WE'VE GOT CHEMISTRY
WallStreet Conference
May 29th 2015
Agenda

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**AMONG EUROPE’S LARGEST CHEMICAL COMPANIES**

**POLAND’S NO. 1 PRODUCER OF FERTILIZERS, POLYAMIDES, OXO PRODUCTS AND TITANIUM WHITE**

**SECOND LARGEST PRODUCER OF MINERAL FERTILIZERS IN THE EU**

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**SCALE BUILT THROUGH ACQUISITIONS**

**EXPERIENCED MANAGEMENT**

**STABLE FINANCIAL POSITION**

**ON WSE SINCE 2008**

**GRUPA AZOTY IN FTSE EMERGING MARKETS**

**CONTINUED PRESENCE IN RESPECT INDEX**

**FEATURED IN MSCI AND FTSE INDICES**
Grupa Azoty is a long-term investment generating real profits - its share price has risen up by more than 295% since the IPO

Continuous development through organic growth, operational excellence and M&A activities

We actively diversify our sources of key raw materials to increase security of supplies

We launch new and invest in existing product lines to enhance their effectiveness and improve production quality

We constantly enhance our product mix

We extend product chains, tailoring our products to meet customer requirements.
DIVIDEND POLICY

The guiding principle behind Grupa Azoty’s dividend policy is to make payments proportionate to the Company’s earnings and financial standing.

The Management Board will recommend to the General Meeting dividend distributions between 40% and 60% of the Company’s net profit.

Any decisions on dividend payment will take account of a number of factors concerning the Company and the Grupa Azoty Group, including business outlook, future profits, cash needs, financial standing, growth plans, and legal requirements.

<table>
<thead>
<tr>
<th>Year</th>
<th>Net profit (PLN '000)</th>
<th>Dividend amount (PLN '000)</th>
<th>Dividend per share</th>
<th>Payout ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>61,935</td>
<td>39,899</td>
<td>PLN 1.02</td>
<td>64%</td>
</tr>
<tr>
<td>2012</td>
<td>250,692</td>
<td>148,793</td>
<td>PLN 1.50</td>
<td>59%</td>
</tr>
<tr>
<td>2013</td>
<td>44,117</td>
<td>19,839</td>
<td>PLN 0.20</td>
<td>45%</td>
</tr>
</tbody>
</table>
POWERS AND RESPONSIBILITIES OF THE GRUPA AZOTY MANAGEMENT BOARD

President of Management Board
P. Jarczewski

Vice-President of Management Board
A. Skolmowski

Vice-President of Management Board
W. Szczypiński

Vice-President of Management Board
K. Jałosiński

Vice-President of Management Board
M. Kapłucha

Vice-President of Management Board
M. Rybak

Member of Management Board
A. Kopeć

Management and HR

Finance

Tarnów

Police

Supply chain

Puławy

Audit, risk and compliance

Planning and controlling

Plastics Business Centre

Feedstock Supply Integration and Maritime Logistics Centre

Logistics support service

Investments

Social dialogue

IT

Organic Synthesis Business Centre

Strategy and development

Engineering support service

Technical safety and environmental protection

IR

Production integration

Energy service

Infrastructure service

Business service

Agro Business Centre

Communications
GRUPA AZOTY’S VISION

- Deliver industry-leading rates of return to shareholders
- Remain one of the three leading players in the European fertilizer market
- Grupa Azoty in the blue-chip index of Warsaw Stock Exchange

2020 ROCE ≥ 14%

2020 EBITDA MARGIN > 14%

2020 EBIT MARGIN > 8%

2014–2020 PLN 7bn to be invested in organic growth

Consolidate as top-three player in fertilizer manufacturing

Organic growth

Operational excellence

Mergers and acquisitions
STRATEGY - ORGANIC GROWTH

PLN 7bn
2014-2020

68 CAPEX PROJECTS

32% CORPORATE PROJECTS
30% FERTILIZERS
19% ENERGY
11% PLASTICS
4% OXOPLASTS
2% MELAMINE
2% PIGMENTS
Purpose of the Azoty PRO scheme

Over PLN 300m in annual savings following scheme implementation
1. **STRATEGY - MERGERS AND ACQUISITIONS**

