

Capital market & Stock exchange in the CEE

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Agenda

1. Historic flashback
2. Development
3. Current situation
4. Conclusion

Flashback

Warsaw	Prague	Budapest	Bucharest
<ul style="list-style-type: none"> – Founded in 1817 – Trading Bonds & Bills – Closed due to WW2 – Reopened after fall of communism – WSE is a nat. company – 98,8% of shares are held by State Treasury – <i>Largest Stock Exchange in the CEE</i> 	<ul style="list-style-type: none"> – Founded in 1871 – Reopened after WW2 – Joint-Stock company by law – Biggest organizer of the securities market in Czech Republic – second largest in the CEE 	<ul style="list-style-type: none"> – Founded in 1990 after the fall of communism – Shareholders were Banks & Financial institutions – In 2001 new Trade possibilities through the Internet – In 2005 merger with Budapest Commodity Exchange – Taking part in int. projects with other CEE Stock exchanges 	<ul style="list-style-type: none"> – Establishment of commodity trade in 1839 – Business was effected by the socio-political events – Closed in 1948 during communism – Reopened in 1995 – At present the main Stock Exchange in Hungary

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Development in general

- Macroeconomic factors (savings, productivity, economic growth etc.) are important factors of the development and performance → determining domestic supply & demand of capital
- Success of privatisation & liberalisation
- Strong economic growth after the fall of the iron curtain

Poland's capital market

- Broad & diversified investor base
- Main leader in the CEE region – highest market capitalization
- Versatile market with a wide range of products
- State-of-the-art post-trade infrastructure
- Polish investment program



