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Strong financial performance in difficult market conditions

Grupa Azoty delivers strong performance in the first half of 2014. The Company generated operating profit (EBIT) of PLN 285m (H1 2013: PLN 788m) and net profit of nearly PLN 235m (H1 2013: PLN 771m), with revenue slightly above PLN 5bn (H1 2013: PLN 5.2bn).

The period's weaker year-on-year performance was attributable to the accounting for the Puławy acquisition, recognised as a non-recurring event in 2013. However, the Company's actual results are above the market expectations.

"Net of non-recurring events, the adjusted EBIT and EBITDA margins decreased slightly from 7% and 12% to 6% and 11%, respectively, on the back of adverse pricing environment, especially in the Fertilizers segment," said Andrzej Skolmowski, Vice-President of the Grupa Azoty Management Board, when asked to comment on the Company's performance. "Declining prices forced us to increase sales volumes and move into new markets. We successfully reduced costs thanks to lower prices of raw materials and synergies generated across the Group," Mr Skolmowski added.

"Despite the price pressures in the Fertilizers segment, we managed to deliver financial results above the market expectations. Our strategy yields tangible positive results, as do our consolidation efforts and the capital expenditure programme we are currently implementing. Consequently, the Company outperformed its peers despite the challenging market environment," said Paweł Jarczewski, President of the Management Board of Grupa Azoty S.A.

In H1 2014, Grupa Azoty took advantage of the opportunities offered by the deregulation of the Polish natural gas market. Lower commodity prices on the global markets and the large supply of gas on the domestic market drove down the prices of natural gas and hard coal on the power exchange by 7%-9% and 12%-13%, respectively, allowing the Company to deliver a solid EBITDA margin of 13% in the Fertilizers segment.

[Press release - Grupa Azoty Group's IH 2014 financial results DOC \(148.50 KB\)](#)