24.8% YoY +11.6% QoQ

Activity of Register of Certificates of Origin Participants Impacted by Seasonality

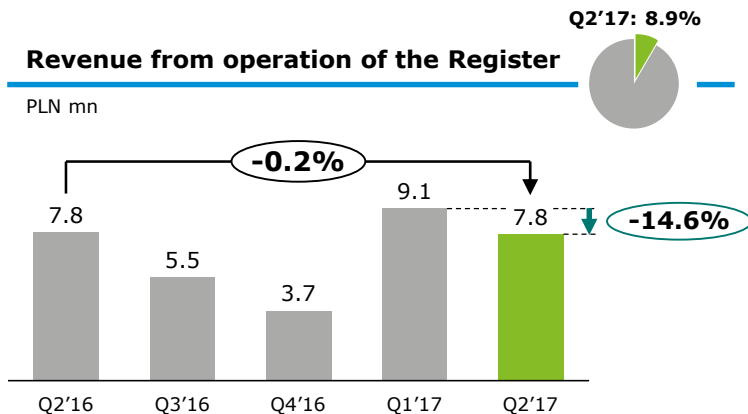
Revenue from clearing

PLN mn



Revenue from operation of the Register

PLN mn



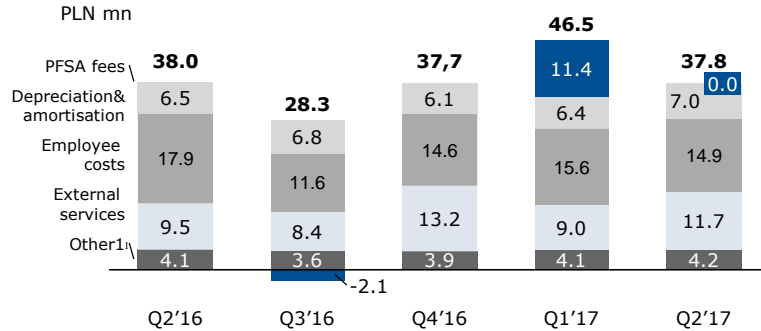
- ◆ Decrease of revenue from clearing due to a low season on the gas market
- ◆ Less YoY seasonality in the Register of Certificates of Origin following the extension of the time limit for the cancellation of certificates until the end of June

Activity of participants of the Register of Certificates of Origin

Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Volume of issued certificates of origin (TWh)				
9.6	12.4	8.7	16.6	13.2
+37.5% YoY				
-20.5% QoQ				
Volume of cancelled certificates of origin (TWh)				
32.6	0.6	0	18.3	12.7
-61.0% YoY				
-30.6% QoQ				

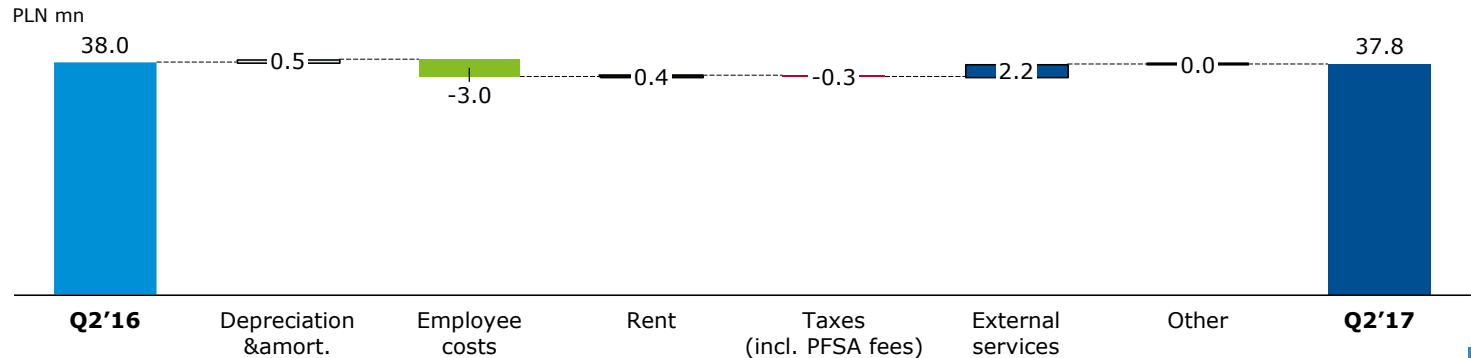
Optimised Operating Expenses

Operating expenses : -18.8% QoQ and -0.7% YoY



- External service charges up by 29.2% due to:
 - Higher IT cost (TGE trading system) and advisory cost (TGE VAT payments)
 - Higher promotion cost: GPW's 200th anniversary and TGE Trading Forum
- Depreciation and amortisation up by 9.9% QoQ due to TGE's implementation of a new trading system and MiFID II investments
- Salaries down by 4.8% QoQ: release of unused provisions against annual bonuses for 2016 to the GPW Management Board in Q2
- C/I in Q2'17: 43.1% vs. 51.1% in Q1'17

