

Tarnów-Mościce, August 23rd 2016



Ladies and Gentlemen,

On behalf of the entire Management Board of Grupa Azoty, I am pleased to present our financial statements for the first half of 2016. In addition to a summary of our financial performance, the document provides an overview of key developments of the past six months and some crucial corporate decisions that were made in the period.

Looking to step up the integration and effective consolidation processes within the Grupa Azoty Group, early this year the Extraordinary General Meetings of both the parent and subsidiaries resolved to make a number of changes in the companies' supervisory and management boards. The newly appointed governing bodies set about reviewing all areas of the Group's operations, including capital expenditure plans.

Perceiving more integration potential ahead, with measurable synergies to be achieved from combined procurement, logistics and other functions, we entered into several cooperation agreements with Polish companies ranked as leaders in their respective industries.

Under a framework agreement with the incumbent gas supplier Polskie Górnictwo Naftowe i Gazownictwo, signed on April 13th 2016 and followed by individual volume contracts, a total of 4.5 billion cubic metres of gas will be delivered to companies of the Grupa Azoty Group by September 2019. The agreement provides for innovative solutions to ensure stable gas supplies based on market mechanisms whereby gas will be purchased at prices linked to market indices rather than fixed tariffs. The solution we have jointly developed is now becoming a benchmark for others in their commercial negotiations.

Another key development in the ongoing integration process was the execution of a two-year rail freight contract with PKP Cargo covering over 4 million tonnes of fertilizers, chemical products, and raw materials. Under the contract of June 23rd 2016, the railway carrier will transport fertilizers, chemical products, and other cargo in special containers

to the Grupa Azoty Group's customers in Poland, while also handling international shipments, the latter concerning mainly connections with Polish ports. The contract also provides for handling of some intra-Group shipments.

A noteworthy fact is that based on market solutions and sound business principles we are forging stronger ties with Poland's leading industry groups, in pursuit of the government's policy of economic patriotism.

As regards our investment programme, in the first half of 2016 the Group's capital expenditure was in excess of PLN 550m. Key capex projects in the period included the Polyamide Plant and the Nitrate Fertilizers Granulation Unit in Tarnów, both scheduled to come online late this year or in early 2017. At the Kędzierzyn-Koźle plant, a CHP project was under way, due for completion by the end of this year. Projects afoot in Police included upgrade of the ammonia unit and flue gas desulfurisation. Work also continued on the PDH-based propylene production project. In Puławy, we held a groundbreaking ceremony for two Nitrate Fertilizers Granulation lines. We are also awaiting bids to select the general contractor for the Puławy Power Plant project.

All these projects prove that Grupa Azoty has maintained its development momentum. By expanding our existing business, we are also setting sights on new innovative projects. To this end, resolutions were passed on May 10th 2016 to go ahead with the Special Esters I project, the main deliverable of which would be a non-phthalic esters units in Kędzierzyn-Koźle. Special esters are used as enhancing additives to Oxoviflex®, a universal non-phthalic plasticizer. An added range of products with specific applications offered to our OXO customers will further sharpen the Company's competitive edge.

Now that I have presented a summary of key events and achievements of the Grupa Azoty Group in the past six months, all that is left for me is to invite you to read the financial statements in full. Besides hard economic data testifying to our financial health, the document provides an insight into the market environment and challenges lying ahead of Grupa Azoty in the months to come.

Mariusz Bober



President of the Management Board
Grupa Azoty S.A.