2. **TARGET SELECTION PROCESS**
   - **1.** Grupa Azoty business tree
     - Start of analysis
   - **2.** Long list of potential targets
     - ca. 2,000 entities
   - **3.** Business segment map and matrices
     - Over 100 entities
   - **4.** Short list of potential targets
     - over 50 entities
   - **5.** Company profiles
     - top 10 entities

3. **GROWTH THROUGH ACQUISITIONS**
   - **2013**
     - Acquisition of controlling interest in ZA Pulawy (95.98%)
     - Acquisition of 85% interest in Siarkopol
     - Acquisition of 55% interest in AIG, Senegal (GA Police)
   - **2012**
     - Acquisition of 10.3% interest in ZA Pulawy in first public tender offer
   - **2011**
     - Acquisition of 66% interest in ZCh Police
     - Acquisition of 41% interest in ZAK
   - **2010**
     - Acquisition of 100% shares in ATT Polymers GmbH
     - Acquisition of 53% interest in ZAK
   - **2007 - 2014**
     - Consolidated revenue (PLNbn):
       - 2007: 1.3
       - 2008: 1.4
       - 2009: 1.2
       - 2010: 1.9
       - 2011: 5.3
       - 2012: 7.1
       - 2013: 9.8
       - 2014: 9.9

4. **GRUPA AZOTY AT A GLANCE**
# INCREASING PRODUCTION CAPACITY

## Planned 2014-2020 CAPEX of PLN 1.35bn

### AMMONIA PRODUCTION
Balancing ammonia production within the Group; improving energy efficiency in ammonia production

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,357</td>
</tr>
<tr>
<td>2016</td>
<td>2,422</td>
</tr>
<tr>
<td>2020</td>
<td>2,452</td>
</tr>
</tbody>
</table>

### MECHANICAL GRANULATION
Improving quality of nitrate fertilizers; expanding fertilizer product mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,075</td>
</tr>
<tr>
<td>2016</td>
<td>1,465</td>
</tr>
<tr>
<td>2020</td>
<td>2,400*</td>
</tr>
</tbody>
</table>

### RSM® - UREA AMMONIUM NITRATE SOLUTION
Increasing production capacity and expanding the RSM® and RSM®S logistics network

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,165</td>
</tr>
<tr>
<td>2016</td>
<td>1,265</td>
</tr>
</tbody>
</table>

### PHOSPHORIC ACID PRODUCTION
Increasing production capacity; improving quality; reducing phosphogypsum volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>345</td>
</tr>
<tr>
<td>2016</td>
<td>355</td>
</tr>
</tbody>
</table>

### Polyamides
Balancing caprolactam production within the Group for internal polyamide production

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>89</td>
</tr>
<tr>
<td>2016</td>
<td>169</td>
</tr>
</tbody>
</table>

### OXOPLAST® OT
Increasing production capacity; expanding product mix

*Assuming CAN production at Grupa Azoty PULAWY*
SHAREHOLDER RELATIONS
Acting in accordance with the highest standards of capital market communication, Grupa Azoty makes every effort to ensure effective communication with capital market participants.

**PUBLICATIONS**

- Website
- Current reports
- Newsletter
- Twitter
- YouTube
- Conference recording and coverage
- Presentations
- Investor webchats

**ALWAYS AVAILABLE**

- Phone
- E-mail
- Contact form

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Investor webchats are held following each release of financial data and after important events

merol: What is Grupa Azoty's policy towards foreign investor's purchasing more of its stock?

Andrzej Skolmowski: As a listed company, Grupa Azoty S.A. is subject to capital market regulations, and our shareholders hail from all over the world. However, if I understand correctly, the question is about the possibility of a hostile takeover. Our articles of association stipulate that as long as the State Treasury is the Company's shareholder, the remaining shareholders' right to vote at the General Meeting is limited to 20%.

The State Treasury has recognised Grupa Azoty's importance to Poland and has placed it on the list of strategic enterprises in 2014.

