



27.02.2014

## Slow growth in challenging market environment

**Grupa Azoty Zakłady Azotowe Puławy S.A.'s H1 consolidated net profit was PLN 37m, on total revenue of PLN 1,763m (with EBIT and EBITDA at PLN 39m and PLN 112m, respectively).**

The net profit for H1 of the previous financial year came in at PLN 122m, with slightly higher revenue of PLN 1,851m.

In Q2 alone however, all Grupa Azoty Puławy's key consolidated financial indicators improved on Q1. The company reported total revenue of PLN 923m and net profit of PLN 19m, with EBIT and EBITDA at PLN 21m and PLN 57m, respectively.

Given the significant contribution of Grupa Azoty Puławy to the consolidated performance of the Grupa Azoty Group, the Management Board of Grupa Azoty S.A. has decided to release its estimated consolidated figures for 2013; based on preliminary data, total revenue was PLN 9,821m, EBIT – PLN 702m, and net profit – PLN 713m. These figures are currently being audited.

Grupa Azoty Zakłady Chemiczne Police S.A. has also published its estimated consolidated financial data for 2013, with revenue of PLN 2,464m, EBIT of PLN 56m and net profit of PLN 50m.

**Brief analysis of Grupa Azoty Puławy's performance in H1** The slight drop in Grupa Azoty Puławy's revenue is equally attributable to the weaker top-line performance of its key Agro and Chemicals segments. However, output across all of the Company's key product groups exceeded the 2012 output by up to over 10%.

Exports remained flat year on year, at 41.6% of total sales. Also Grupa Azoty Puławy's liquidity ratios during the reporting period were close to those seen in H1. However, profitability fell year on year, mainly on the back of external (macroeconomic/market) factors.

Costs of the Company's main feedstocks were slightly down, by 3.5%. This, coupled with the price trends on the gas market, offers good long-term outlook, especially for fertilizer manufacturing.

**Commentary by Group CEO** Speaking of market prospects for fertilizers, Mr. Paweł Jarczewski, CEO of Grupa Azoty, in charge of the Agro segment, said: "We are now entering the fertilizer application period, which we expect to be favourable for us. Farmers' purchasing power is growing driven by direct subsidies, which this year are higher by almost PLN 100/ha on 2012. There is also a slight upward trend in produce prices, with grain prices in Poland among the highest in the region. Nitrogen fertilizers are selling at prices close to the previous year's, while the prices of DAP and MAP (ammonium phosphate) are on the rise. On top of this, long-term forecasts for the fertilizer market are also good."