



P O L I C E

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On April 26th 2019, shareholders of Grupa Azoty Police will decide on the issue of shares to support the implementation of investment plans

Shareholders of Grupa Azoty Police, including Grupa Azoty S.A., complied with the State Treasury's request to adjourn the General Meeting, citing the need to complete the required analyses.

The General Meeting of the Company will be resumed at 12 noon on April 26th 2019 in Police.

Then the shareholders will decide to increase the Company's share capital through an issue of shares with pre-emptive rights in favour of the existing shareholders, by approximately PLN 1bn (through the issue of no fewer than one and no more than 110 million Series C ordinary bearer shares with a par value of PLN 10 per share). The final amount of the share capital increase at Grupa Azoty Police as well as the number and issue price of the new shares will be determined by the Company's Management Board.

"The State Treasury's request to adjourn the General Meeting which was convened to discuss the increase in Grupa Azoty Police's share capital is natural and understandable. The scale and significance of the Polimery Police project for both the Grupa Azoty Group and the entire Polish economy is so great that it requires a thorough analysis. The project is proceeding as planned – in March, Hyundai Engineering was pre-selected as the general contractor and the commercial operation will start in 2022. The project is of key importance for the Grupa Azoty Group and for the Polish industrial sector," said Wojciech Wardacki, President of the Management Board of Grupa Azoty Zakłady Chemiczne Police S.A. and Grupa Azoty S.A.

Potential proceeds from the share capital increase will facilitate execution of the Company's investment plans related to the Polimery Police project and will support its efforts to expand non-fertilizer business lines. This will help diversify revenue sources and mitigate seasonal fluctuations in demand for the Company's and the Grupa Azoty Group's products. The aim of the Polimery Police project, carried out by the special purpose vehicle PDH Polska S.A., a subsidiary of Grupa Azoty Police and Grupa Azoty S.A., is to construct an integrated chemical complex comprising a propylene unit, polypropylene unit, handling and storage terminal, logistics infrastructure and appropriate auxiliary units.

"The project will allow the Company to significantly diversify its business by increasing its presence on the attractive and fast-growing market of plastics, especially polypropylene. We expect the plastics segment's share in the consolidated revenue of the Grupa Azoty Group to increase, from about 15% in 2017 to approximately one-third in a few years," Wojciech Wardacki adds.

The Polimery Police project will result in the construction of a chemical complex with an annual polypropylene production capacity of up to 437,000 tonnes. The project will markedly improve Poland's position among

European plastics manufacturers, placing the country among the leading polypropylene manufacturers in Europe and the largest manufacturers in the CEE region (output of about 700,000 tonnes). Thus, the implementation of the Polimery Police project may be of strategic importance for the Polish economy. It would significantly reduce the negative trade balance in the plastics segment and would strengthen Poland's energy and raw materials independence.