Change in operating expenses

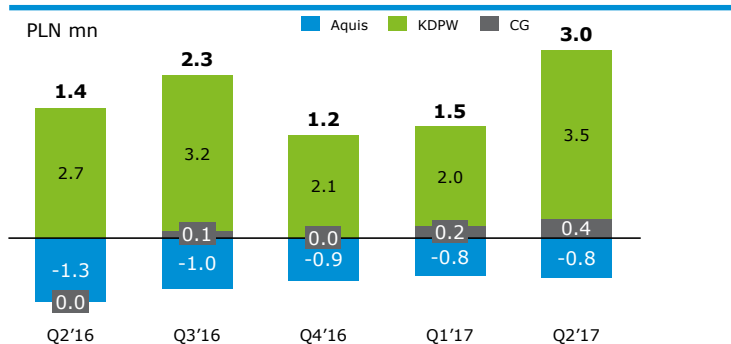


¹ Other includes rent, fees and charges (net of the PFSA fees), and other operating expenses

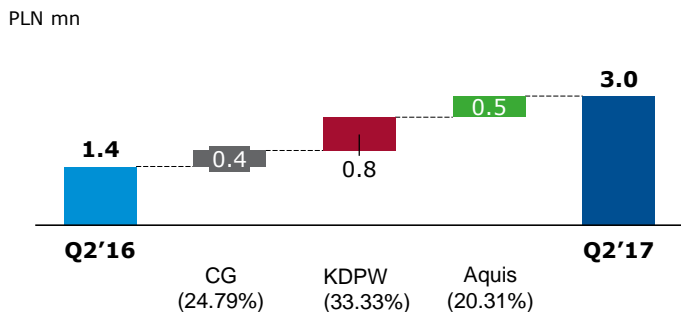
² C/I based on reported data

Share of Profit from Associates

Share of profit from associates



Change of share of profit of associates



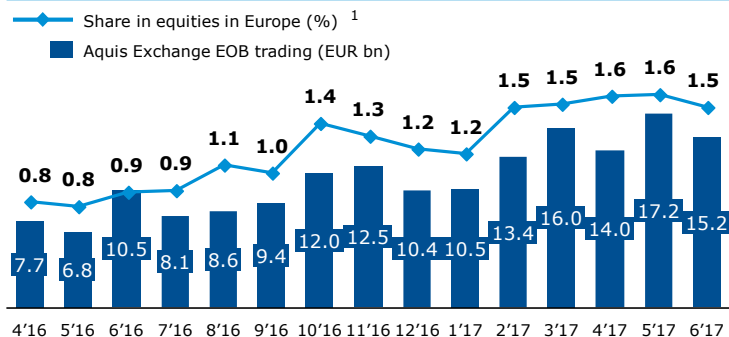
◆ Profit of the KDPW Group :

- ✓ Very good profit of the KDPW Group owing to high turnover in the financial market and one off fees (AGMs and dividend pay outs)

◆ Aquis Exchange:

- ✓ Stable share in the European equity trade market at more than 1.5% in Q2 2017
- ✓ Less activity in June 2017 due to seasonality

Turnover on Aquis Exchange



¹ Source: FESE

GPW Group's Consolidated Balance Sheet



PLN mn	31.03.2016	30.06.2016	30.09.2016	31.12.2016	31.03.2017	30.06.2017
Non-current assets , including among others	577.0	579.6	584.7	597.3	597.3	597.2
Property, plant and equipment	122.3	121.5	119.6	119.1	116.7	113.8
Intangible assets	259.9	258.1	262.4	273.8	272.5	271.4
Share of profit of associates	187.2	191.4	196.0	197.2	198.6	201.6
Current assets , including among others	583.7	602.0	524.9	560.6	592.5	615.5
Trade and other receivables	99.2	100.0	100.6	113.3	165.2	89.1
Available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	483.9	501.8	423.9	446.8	426.7	526.3
Total assets	1,160.7	1,181.6	1,109.6	1,157.8	1,189.9	1,212.7

- ◆ Decrease of trade receivables following the payment of some of TGE's VAT correction invoices (from PLN 66.2 mn as at 31 December 2016 to PLN 30.2 mn as at 30 June 2017)
- ◆ Increase of current liabilities: loan taken by TGE to pay VAT liabilities (PLN 60 mn)
- ◆ Recognition of dividend from 2015 profit (PLN 90.2 mn) in Other current liabilities
- ◆ Decrease of accruals and deferred income: annual fees paid by issuers are recognised over time (PLN 16.8 mn as at 30 June 2017); accruals include the annual fee to PFSA (PLN 11.4 mn) to be paid in September 2017

PLN mn	31.03.2016	30.06.2016	30.09.2016	31.12.2016	31.03.2017	30.06.2017
Equity	738.7	672.8	712.3	745.3	772.8	724.6
Non-current liabilities	134.6	137.6	137.5	143.4	258.5	258.8
Liability under the bond issue	123.6	123.7	123.7	123.5	243.3	243.4
Current liabilities , including among others	287.4	371.2	259.7	269.2	158.5	229.3
Trade payables	6.2	6.3	2.8	6.4	6.2	3.5
Employee benefits payable	7.2	10.4	8.9	8.1	5.8	8.1
Income tax payable	9.1	10.9	11.9	16.2	13.2	7.6
Credits and loans	0.0	0.0	0.0	0.0	59.8	60.0
Accruals and deferred income	39.0	31.0	11.6	7.1	41.7	37.2
Other current liabilities	102.4	190.8	101.2	108.1	29.4	110.7
Total equity and liabilities	1,160.7	1,181.6	1,109.6	1,157.8	1,189.9	1,212.7

