



08.10.2021

Grupa Azoty maintains fertilizer production despite record-high gas prices

In view of the current situation on the fertilizer market, Grupa Azoty would like to note that in the last few months we have been dealing with record-high gas prices, and in recent days – with unprecedented high volatility and growth dynamics. Despite the record gas prices, Grupa Azoty is doing its utmost not to reduce production and to supply Polish farmers with fertilizers necessary for agricultural production.

Exactly one year ago, the price of gas per megawatt hour was around EUR 15, while today it fluctuates at around EUR 100 per megawatt hour, which is an increase of over 660 percent. In the last 10 weeks alone, the price has tripled, from around EUR 30 to close to EUR 100 per megawatt hour.

The exorbitant price increases are accompanied by a surge in the cost of carbon emission allowances, which has risen by around 80%, from EUR 33 to EUR 60.

Prices of gas and carbon emission allowances are the largest cost component in fertilizer production. To continue producing, it is inevitable that the prices of gas and carbon emission allowances will be passed on to the price of fertilizers. Grupa Azoty is taking all possible measures to make this happen in the least painful way for the end customer.

Due to this historically high level of gas prices, many European producers have already stopped or reduced production. Grupa Azoty is currently one of the few fertilizer manufacturers in Europe which have not closed or significantly scaled down production at their plants.

As Grupa Azoty's priority at the moment is to guarantee Polish farmers access to fertilizers, it has recently decided that – with the exception of deliveries under long-term contracts – it will limit export sales and offer its products on the domestic market.

The fertilizer units at Grupa Azoty are running at full capacity. Grupa Azoty is making deliveries to authorised distributors in order to satisfy the strong fertilizer demand observed in the domestic market.