



Grant Thornton

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Catalyst: the summary of the situation on bond market

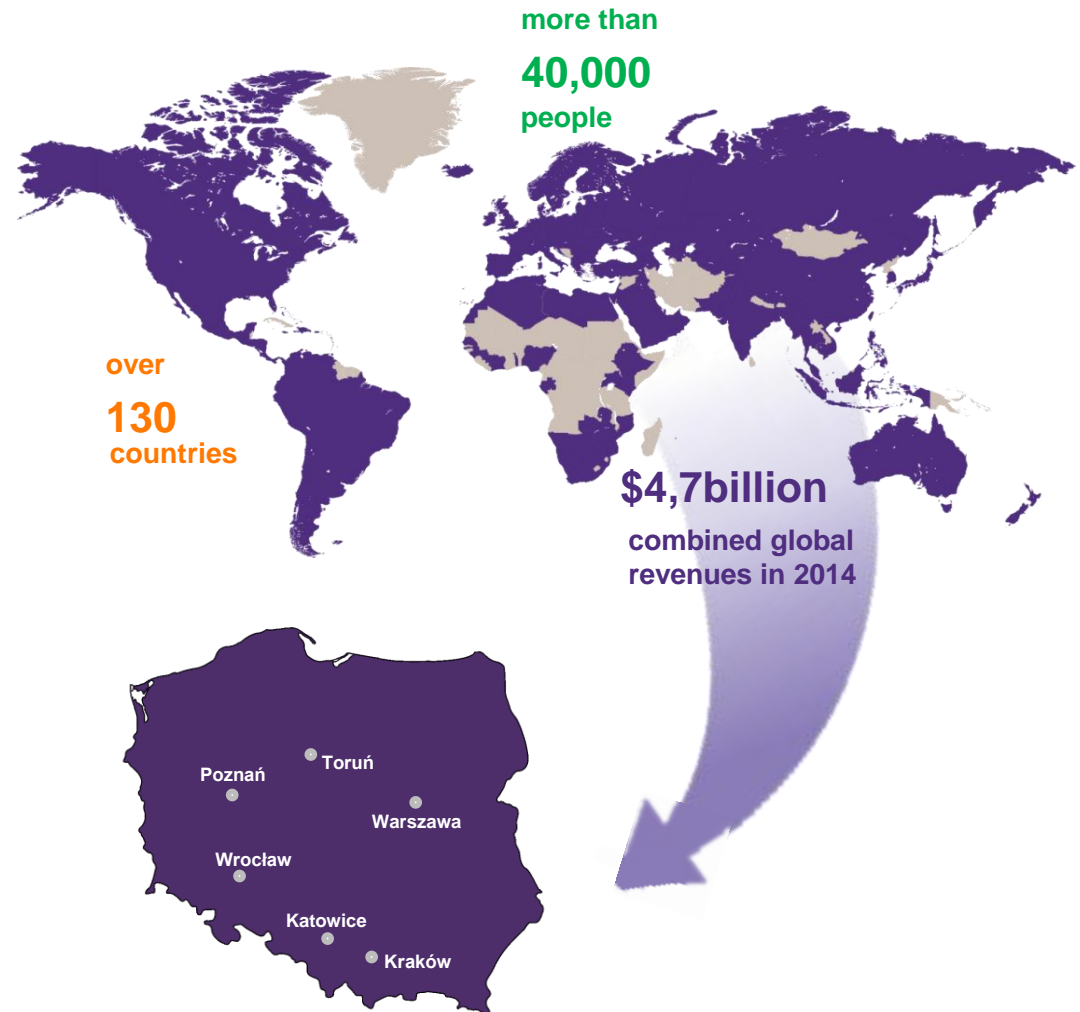
Warsaw, October 2015

IV Cbonds Poland & CEE Bond Conference



Introduction

- **Grant Thornton** - one of the leading global audit and advisory organizations
- The knowledge, experience and commitment of more than **40,000 Grant Thornton people**
- Clients **in over 130 countries**.
- Has operated on the Polish market for 22 years.
- A team of more than **300 people in Poland**
- Presence in **key Polish cities**.