Unverified guest: Why does Grupa Azoty S.A. take in the dividends from the Puławy, Police and Kędzierzyn companies, but does not share the profits with its shareholders as promised in its dividend policy (40-60% of separate profit). Don't you think that someone who has exchanged Grupa Azoty Puławy shares for Grupa Azoty shares might feel, to put it mildly, cheated since Grupa Azoty Puławy has been paying a regular dividend of 5%, while Grupa Azoty only offered a paltry PLN 0.2 per share last year and nothing altogether this year.

Andrzej Skolmowski: Given the announcement of the Strategy until 2020 and a capex programme worth more than PLN 7bn, the Group's financial standing must be monitored particularly closely, taking into consideration the significantly rising debt. As the Management Board, we are therefore careful when making dividend recommendations, aware of the financial requirements of these investment projects. We believe that current share exchange rates should be viewed from a long-term perspective and that they will eventually prove beneficial to all parties involved.
ACCOLADES

GRUPA AZOTY’S WEBSITE IN THE FINALS OF THE GOLDEN WEBSITE AWARD COMPETITION

MAN OF THE YEAR 2014
PAWEL JARCZEWSKI, PRESIDENT OF THE GRUPA AZOTY MANAGEMENT BOARD

DIAMONDS OF THE POLISH CHEMICAL INDUSTRY

CEOs OF GRUPA AZOTY GROUP COMPANIES RECEIVE ‘PEOPLE OF THE DECADE’ AWARDS

OUTSTANDING EXPORTER OF THE YEAR 2014

GRUPA AZOTY NAMED EQUITY MARKET CHAMPION

GOLD CARD OF SAFE AT WORK LEADERS

PARTICIPANT OF THE ‘10 OUT OF 10’ PROGRAMME

‘GOOD COMPANY’ TITLE
A GLOBAL LOOK AT THE CHEMICAL INDUSTRY
CORE BUSINESS

A GLOBAL LOOK AT THE CHEMICAL INDUSTRY

AfriG S.A.
Phosphate rock

Grupa Azoty Police
Urea, NPK, NP, NS, Ammonia, TiO₂

ZMPP
Port

BBM
Terminal

Fosfory
NPK, P

Navitrans
Logistics

Grupa Azoty Puławy
AN, UAN, Urea, Melamine, CPL

Grupa Azoty Siarkopol
Sulfur

Grupa Azoty S.A.
AN, CAN, ASN, AS, CPL, PA 6, POM Compounding

Grupa Azoty ZAK S.A.
AN, CAN, Urea, OXO, Plasticisers

ZA Chorzów S.A.
NPK, N, P, K

Grupa Azoty Group
ATT Polymers
PA 6

Logistics
Production
WE VOICE OUR OPINIONS ON GLOBAL FORA

GRUPA AZOTY ON BOARDS OF IFA AND FE

GRUPA AZOTY AS INDUSTRY PARTNER OF WORLD ECONOMIC FORUM IN DAVOS

GRUPA AZOTY AT EUROPEAN ECONOMIC CONGRESS

NEGOTIATIONS OF TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP) BETWEEN THE EU AND THE US
• **EUROPE IS SELF-SUFFICIENT**
  Globally, 90% of production growth will be attributable to crop intensification, while expansion of arable land will only account for 10%.

• **GRUPA AZOTY’S RECOMMENDATIONS:**
  Increase Poland’s presence in international organisations, such as UNIDO or FAO. Polish officials must be better heard and should be present where key decisions concerning agriculture and global food problems are made.
GLOBAL TRENDS IN SATISFYING NEEDS OF WORLD’S POPULATION

FOOD

Fertilizer products:
- Nitrogen (N) fertilizers - urea, ammonium nitrate, calcium ammonium nitrate, solutions
- Phosphate (P) fertilizers - superphosphate
- Potassium (K) fertilizers - KCl and K₂SO₄
- Mixed and Growth Regulators
- Innovative bio-fertilizers

FERTILIZER MARKET BY KEY COMPONENTS, [%], 2015

GROWTH
- in population numbers, seemingly unrestricted
- in production output

TECHNOLOGY

GLOBALISATION

SUSTAINABLE DEVELOPMENT

CHEMISTRY IN THE SERVICE OF FOOD SECURITY
**CHALLENGES FACING TODAY’S AGRICULTURE**

**GRUPA AZOTY’S APPROACH**

**POPULARISING SOIL FERTILIZATION RESEARCH**
- Organising annual international Science - Business - Agriculture conference
- Popular science articles on fertilization in the *Agrolider* magazine
- Research projects: MEGAProjekt, PHOSPHORUS, UAN with micro-elements, MICROSYS, AZOMAIS