Annex: Back-up Slides

GPW Group's Consolidated Profit & Loss Account



PLN mn	Q2'16	Q1'17	Q2'17
Revenue	74.5	91.0	87.6
Financial market	43.0	55.7	52.6
Trading	26.6	38.8	36.0
Listing	6.1	6.3	6.1
Information services	10.3	10.5	10.6
Commodity market	30.9	35.0	34.7
Trading	14.1	15.6	17.6
Register of Certificates of Origin	7.8	9.1	7.8
Clearing	9.0	10.3	9.3
Other operating income	0.6	0.3	0.4
Operating expenses	38.0	46.5	37.8
Other income	9.5	9.0	11.7
Other expenses	0.0	4.4	0.9
Operating profit	36.6	40.4	49.0
Financial income	5.2	1.4	1.5
Financial expenses	2.9	7.6	2.5
Share of profit of associates	1.4	1.5	3.0
Profit before income tax	40.3	35.8	51.1
Income tax	7.1	8.0	9.2
Net profit	33.1	27.7	41.9
EBITDA	43.1	46.8	56.1

- ◆ Operating expenses: Provisions against the entire estimated fee to PFSA for 2017 recognised in Q1 2017 (PLN 11.4 mn)
- ◆ Other expenses: donation to the Polish National Foundation (PLN 3.0 mn) in Q1 2017, and write-down of unenforceable receivables (PLN 0.5 mn)
- ◆ Financial expenses: in Q1 2017, we recognised PLN 4.5 mn of interest imposed by the Tax Office with respect to a VAT correction following the change of the taxation policy applicable to TGE services (including PLN 3.5 mn of additional interest imposed by the Tax Office). Furthermore, financial expenses increased in Q1 2017 due to negative FX differences and the cost of interest on TGE's loan taken to pay VAT

GPW Group's Consolidated Cash Flows



6m ended on 30 June

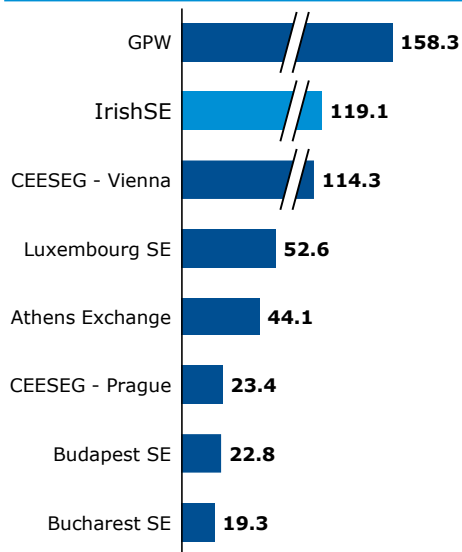
PLN mn	2016	2017
Cash flows from operating activities, including among others:	147.1	34.9
Cash flows from operating activities	160.1	80.8
Net profit of the period	58.6	69.7
Adjustments:	101.4	11.1
Income tax	13.9	17.2
Depreciation of property, plant and equipment	12.9	13.4
Interest income on deposits	-3.3	-2.8
Interest and premium on bond issue	4.0	3.5
Share of profit of associates	0.0	-4.5
Change in current assets and liabilities	77.1	-19.3
Decrease of trade and other receivables	31.6	24.2
Increase / decrease of other liabilities	20.3	-70.5
Income tax expense	-13.0	-31.4
Cash flows from investing activities, including among others:	-2.1	-9.9
Purchase of property, plant and equipment	-4.3	-5.3
Purchase of intangible assets	-1.6	-8.0
Sale of available-for-sale financial assets	0.0	0.0
Purchase of associates	0.0	0.0
Interest received	3.3	2.8
Cash flows from financing activities, including among others:	-3.8	54.7
Dividend paid and company social fund	0.0	0.0
Loans and advances received	-	59.7
Interest paid	-3.8	-4.4
Proceeds from bond issue	0.0	119.9
Buy-back of bonds issued	0.0	-120.5
Cash and cash equivalents - opening balance	360.4	446.8
Cash and cash equivalents - closing balance	501.8	526.3

- ◆ Cash flows from operating activities: significant cash flows due to changes in receivables and liabilities in respect of TGE's VAT payments for 2011-2016
- ◆ Cash flows from financing activities: increase in 2017 mainly driven by TGE's loan taken to pay VAT (PLN 60 mn) and the redemption of GPW's series A and B bonds and issue of GPW's series D and E bonds

