

## PRESS RELEASE

**IPOPEMA Group posts nearly PLN 10m in profit for 2012**

The IPOPEMA Group has published its financial results for 2012. In the reporting period, the Group recognised PLN 94.1m in consolidated revenue and PLN 9.9m in consolidated net profit. On a separate basis, IPOPEMA Securities reported revenue of PLN 52.1m, with net profit coming in at PLN 9.5m. The most significant source of the Group's revenue continued to be securities trading, which in 2012 contributed PLN 37.8m to the total revenue figure (over 40% of consolidated revenue from core activities).

**Key financial data of the IPOPEMA Group<sup>1</sup> for 2012:**

<b>Consolidated financial highlights (PLN '000)</b>	<b>2012</b>	<b>2011</b>
Revenue from core activities	<b>94,110</b>	<b>112,338</b>
Cost of core activities	<b>80,058</b>	<b>83,140</b>
Profit on core activities	<b>14,052</b>	<b>29,198</b>
Operating profit	<b>14,900</b>	<b>30,547</b>
Pre-tax profit	<b>11,034</b>	<b>31,707</b>
<b>Net profit<sup>2</sup></b>	<b>9,886</b>	<b>26,118</b>

**Results by segments:**

*"The year 2012 proved to be an extremely challenging period for the brokerage business. The significantly less favourable market environment translated into weaker performance of all brokerage houses, which in aggregate posted a nearly PLN 66m loss on brokerage activities. Against this backdrop, IPOPEMA Securities delivered robust results, earning nearly PLN 9m in profit on brokerage business. What is more, given that in 2012 the total net profit of all brokerage houses was PLN 121.3m, IPOPEMA Securities with PLN 8.5m in net profit contributed nearly 7% to the total net result of the brokerage industry in Poland," said Jacek Lewandowski, President of the Management Board of IPOPEMA Securities.*

**Brokerage business**

The difficult market conditions were particularly reflected in the situation on the Warsaw Stock Exchange, with the total trading volumes in 2012 down 25.3% year on year. The downturn directly affected IPOPEMA Securities' revenue from brokerage business, which declined to PLN 38.8m (relative to PLN 57.7m in 2011), despite the Company maintaining, or even slightly expanding, its market share.

<sup>1</sup> Pursuant to Art. 58.1 of the Accountancy Act, IPOPEMA Business Services Kft. has not been consolidated due to immateriality of its financial data.

<sup>2</sup> The result for 2011 was partially affected by a PLN 4.6m gain from a bargain purchase of CSAM. The gain from a bargain purchase was calculated based on guidance provided in IFRS 3. The value of net assets of the acquired company (CSAM) as at the date of acquiring control was PLN 4,589 thousand. The fair value of consideration transferred was PLN 4.41. The acquisition price less the value of net assets as at the date of acquiring control constitutes gain on a bargain purchase. The gain on a bargain purchase was recognised in the financial statements for 2011 under other operating income and allocated to the brokerage and related services segment.

<sup>3</sup> PFSA's data, available at: [http://www.knf.gov.pl/aktualnosci/2013/archiwum.jsp?\\_page=2](http://www.knf.gov.pl/aktualnosci/2013/archiwum.jsp?_page=2)

## Investment banking

2012 was equally challenging for the capital raising business. Investors' prevailing uncertainty as to further market developments, contributing to lower company valuations, put nearly all IPOs on hold. Nevertheless, in H1 2012, IPOPEMA took part in the two crucial transactions on the WSE: sale of shares of Polska Grupa Energetyczna S.A. by the State Treasury and share issue by Globe Trade Centre. The IPO market recovered in Q4 2012, which saw two major flotations: the IPO of ZE PAK with the Company as a joint bookrunner, and the IPO of Alior Bank, the largest transaction by a private company in WSE history, with IPOPEMA as the global coordinator and offering broker. Consequently, despite the highly unfavourable market climate and thanks to the strong commitment of the team, revenue from investment banking services amounted to PLN 13.8m, having remained relatively flat on 2011 (PLN 14.5m). *"Please note that the transactions executed in 2012 have considerably improved IPOPEMA's position on the investment banking market - being a company from an independent financial group we participated in the transactions on a par with the largest global investment banks,"* said Jacek Lewandowski.

## Investment fund and portfolio management

In 2012, the investment fund and asset management business (IPOPEMA TFI and IPOPEMA Asset Management) recorded a year-on-year increase in revenue of over 26% (PLN 28.4m relative to PLN 22.5m in 2011). This growth was attributable to a rise in the number of funds and higher value of assets under management (as at the end of 2012, IPOPEMA TFI managed 85 funds and subfunds with an aggregate asset value of PLN 7.8bn, compared with 56 funds and an aggregate asset value of PLN 6.1bn a year earlier), as well as the full recognition of IPOPEMA Asset Management's revenue in the consolidated financial statements (the company has been consolidated since Q4 2011). Higher revenue drove up the segment's net result, which was PLN 4.6m, having increased by nearly 20% year on year. In 2012, IPOPEMA considerably developed its open-ended investment fund business, rolling out new products as part of the IPOPEMA SFIO portfolio (December 2012 marked the first anniversary of IPOPEMA SFIO launch). After a year of presence on the market, the value of assets placed under its management reached PLN 150m, *which means* that the daily inflow of new funds to IPOPEMA SFIO amounted to nearly PLN 400 thousand. In the individual months, IPOPEMA SFIO funds outperformed their peers, which is partly attributable the professional management team, additionally expanded in 2012.

## Advisory services

The more challenging market situation in 2012 had a bearing on IPOPEMA Business Consulting. In 2012, the advisory business posted PLN 13.7m in revenue (nearly 15% of the IPOPEMA Group total revenue), down approximately 21% year on year. Although costs of operations were lower in the advisory services segment, the drop in revenue was more substantial and drove down net profit to PLN 1.7m. *"In 2013, the key drivers of IPOPEMA Business Consulting's business will include continued execution of some of its existing mandates and new additions to the order book, with concurrent tight cost control,"* added Jacek Lewandowski.

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