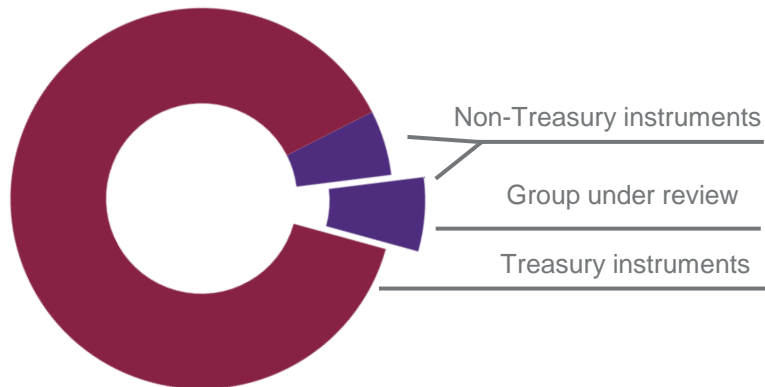
Introduction (2)

Grant Thornton prepares a cycle special reports on Catalyst market situation.

The latest - third - edition „**Catalyst Report: bond market in 2014**” summarizes the Polish bond market as of the end of 2014.

The main issues of the Report are:

- **Summary of Catalyst market development**
- **Detailed analysis of bonds issues (e.g. issue value, bond interest rates, purposes of issuance etc.)**
- **Regulatory changes on bond market**



Important notices:

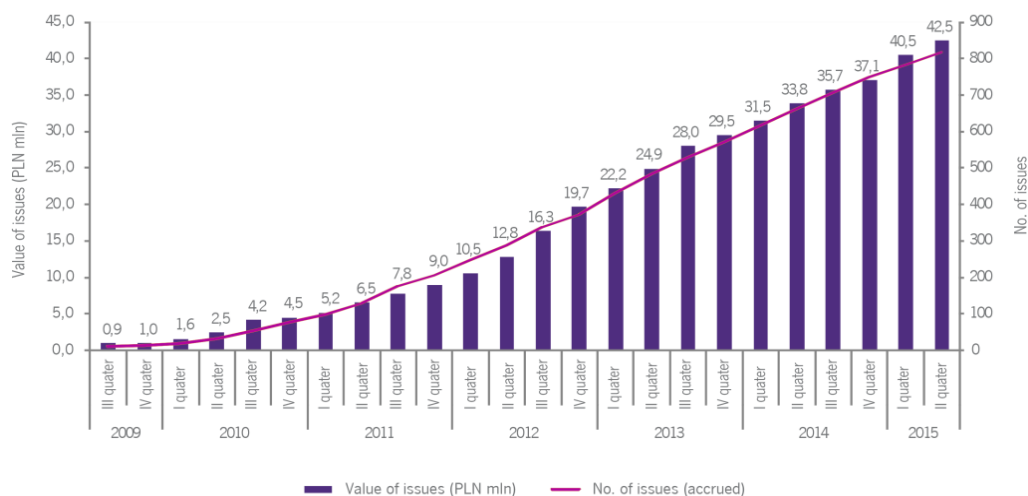
Corporate bonds – issues of corporates, commercial banks, European Investment Bank, Bank Gospodarstwa Krajowego (BGK) and eurobonds introduced to trade on the Catalyst.

Group under review – issues introduced to trading on the Catalyst, excluding Treasury Bonds, European Investment Bank and BGK issues, eurobonds and covered bonds.

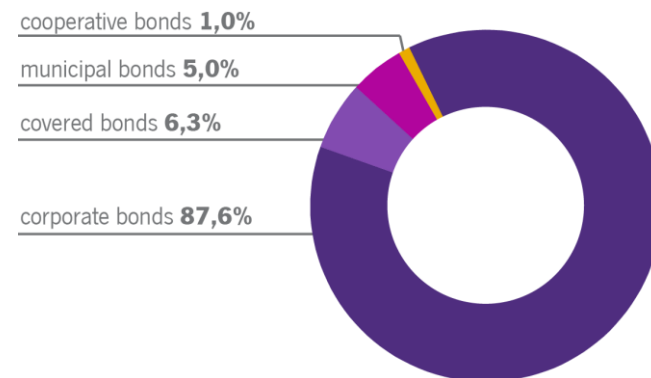
Catalyst market size

- **Almost PLN 544,6 bn** – the Catalyst market value at the end of 2014
- **PLN 64,1 bn** – non-Treasury instruments value at the end of 2014
- **PLN 594,1 bn** – the value of entire bond market at the half of 2015
- **524 series of bonds** issued by **197 entities** – the number of quoted debt instruments at the half of 2015