GPW v. Other European Exchanges

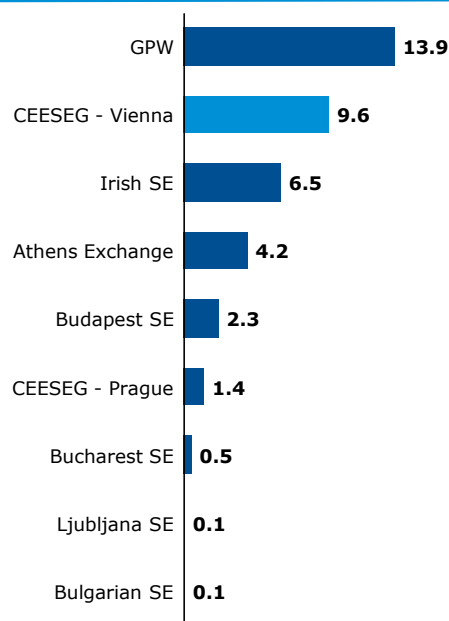


Capitalisation



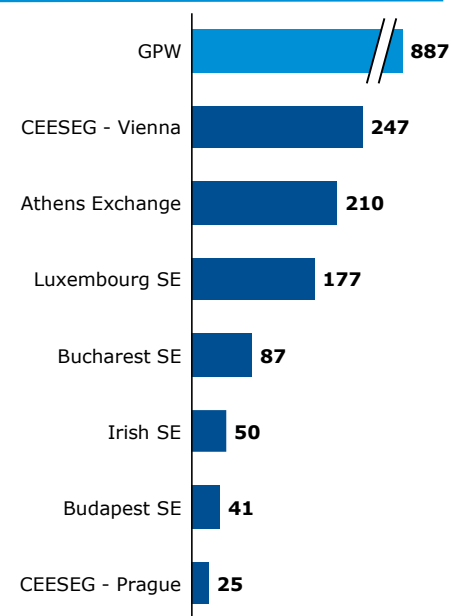
EUR bn

Value of equity trading, EOB¹



EUR bn

Number of listed companies²

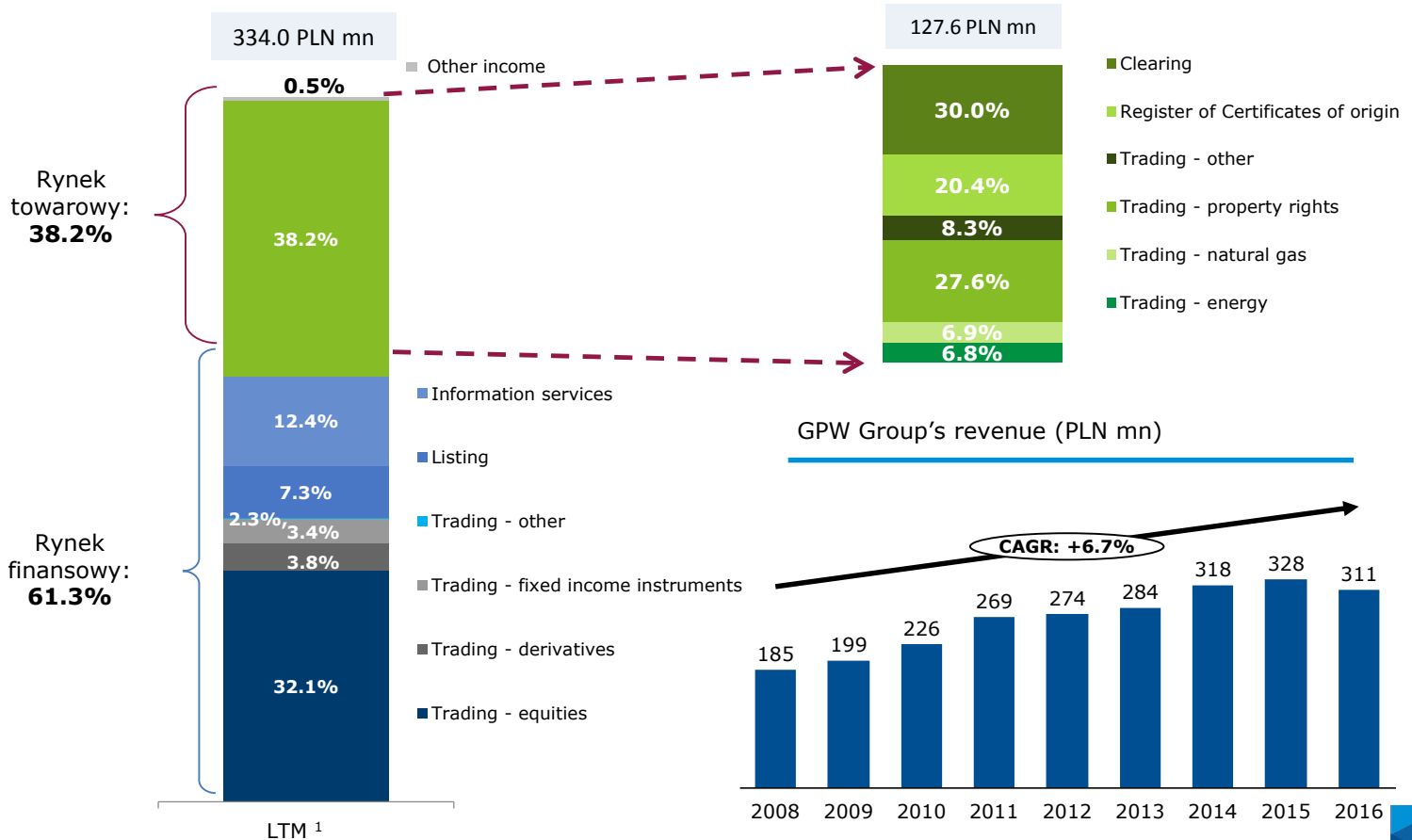


¹ EOB – Electronic Order Book, as at 30 June 2017

² As at 30 June 2017

Source: FESE, June 2017

GPW Group's Revenue Structure



¹ Last 12 months ended 30 June 2017

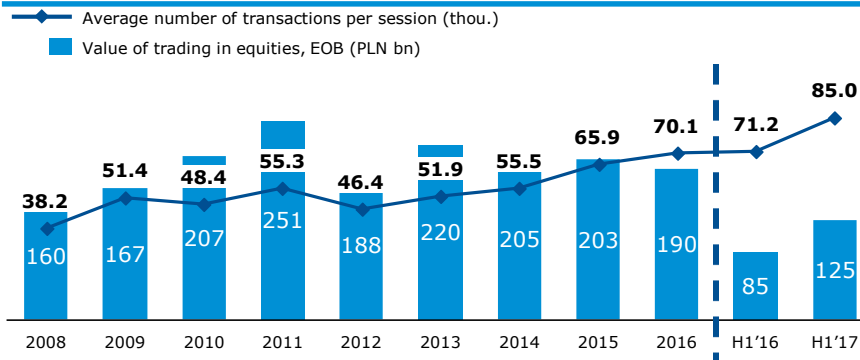