**IMPROVING FARMERS’ COMPETENCES IN EFFICIENT MANAGEMENT**
- Collaboration with leading scientific institutions and universities
- 2nd edition of post-graduate course on trading in fertilizers and crop protection chemicals in sustainable agriculture

**NEW TECHNIQUES SUPPORTING NUTRIENT-UPTAKE**
- Increasing nitrogen uptake from 50% to 70%
- INNOFERT research project

**DEVELOPING AND PROMOTING CONCEPT OF MODERN AGRICULTURAL ENTREPRENEUR**
- E-commerce platform (orders, settlements, reports, communications)
- ‘25 years of Polish agriculture’ report

**SUPPORTING PRODUCTIVITY IN DEVELOPING COUNTRIES**
- Diagnosis of the condition of agriculture, proposed solutions, and agricultural education and advisory programme
- Business proposal for Senegal
- Business proposal for Kazakhstan

**INNOVATION**
- Deep placement supergranule applicators
- Controlled-release fertilizers
- Logistic centres / Liquid fertilizer distribution centres
AGRICULTURAL EDUCATION
SELECTED ASPECTS OF POLAND’S AGRICULTURAL POTENTIAL IN THE EU CONTEXT

In terms of area, Poland is Europe’s ninth largest country.

Population of 38.5m at the end of 2014.

Poland occupies 7.1% of the EU's total area, and its population accounts for at 7.7% of the EU total.

Poland ranks third in the EU in terms of arable land area. Apart from Germany, France and the United Kingdom, Poland is one of Europe's largest food producers.
Grupa Azoty implements educational initiatives to promote sustainable fertilizer management among farmers in Poland, Europe and in less developed regions.
As a company operating in a country with a well-developed agricultural sector, Grupa Azoty proposes solutions to problems concerning:

- water
- soil
- agricultural production models
- market barriers
- government-sponsored support for agricultural production
- economic and legal barriers
- educational barriers
- safety
CHEMISTRY IN OUR LIVES
GRUPA AZOTY SATISFIES NEEDS OF A WIDE RANGE OF STAKEHOLDERS

Natural gas

Nitrogen

Hydrogen

Ammonia

MIXTURE OF CO$_2$ AND H$_2$

CO$_2$

Refrigeration

Steel industry

Healthcare

Food industry

CHEMISTRY IN OUR LIVES
GRUPA AZOTY SATISFIES NEEDS
FERTILIZERS

Ammonia

CO₂

Urea

Nitric acid

Fertilizers

Used to manufacture
- synthetic resin adhesives
GRUPA AZOTY SATISFIES NEEDS

PLASTICS

Benzene

Caprolactam

Phenol

Tarnamid® (PA6) /Polyamide 6/

Used in:
- textile industry
- automotive industry
- sports equipments
- packaging foil
- electrical engineering
Ilmenite - Titanium ore

Titanium white
$\text{TiO}_2$

Pigment used:
- paper
- paints
- plastics
GRUPA AZOTY SATISFIES NEEDS

MELAMINE

Ammonia

CO$_2$

Urea

Melamine

Used to manufacture:
- melamine resins

Toys

Crockery

CHEMISTRY IN OUR LIVES
GRUPA AZOTY SATISFIES NEEDS
PLASTICISERS

Oxo alcohols Plasticizers

Used to manufacture
- fragrances, plant protection products, pharmaceuticals
- surfactants, anti-foaming agents
- brake fluids, fuel additives
- paints, varnishes, melamine- and urea-formaldehydes, auxiliary products for agricultural applications, frothers
- as auxiliary substance in the textile industry, anti-adhesive, coal froth flotation agent

Used in
- plastics processing
- PVC softening

natural gas

mixture CO₂ and H₂

hydrogen

synthesis gas

propylene

CO₂ and H₂

Polar solvent

water

organic solvent