Value and number of bond issues within the group under review
(accrued, by first date of listing)



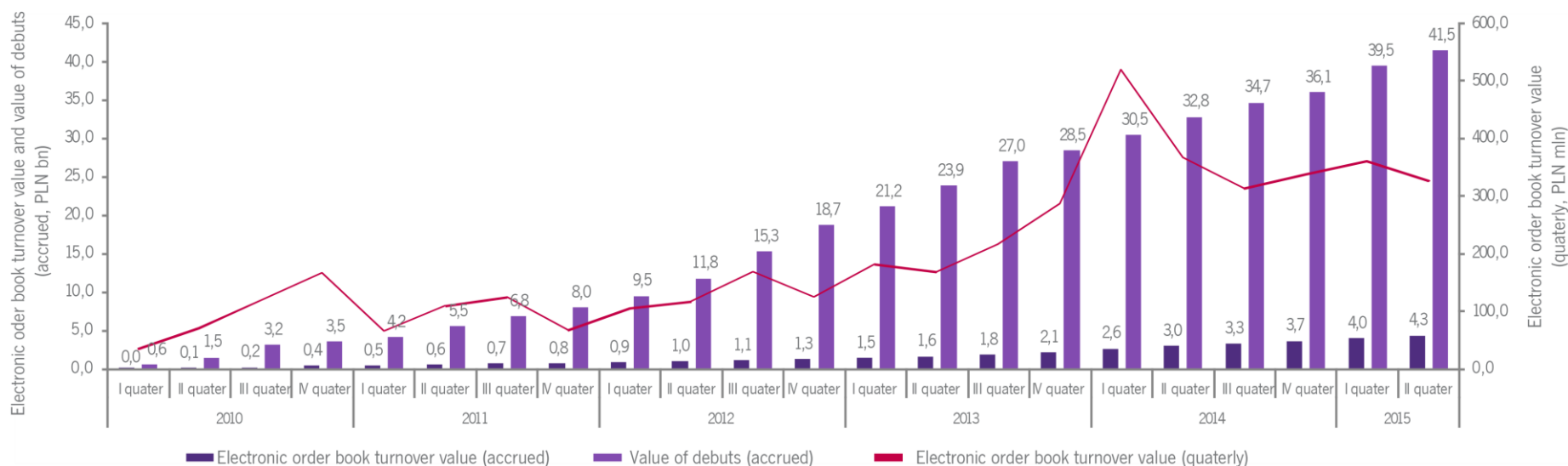
Value structure of instruments quoted on Catalyst in PLN by type, as at 31.12.2014 (excluding treasury bonds)



Catalyst market liquidity

- **PLN 10,5 bn** – the total electronic order book turnover value at the end of 2014
- **PLN 1,5 bn** – the electronic order book turnover value in 2014 regarding the group analysing by GT
- **51,5% of all transactions** – concerning corporate bonds at the half of 2015

Electronic order book turnover value (accrued and quarterly) and value of debuts within the group under review during 2010-2015 (by first date of listing)