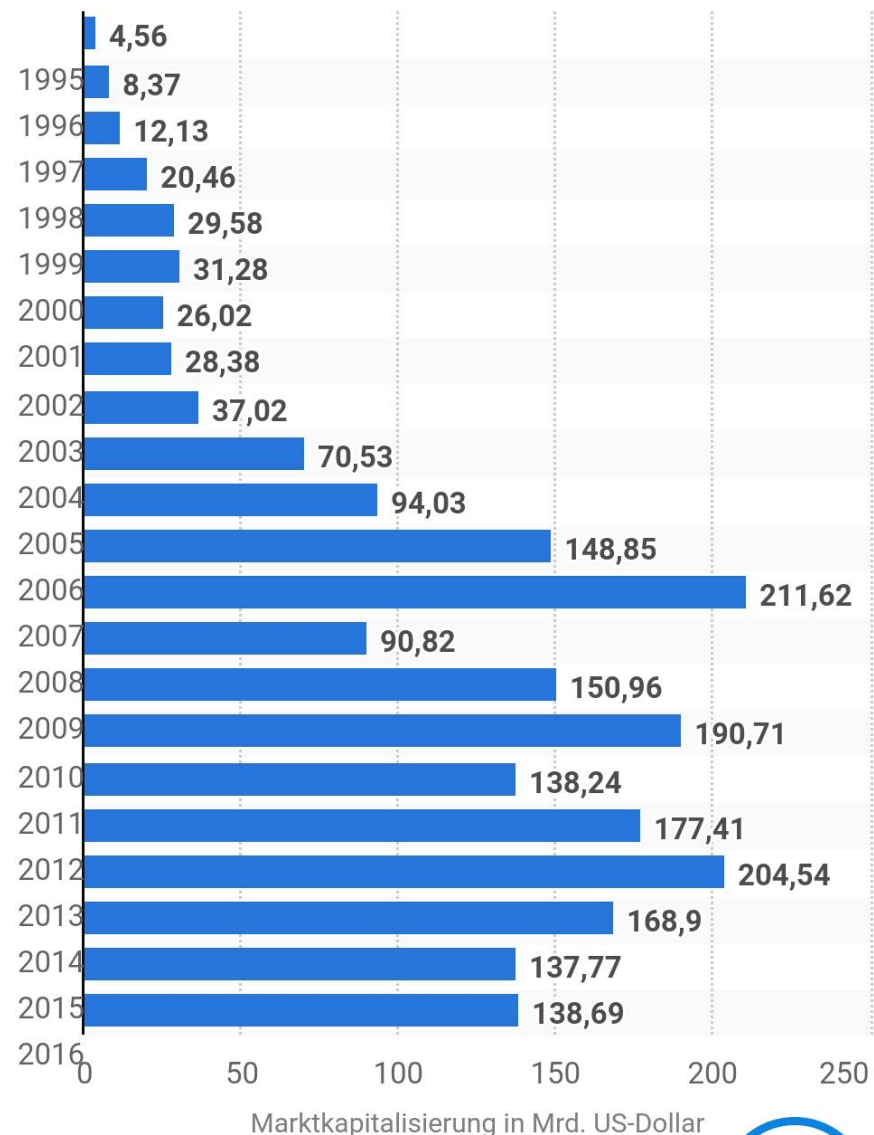
The Warsaw stock exchange



- Fourth biggest market in Europe
- Two main markets
 - Main market
 - NewConnect
- Versatile market with a wide range of products
- Since 2010 a public company
- In 2013 the UTP trading system was launched
- 59 listed international companies

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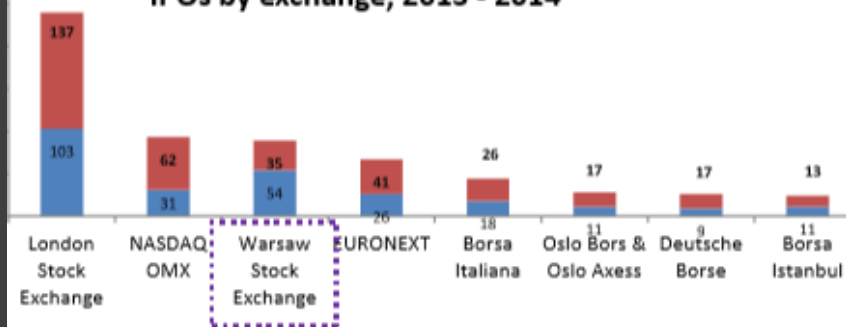
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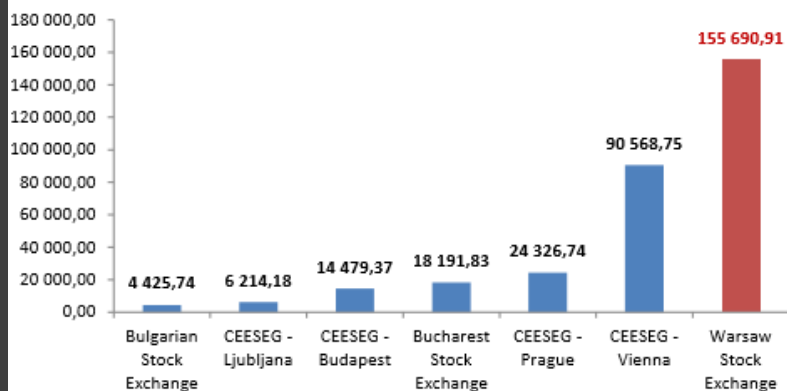
Source: Eurostat, 2014

COUNTRY	POPULATION (mln person)	REAL GDP GROWTH RATE - volume (% change on previous year)	REAL GDP PER CAPITA GROWTH RATE (EUR per capita)	GDP at market prices (mln EUR)
Austria	8.5	0.3	36	328 885,60
Bulgaria	7.2	1.7	5.4	42 010,50
Czech Republic	10.5	2.0	15.2	154 929,60
Greece	11	0.8	17	179 080,60
Hungary	9.8	3.6	10.5	103 302,80
Poland	38.5	3.4	10.5	413 133,90
Romania	20	2.6	6.9	150 018,50
Slovenia	2.0	2.6	17.5	37 246,40
Slovakia	5.4	2.4	13.4	75 214,90
EU (28 countries)	507	1.3	25.8	13 920 541,20

