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Consolidation: Grupa Azoty is stronger through closer integration

Four key companies of the Grupa Azoty Group: Grupa Azoty S.A. of Tarnów, Grupa Azoty Police, Grupa Azoty Puławy and Grupa Azoty Kędzierzyn have signed a “Cooperation Agreement”. From now on, they are to work more closely in fertilizers trading and other areas.

“ The signing of the agreement is an event of strategic importance for the entire Group and its efficient operations on the competitive chemical market. It will allow the Group to take advantage of synergies and reinforce its position through integrated management of trading,” says Wojciech Wardacki, President of the Management Board of Grupa Azoty. “ Grupa Azoty already operates in an integrated, uniform and efficient manner in a number of areas. I would like to thank the management boards of the companies for their concerted cooperation, the effect of which is the agreement signed today.” Key objectives of the agreement are to deepen the working ties within the Group, allowing the companies to trade as a single business entity. This in turn will help them strengthen their relationships with clients. As a result of the agreement, the Group will follow a uniform trading strategy and policy, consolidating and coordinating its marketing activities under a common brand. Headquartered in Puławy, the Corporate Agro Trade Department, which is what the joint unit is called, will form part of the organisational structure of each company. Thanks to its ongoing consolidation, Grupa Azoty already operates as a single efficient business in an increasing number of areas. The key areas of Grupa Azoty's operations are currently headed by managers from all over Poland, regardless of the location where they are based. In strategic feedstock procurement, there is a centralised supplier selection and price negotiation process in most cases, with economies of scale leveraged to secure competitive prices. As regards production balancing, the construction of Polyamide Plant II was an element of a long-term strategy to balance caprolactam and polyamide 6 capacities. The process began in mid-1990s, leading to the launch of Polyamide Plant II in Tarnów in autumn last year, which has finally helped the Group rebalance its caprolactam and polyamide 6 capacities. In 2017, the Group implemented uniform procurement regulations, which have enhanced corporate control over tendering, purchasing and procurement. They have also ensured transparency and introduced standardised mechanisms, resulting in more competitive supplier bids and multi-million savings. At the end of last year, Grupa Azoty also announced the consolidation of the siding service area. As of January 1st 2018, all companies

managing railway sidings for Grupa Azoty have been included into its Group. Grupa Azoty is Poland's largest chemical group and one of the leading players on the European fertilizer and chemical markets. It is the European Union's second largest manufacturer of nitrogen and compound fertilizers and the third largest manufacturer of PA6. Its other products, including melamine, caprolactam, oxo alcohols and titanium white, enjoy an equally strong standing in the chemical sector, with a wide range of applications across various industries. In May 2017, the Group announced its updated strategy until 2020. The key development areas include finalising the Group's consolidation, reinforcing its leadership in agricultural solutions in Europe, strengthening the second operating pillar through expansion of the non-fertilizer business, and generating and implementing innovations to accelerate growth in the chemical sector.

