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Grupa Azoty about to acquire shares in Compo Expert

At the meeting held on October 12th 2018, the Extraordinary General Meeting of Grupa Azoty S.A. gave its consent to the acquisition by Grupa Azoty of all shares in the Compo Expert Group, a leader of the global market of specialty fertilizers for professional customers. The transaction was also approved by the Turkish Competition Authority, following the anti-trust authorities in Germany and Austria. This marks the fulfilment of the necessary conditions laid down in the agreement signed in September 2018 between Grupa Azoty and Goat Netherlands B.V. The transaction will be closed on the terms and within the deadlines provided for in the agreement, resulting in the acquisition of shares in Compo Expert.

The COMPO EXPERT Group is an independent, global manufacturer of high value-added specialty fertilizers which sells its products in nearly 100 countries. For many years, the company has enjoyed a very strong and well-established market position in Europe. It also has a strong presence in South and North Americas and in Asia, where it is involved in a strategic partnership in the fastest-growing global markets of China and India.

The acquisition of Compo Expert will open new opportunities for Grupa Azoty to diversify its business while acquiring highly innovative technologies and a well-developed distribution network. The COMPO EXPERT Group's sales structure, diversified geographically and in terms of product offering, will reduce the dependence of Grupa Azoty's financial performance on adverse local weather phenomena. Due to the lower price sensitivity of demand for specialty products, the acquisition will reduce Grupa Azoty's exposure to global business cycles. In addition, as prices of specialty fertilizers are less strongly co-related with the cost of feedstock and materials used in their production, the new products will reduce the sensitivity of Grupa Azoty's performance to fluctuations in natural gas prices.

The transaction will also make it possible to supplement Grupa Azoty's existing portfolio of various commodity products with advanced solutions in specialty fertilizers and to reach Grupa Azoty's authorised distribution network in Poland with this expanded offering.

The Grupa Azoty Group is the undisputed leader of the fertilizer and chemical market in Poland and one of its key players in Europe. It is the second largest EU-based manufacturer of nitrogen and compound fertilizers, and its other products, including melamine, caprolactam, polyamide, oxo alcohols, plasticisers and titanium white,

enjoy an equally strong standing in the chemical sector, with a wide range of applications in various industries. In May 2017, the Group unveiled its updated strategy until 2020. The key development areas include completion of the Group's consolidation, reinforcing its leadership in agricultural solutions on the European market, strengthening the second operating pillar through expansion of the non-fertilizer business, as well as generating and implementing innovations to accelerate growth in the chemical sector. The Grupa Azoty Group is the integrator of Poland's chemical industry. By consolidating the plants in Tarnów, Puławy, Police and Kędzierzyn-Koźle, it has ensured that the key chemical companies remain in Polish hands, while creating a number of cost synergies. By 2017, the consolidation of strategic procurement, production, maintenance, logistics and IT generated savings estimated at no less than PLN 710m. The integration has brought multiple benefits to the Polish economy, the Group as a whole, its individual plants, as well as its employees.