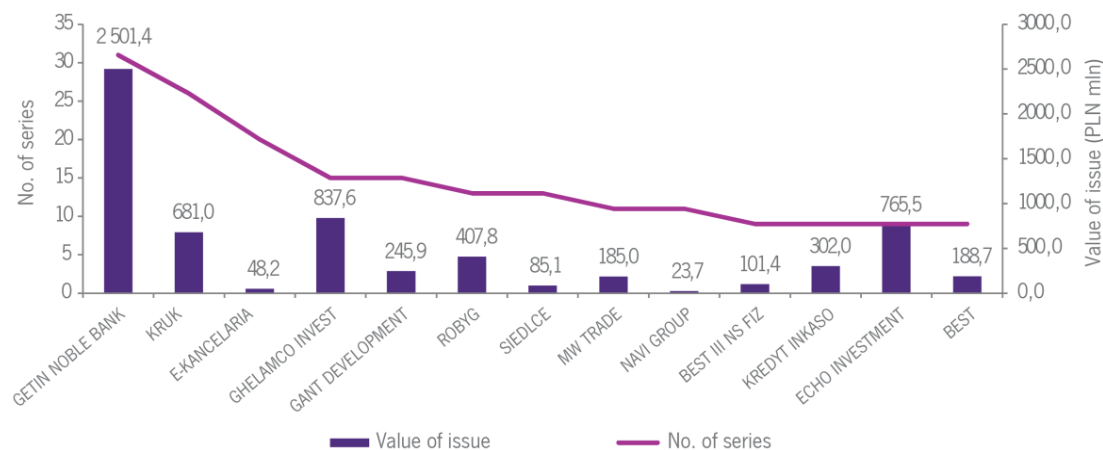
Issuers' characteristics

- The most strongly represented issuers group on the Catalyst - **sector of financial services** (excluding banks)
- The largest amount of capital raised on the Catalyst market within the group under review till the end of 2014 - **Getin Noble Bank – PLN 2 501,4 mln**
- The smallest amount of capital raised on the Catalyst market within the group under review till the end of 2014 **Venti – PLN 355 thous**

Structure of the issuers within the group under review by the type of business activity since the establishment of the market up to the end of the year 2014

Sector	Number of the issuers	Percentage
Financial services	50	18,7%
Real estate developers	45	16,9%
Banks	32	12,0%
Local government units	26	9,7%

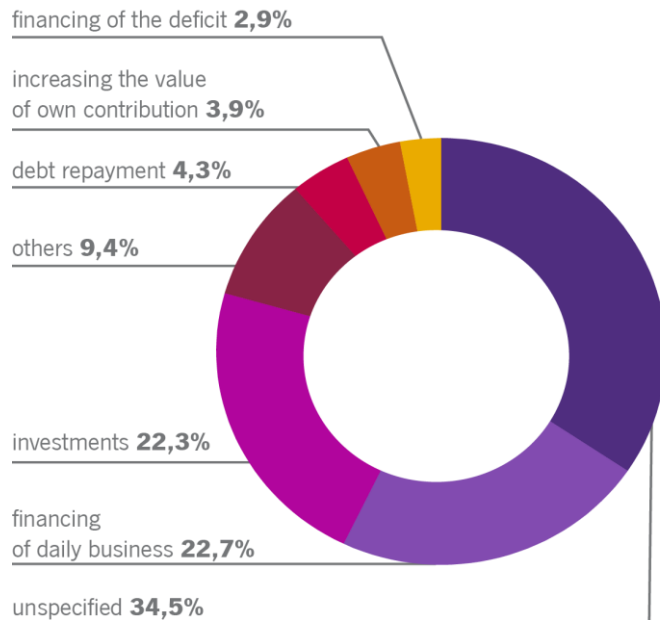
The issuers which have issued the largest amount of bond's series within the group under review up to the end of the year 2014



Purposes of issuance within the group under review

- Financing of daily business in 2014 – **11,3%** of the bond series within the group under review
- Investments in 2014 - **22%** of companies' issues
- Unspecified in all Catalyst history up to the year 2014 – **34,5%** of the bond series within the group under review

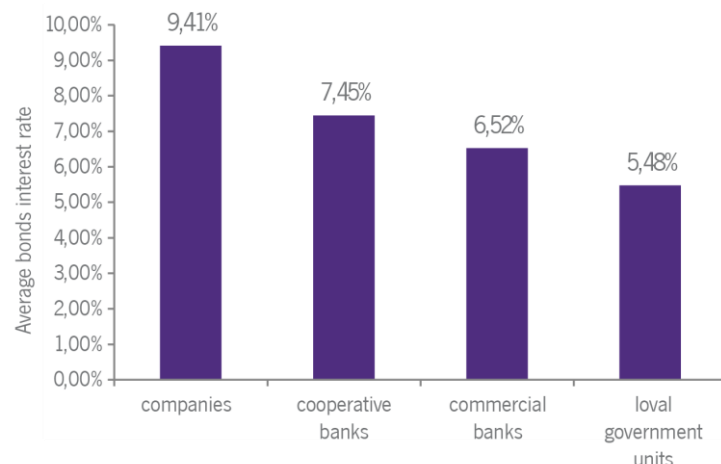
Purpose of the bonds issue within the group under review