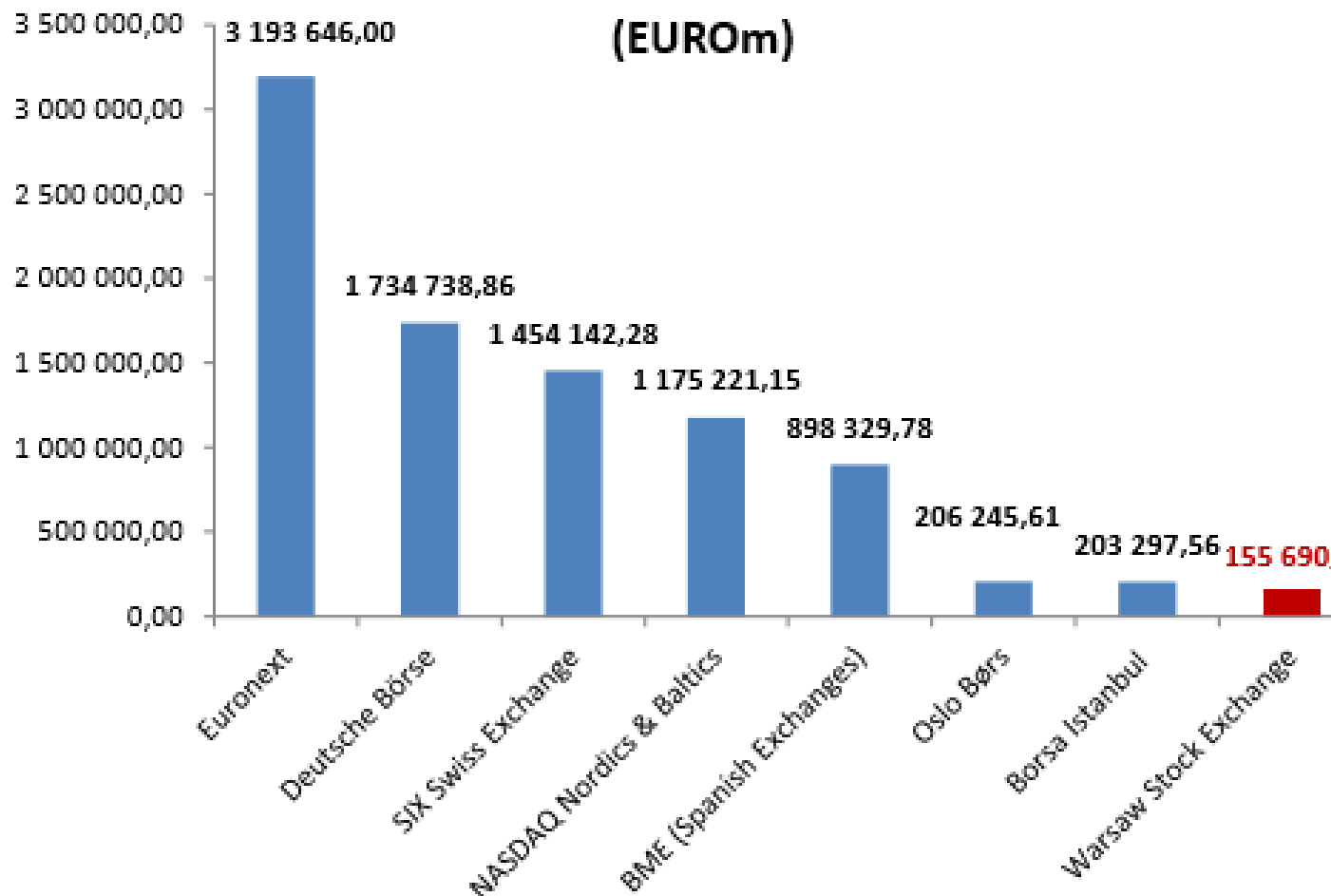
IPOs by exchange, 2013 - 2014



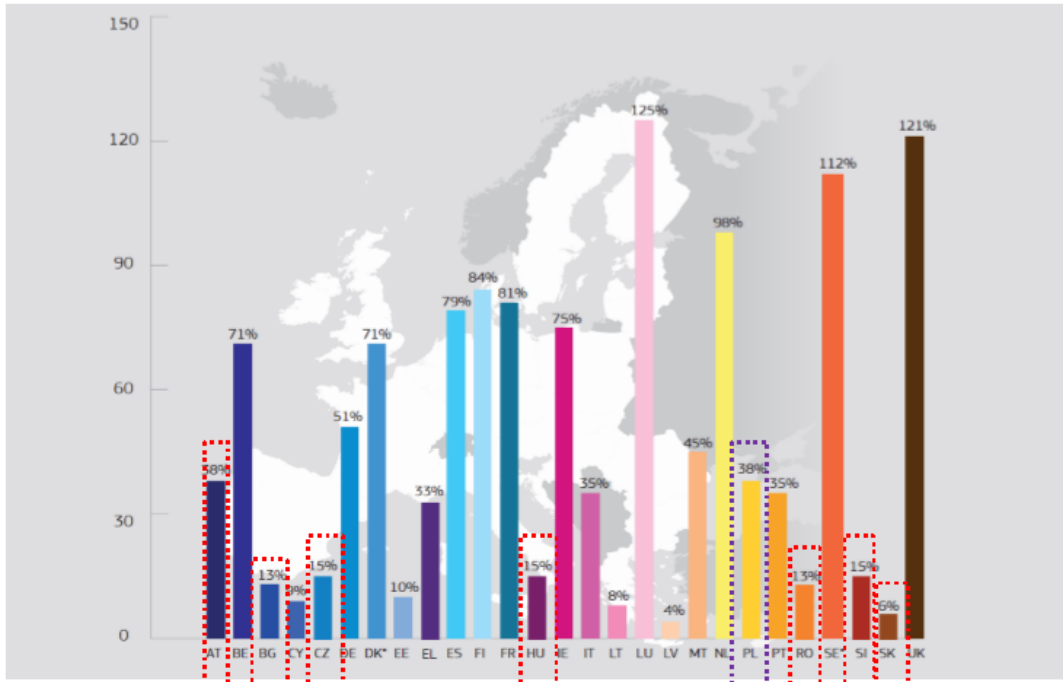
Market Capitalisation in the CEE region, March 2015 (EUROm)