31.7%¹

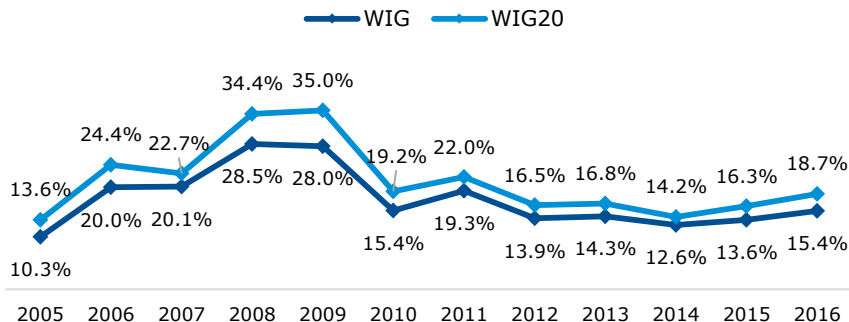
◆ Revenue drivers:

- ✓ Value of trading in equities
- ✓ Structure of orders (small, large, mid-sized)

Value of trading in equities and number of transactions



Velocity ratio and volatility - equity market



¹ Share in GPW Group's revenue in Q2'17

Financial Market: Trading in Derivatives

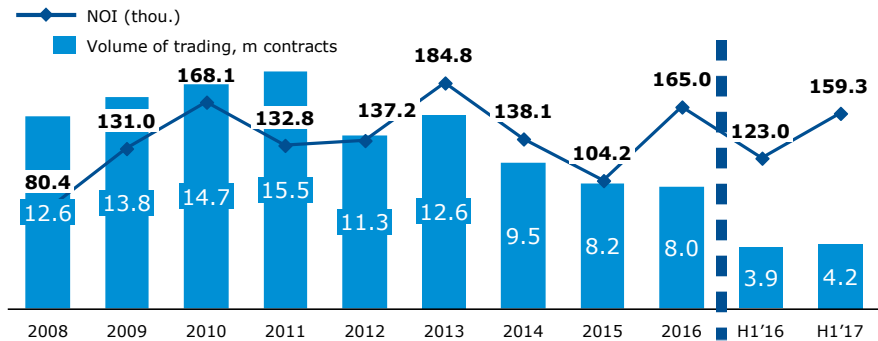


3.6%²

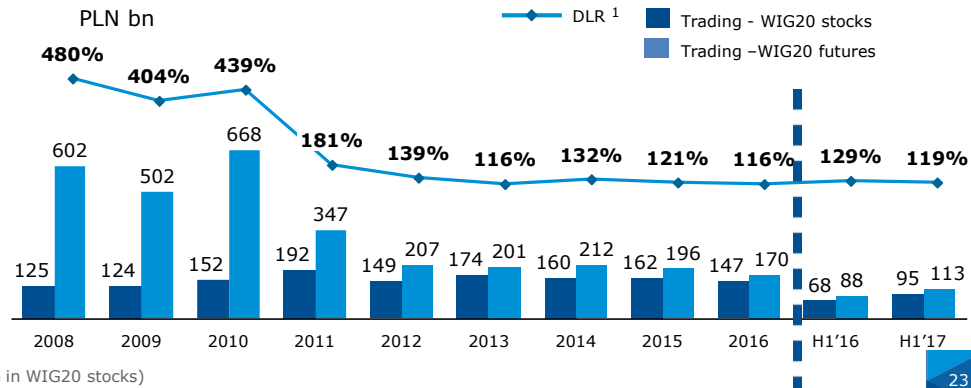
◆ Revenue drivers:

