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## Good financial results of Grupa Azoty for the first half of 2013

**Grupa Azoty ended the first half of 2013 with the sales revenue of 5.2bn PLN (3.8 bn for 1H 2012), 788m PLN EBIT (353m PLN for 1H 2012) and net profit 771m PLN (273m PLN for 1H 2012).**

This economic performance has significantly improved compared to the same period of last year largely due to the consolidation of results of Grupa Azoty ZA Puławy S.A. since the acquisition, i.e. 18th January 2013. The transaction yielded one-time profit from the acquisition in the amount of 446m PLN which contributed to an increase in the financial results of the reporting period.

### The structure of consolidated sales revenue of Grupa Azoty



"Analyzing the results of the core business segments one can notice a significant increase of over 35% yoy sales revenue in the Fertilizer Segment, mainly due to consolidating the revenue of Puławy. The effect of scale, supported by the continuing stable price situation, especially in the area of nitrogen fertilizers and intermediates, enabled us to get a higher EBITDA margin of 17% compared to 14% in the corresponding period of the last year," said Andrzej Skolmowski, Vice-President responsible for finance and IT, commenting on the results of the Fertilizer Segment.

**The Segment of Chemistry**, comprising the former segment of OXO, technical urea and melamine, generated higher revenue by nearly 81% yoy mainly as a result of favourable prices in the area of melamine (low supply in the market in the first quarter translated into price growth by almost 32%). This increase in sales was not shown in a similar dynamics of the EBITDA margin, which yoy decreased to 8% (from 11% for the same period of last year) which was mainly the result of disadvantageous demand and price environment in OXO products (mainly plasticizers) with a recorded decline in sales by nearly 40% and as a consequence of the reduction of production, increases in fixed costs per unit of the product and a decline of margins.

In **the Segment of Plastics and Pigments** we had a continuation of the trend from the first quarter of 2013. Continuing high prices of key raw materials (mostly oil derivatives in Plastics Segments), and continuing strong price pressure of main products resulted in significant decrease of EBITDA margin to -3% for plastics (15% for 1H 2012), and 0% for pigments (24% for 1H 2012).

Further to the implemented strategy of Grupa Azoty, in the first half of 2013 Grupa has scored some major achievements in the field of guaranteeing sources of raw materials and expanding the product range.

"In June 2013 we initialled with the State Treasury a draft agreement for the sale of 85% shares in Kopalnie i Zakłady Chemiczne Siarki „Siarkopol” S.A., i.e. a sulphur producer – one of the basic raw materials used by Grupa Azoty. On the other hand, Grupa Azoty Police, together with its Senegalese partner is in the course of negotiations covering the supply of phosphate rock for the production of compound fertilizers while Puławy placed a tender for the purchase of Zakłady Chemiczne „Organika-Sarzyna” - a respected manufacturer of plant protection products. These and other projects conducted within the Group are bringing us closer to greater independence on raw materials and at the same time give us a chance to build new competences in new areas of activities," explains Krzysztof Jałosiński, Vice-President for strategy and development in Grupa Azoty and President of Grupa Azoty Police S.A.

"The past six months were also very active in terms of investments. During the reporting period, we completed a number of key investment projects such as the plant of flue gas desulphurisation or a plant of liquid fertilizers with sulphur in Grupa Azoty Puławy S.A. The Group also carries out major investment projects relating to energy and to further increase of plant efficiency," said Marian Rybak, Vice-President responsible for investments in Grupa Azoty and President of the Management Board of Grupa Azoty Puławy S.A.