Market Capitalisation in Europe, March 2015 (EUROm)



Market-capitalization to GDP



Sources: European Commission, 2014

CEE Region
PL

Value of share turnover (in %)

Market Operator	2013	2014
London Stock Exchange Group	20,56	20,74
BATS Chi-X Europe	21,75	19,55
Euronext	15,21	14,62
Deutsche Börse	12,29	11
BME (Spanish Exchanges)	7,48	8,25
Turquoise	7,47	8,48
SIX Swiss Exchange	6,28	5,97
NASDAQ Nordics & Baltics	5,72	5,41
Borsa Istanbul	3,70	2,95
Oslo Børs	1,11	1,11
Warsaw Stock Exchange	0,64	0,49
Equiduct	-	0,45
Athens Exchange	0,15	0,27
CEESEG - Vienna	0,23	0,15
CEESEG - Budapest	0,09	0,06
CEESEG - Prague	0,08	0,06
Bucharest Stock Exchange	0,01	0,01
CEESEG - Ljubljana	0	0,01
Bulgarian Stock Exchange	0,01	0
Bratislava Stock Exchange	0	0

Source: FESE, Electronic Order Book

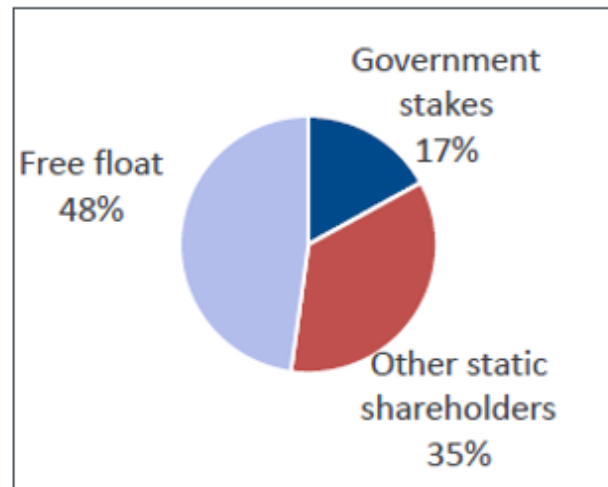
WSE
CEE
MTF

Number of index futures contracts

Exchange	No. of contracts 2013	No. of contracts 2014
EUREX	327 431 218	368 207 104
Euronext	82 669 104	46 788 940
NASDAQ OMX Nordic	30 898 516	32 947 880
Spanish Exchanges (BME)	7 565 969	9 990 916
Warsaw Stock Exchange	8 339 534	6 159 158
ATHEX Derivatives Market	2 324 227	4 134 012
Oslo Børs	3 505 681	3 408 114
Budapest Stock Exchange	402 264	330 239
Σ	436 136 513	471 966 363

Source: FESE, Electronic Order Book

WSE market capitalisation structure



- Germany and GB more than 55% in free float
- High rate of foreign investors

	December 2014					
	WSE	CEESEG	WB	PSE	BSE	LJSE
Capitalisation of the stock market (bn EUR)	139	121	80	22,6	12	6,4
Free Float (bn EUR)	66,7	50,8	33,7	8,3	5,8	3
Free Float in capitalisation	48%	42%	42%	37%	48%	47%
Foreign investors: in the free float	n/a	53%	52%	57%	74%	18%

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Conclusion

- Compared to the western world the Stock exchanges in the CEE region are still underdeveloped
- Relatively small emerging markets
- Foreign investors are important participants
- Low institutional investment in the CEE compared to Western Europe