- ✓ Volume of trading in futures
- ✓ Number of open interest
- ✓ Volatility

Volume of trading in derivatives



Volume of trading in futures v. volatility



¹ Velocity ratio (value of trading in WIG20 futures to trading value in WIG20 stocks)

² Share in GPW Group's revenue in Q2'17

Financial Market: Other Instruments and Fees Paid by Participants



3.4%¹

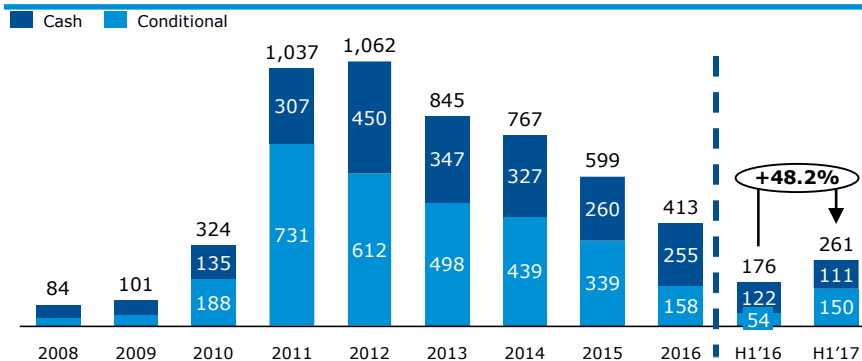


2.2%²

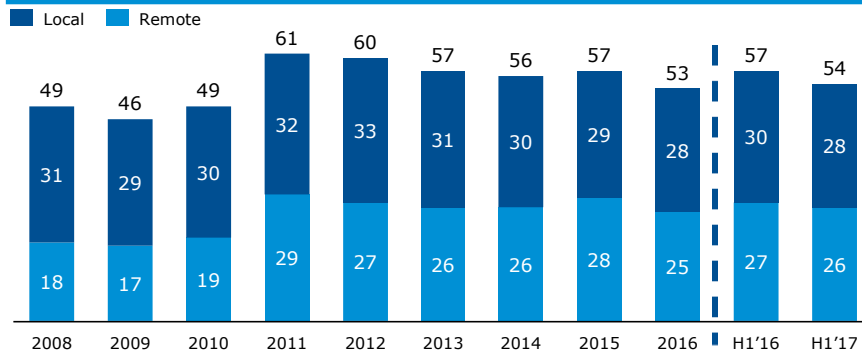
◆ Revenue drivers:

- ✓ Value of trading in Treasury bonds
- ✓ Number of exchange members

Value of trading on Treasury BondSpot Poland, PLN bn



Number of exchange members



¹ Share in GPW Group's revenue in Q2'17, trading in debt instruments

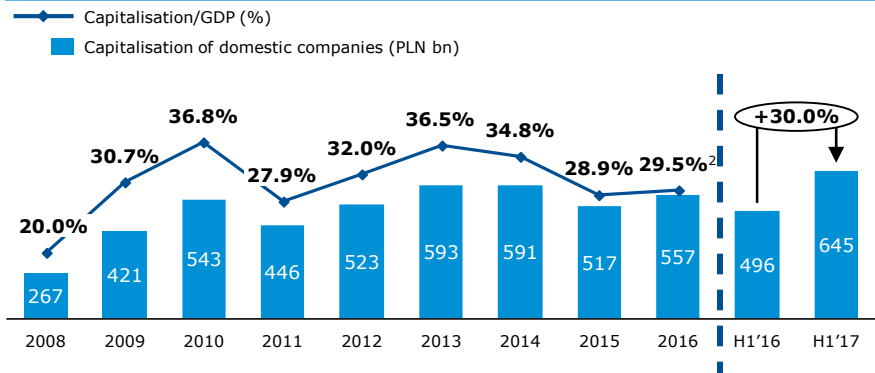
² Share in GPW Group's revenue in Q2'17, fees paid by market participants



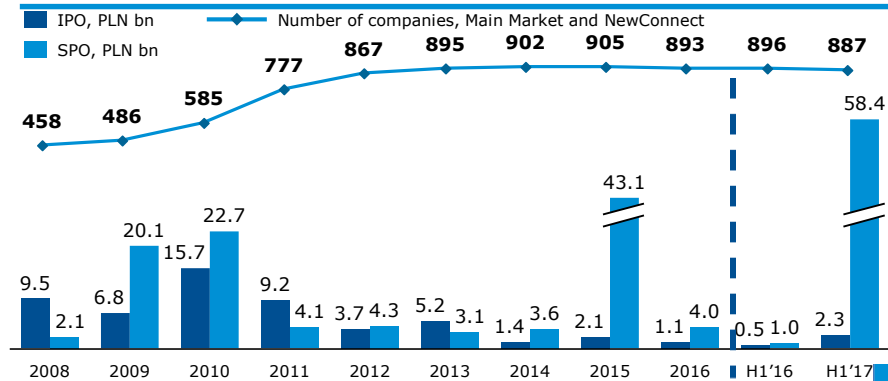
6.9%¹

- ◆ Revenue drivers:
 - ✓ Capitalisation at year end
 - ✓ Value of new issue shares and bonds
 - ✓ Number of issuers