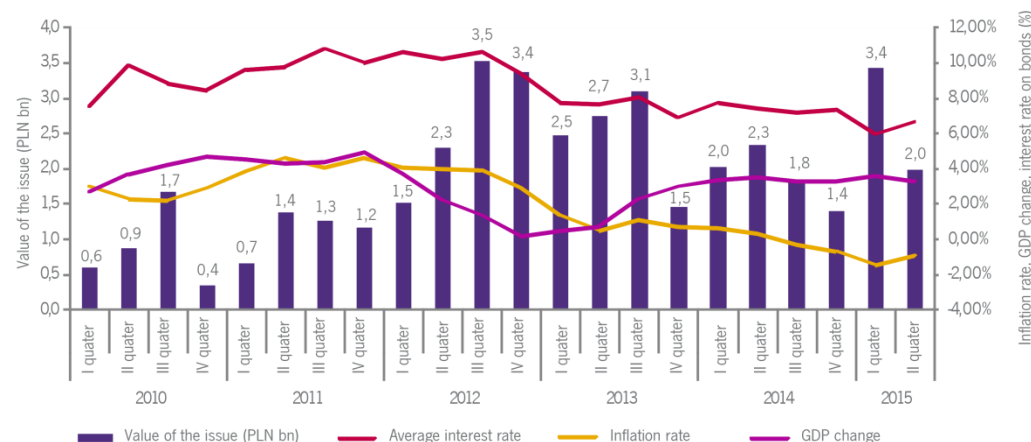
Bonds interest rate within the group under review

- The highest and the lowest interest rate of bonds issued till the end of 2014 **Poznańska 37 – 18,83%, PGE – 2,75%**
- In 2014 - the highest interest rate were issued by Ekopaliwa Chelm – 15,00%
- The average interest rate in the corporates sector in 2014 – **9,41%**
- **6,50%*** – the average market interest rate of all listed bonds within the group under review as of 31st December 2014
- **5,93%** – the average market interest rate of bonds within the group under review listed on 30th June 2015

Average bonds interest rate within the group under review, by the type of issuer



Average bonds interest rate as of the day of introduction to trade in comparison to the level of inflation, GDP changes and the value of the issue between Q1 2010- Q2 2015.



*Analysis was based on estimated maturity dates defined in issuers' application documents

Bonds convertible into shares within the group under review

- **1,7%** – the percentage of the reviewed bonds carried the right for the bondholders to convert the bonds into the issuer's shares
- **Real estate companies** – the most common issuers of convertible bonds