Capitalisation of domestic companies



IPO/SPO value and number of companies



¹ Share in GPW Group's revenue in Q2'17

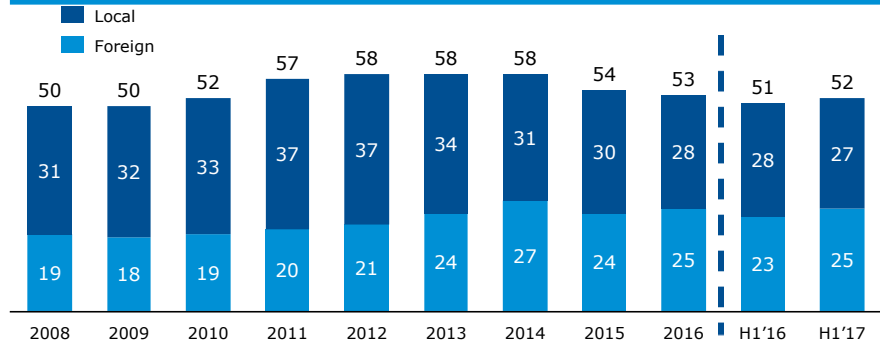
² Source: based on NBP projections



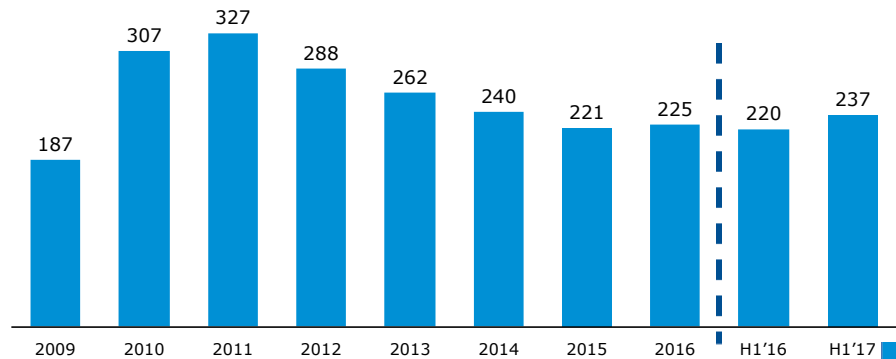
12.0%¹

- ◆ Revenue drivers:
 - ✓ Number of data vendors
 - ✓ Number of subscribers

Number of data vendors



Number of subscribers (thou.)



¹ Share in GPW Group's revenue in Q2'17

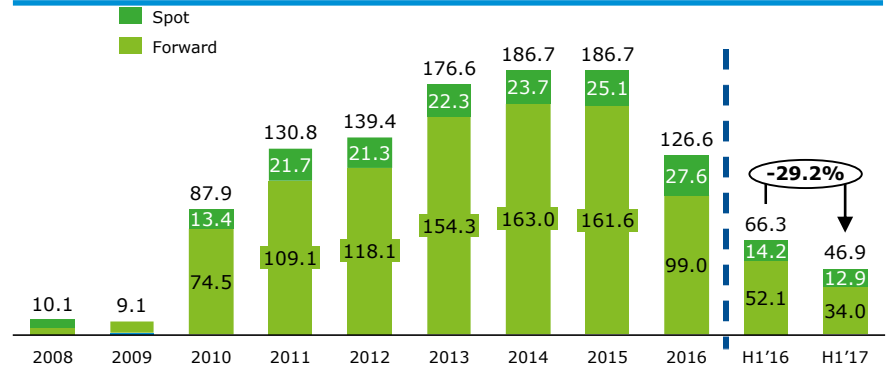


4.4%²

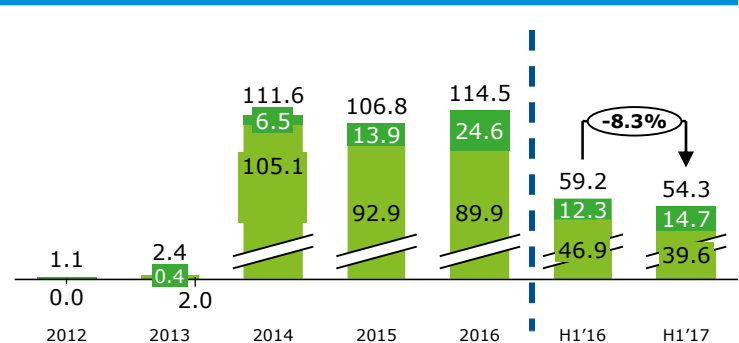
◆ Revenue drivers:

- ✓ Volume of trading in electricity
- ✓ Volume of trading in gas
- ✓ Share of spot and forward trading

Volume of trading in electricity (TWh)¹



Volume of trading in gas (TWh)



¹ Data for 2006-2013 include trading on the GPW Energy Market poee

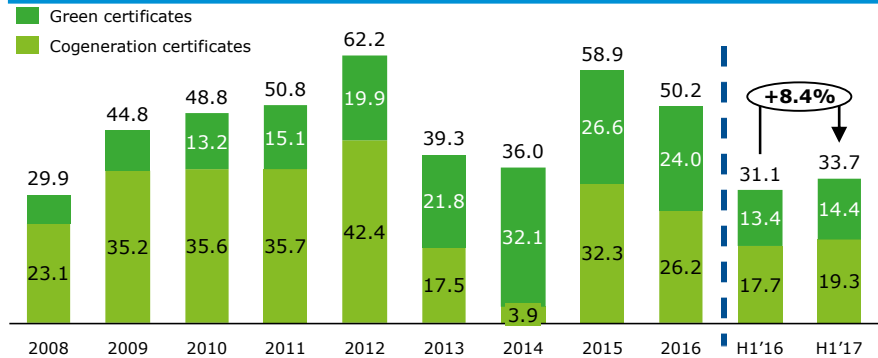
² Share in GPW Group's revenue in Q2'17

 **12.7%¹**

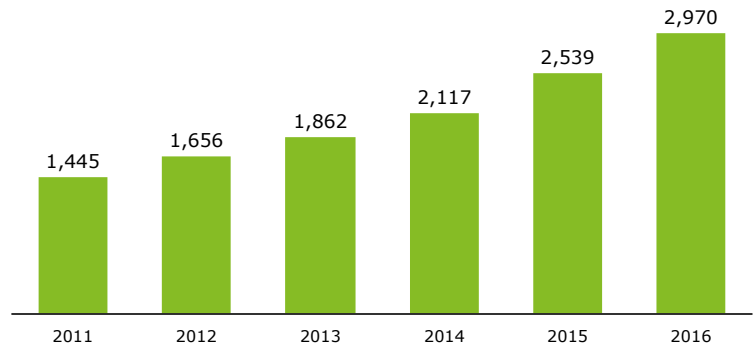
◆ Revenue drivers:

- ✓ Volume of trading in property rights
- ✓ Share of certificate categories in trading
- ✓ Number of register participants

Trading in property rights (TWh)



Number of participants of the Register of Certificates of Origin



¹ Share in GPW Group's revenue in Q2'17

Commodity Market: Register of Certificates of Origin

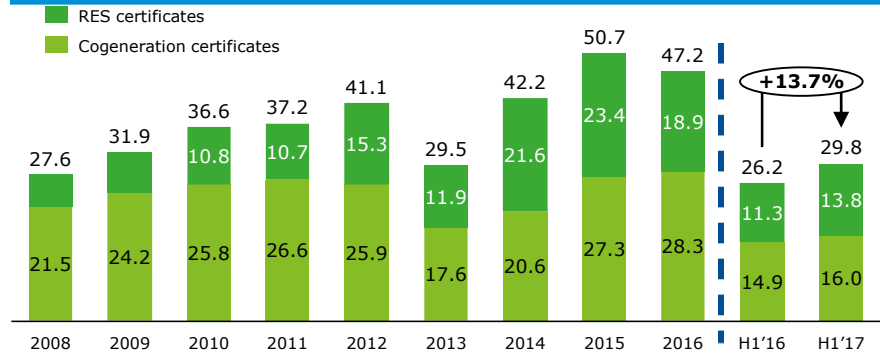


8.9%¹

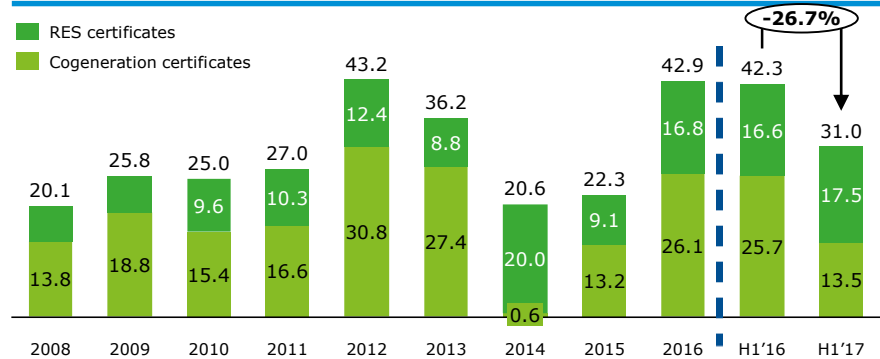
◆ Revenue drivers:

- ✓ Volume of issued property rights
- ✓ Volume of cancelled property rights

Volume of issued property rights (TWh)



Volume of cancelled property rights (TWh)



¹ Share in GPW Group's revenue in Q2'17

IR events

- ◆ **30 October 2017**
Publication of GPW Group's Consolidated Interim Report for Q3 2017

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