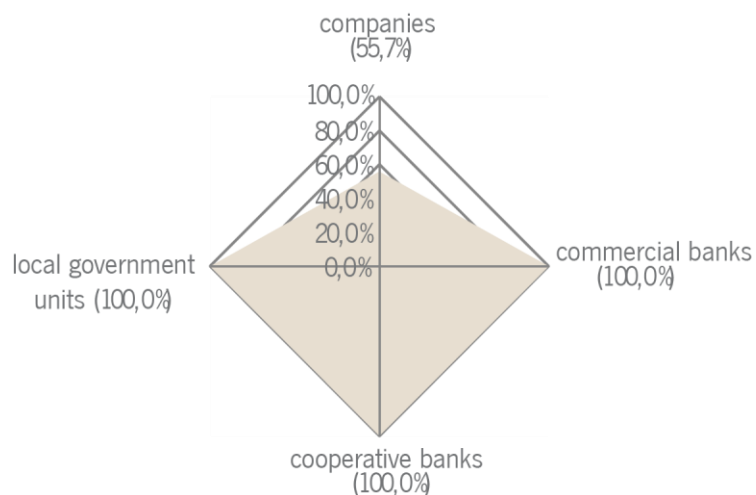
Bonds convertible into shares

Issuer	Issue code	Issuer's sector	Stock market for the issuer's shares	Subscription date	Value of the issue	Interest rate as of the subscription day
MCI MANAGEMENT	MCI0912	financial services	WSE Main market	2009-09-11	50 000 000	8,39%
MARVIPOL	MVP0613	developers	WSE Main market	2010-06-29	39 400 000	6,84%
GANT DEVELOPMENT	GNT0313	developers	WSE Main market	2010-09-29	26 000 000	8,16%
MERA	MER0412	construction materials	NewConnect	2010-04-23	758 500	12,33%
RUBICON PARTNERS NFI	RBC0413	financial services	WSE Main market	2011-04-26	32 000 000	10,69%
WARIMPEX	WXF0514	developers	WSE Main market	2011-05-25	66 250 000	8,50%
MEW	MSA0613	energy	NewConnect	2011-06-15	5 060 000	12,00%
MIRACULUM	MIR0513	pharmaceuticals	WSE Main market	2011-11-09	4 775 000	13,94%
MARVIPOL	MVP0914	developers	WSE Main market	2011-09-16	30 791 000	9,42%
WARIMPEX	WXF0316	developers	WSE Main market	2013-03-28	26 500 000	4,88%
WARIMPEX	WXF1016	developers	WSE Main market	2013-10-29	15 000 000	3,90%
WARIMPEX	WXF1017	developers	WSE Main market	2013-10-29	8 000 000	9,12%
MCI MANAGEMENT	MCI0318	financial services	WSE Main market	2014-03-21	50 000 000	6,59%

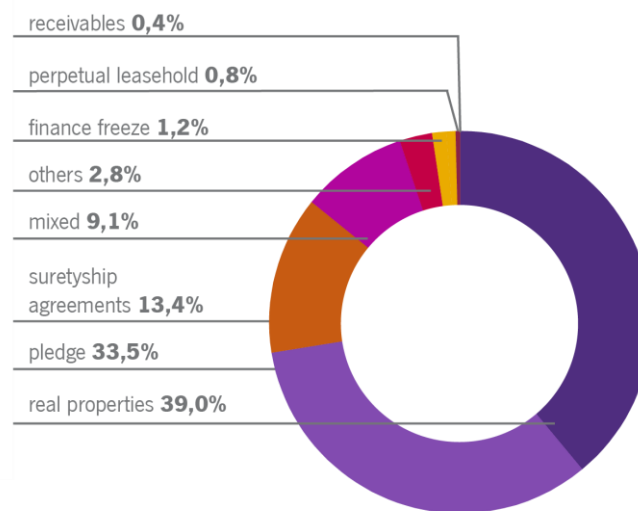
Bonds collateral within the group under review

- **63,4%** – the percentage of unsecured bonds within the group of reviewed issues introduced in 2014
- **55,7%** – the percentage of unsecured bonds of companies up to the end of the year 2014
- **61,0%** – the percentage of unsecured bonds introduced in 2015
- The most common collateral on the Catalyst market are **real properties 39,0%** and **pledge 33,5%**

Percentage of unsecured issues within total issues of specific types of issuers up to the end of the year 2014



Structure of corporate bond issues collaterals up to the end of the year 2014



Summary of the Catalyst market development

Summary of the market situation:

- The Catalyst is young but dynamically developing market of debt instruments with good growth perspectives.
- The significant increase of the number of bonds issues listed on WSE makes the Catalyst market a leader in Central Europe.
- The 2014 was definitely the year of improving the market liquidity



The impact of changes:

A lot of changes that took place last 12 months, would make the Catalyst more attractive and safer as for the issuers and investors:

- 1) **Changes in The Bonds Act** (enabling raising capital to the new entities, new investment possibilities - new types of bonds, new institution supporting interests of the bondholders).
- 2) **Changes in the Alternative Trading System Rules** (changes of the rules, changes of requirements for introducing bonds to trade in ATS, new disclosure obligations).

See our Report for more details



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