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CIECH Group Strategy for 2019-2021

Warsaw, 10 December 2018

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Growing international chemical company
with **strong** market position
and **stable** strategic investor

A large scale of business and a well established market position

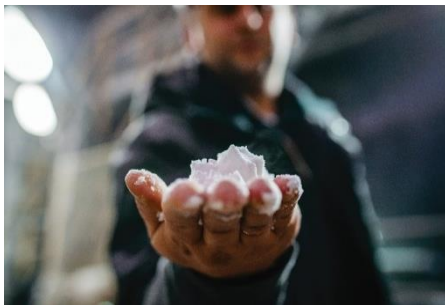
A significant player on the **European and global chemical market**

A strong position on the main markets and an increasing presence on those **rapidly growing**

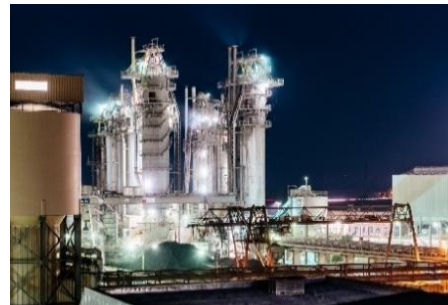
Exports to more than
100 countries



8
production
plants



Over **100** years of
production history



More than **3.7**
thousand employees

Experienced staff with **extensive knowledge and experience**

Modern business approach under professional management

MANAGEMENT BOARD

Dawid Jakubowicz
President of the Management Board

A valued expert with international operational experience in building the value of companies from the chemical, mining, energy, automotive and new technologies sectors. He worked for an international audit company, KPMG Audyt. Since June 2018, he held the office of a member of the Supervisory Board of CIECH S.A.

Artur Osuchowski
Member of the Management Board

Mirosław Skowron
Member of the Management Board

SUPERVISORY BOARD

Sebastian Kulczyk
Chairman of the Supervisory Board

Since 2010, he has been associated with the Kulczyk Investments Group, since December 2013, as the Chief Executive Officer of Kulczyk Investments. In 2009-2010, he worked at the Lazard investment bank, London. He has experience in managing companies operating in the electronic business sector. He also worked in the SonyBMG digital media department, New York. For many years, he has been investing and developing ventures in the new-tech area.

Tomasz Mikołajczak Deputy Chairman of the Supervisory Board

Piotr Augustyniak Supervisory Board Member

Mariusz Nowak Supervisory Board Member

Artur Olech Supervisory Board Member

Diversified product portfolio



Soda segment

Soda ash, sodium bicarbonate, salt, calcium chloride, energy

LTM revenue: **PLN 2,436 m**
 LTM adj. EBITDA: **PLN 620 m**
 LTM adj. EBITDA margin: **25.5%**



Organic segment

Crop protection products, resins, polyurethane foams

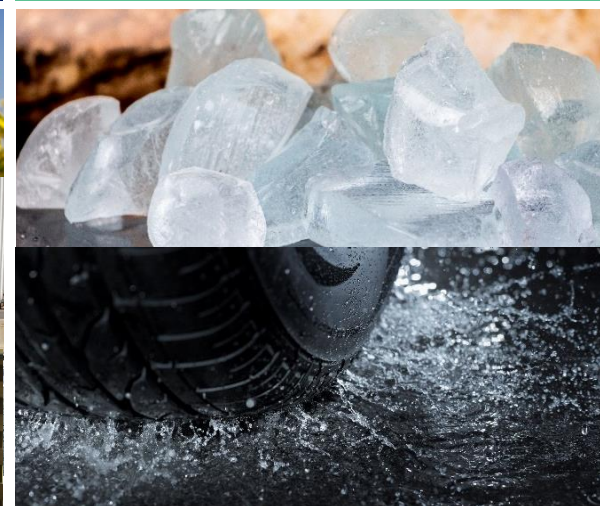
LTM revenue: **PLN 879 m**
 LTM adj. EBITDA: **PLN 90 m**
 LTM adj. EBITDA margin: **10.2%**



Glass and Silicates segment

Silicates and glass packaging

LTM revenue: **PLN 246 m**
 LTM adj. EBITDA: **PLN 39 m**
 LTM adj. EBITDA margin: **15.8%**



CIECH Group








LTM revenue: **PLN 3.664 m**

LTM adj. EBITDA: **PLN 723 m**

LTM adj. EBITDA margin: **19.7%**

Note: Results for four quarters were presented: Q4 2017-Q3 2018; the sum of segments is not equal to the results of the CIECH Group due to the omission of the results of the transport segment, other activities, corporate functions and consolidation exclusions

Strong market position

	<i>Current segments/businesses</i>	<i>Current market position</i>	<i>Production capacity</i>
SODA SEGMENT	 <p>Soda ash (Poland, Germany, Romania)</p>	<p>#1 CEE #2 Europe</p>	<p>2 600 tt</p>
	 <p>Sodium bicarbonate (Poland, Germany)</p>	<p>#2 CEE #2 Europe</p>	<p>150 tt (+50 tt in 2019)</p>
	 <p>Salt (Poland; from 2020, Germany)</p>	<p>#1 Poland (salt tablets)</p>	<p>600 tt (+450 tt in 2020)</p>
ORGANIC SEGMENT	 <p>Crop Protection Chemicals (Poland, Spain)</p>	<p>#1 Poland*</p>	<p>30 tt</p>
	 <p>Resins (Poland)</p>	<p>#1 Poland</p>	<p>70 tt</p>
	 <p>Foams (Poland)</p>	<p>#2 Poland</p>	<p>30 tt</p>
SILICATES & GLASS SEGMENT	 <p>Glass and Silicates (Poland, Romania)</p>	<p>#1 Poland</p>	<p>180 tt</p>

* Position among Polish manufacturers

Source: IHS, IAL, own estimates

We have a defined strategy
for **future growth**

CIECH Group values



VALUES

Client-centric,

Increased customer satisfaction

We want to be an organisation that listens to our customers' needs, constantly adjusting its offer, treating customers as ambassadors

Innovative, and

Innovation growth

We recognise that only through increased innovation can we achieve an increase in the value of the Group and a competitive advantage

Efficient

Continuous efficiency improvement

Every day we strive to improve our efficiency. We implement performance monitoring programmes, reduce costs and operational risks

Chemical
Holding

Effective management

We strive for the maximum use of resources - and effective management of the Group in the conditions of a dynamically changing world, while meeting the highest regulatory standards

2021 CIECH Group vision

Our vision is to create an **effective and diversified** chemical holding which generates a positive **value for shareholders** in the long term, and, apart from the **soda business**, holds a significant position in **innovative, specialised** market segments

The ambition of the CIECH Group is to **create real value for all stakeholders**

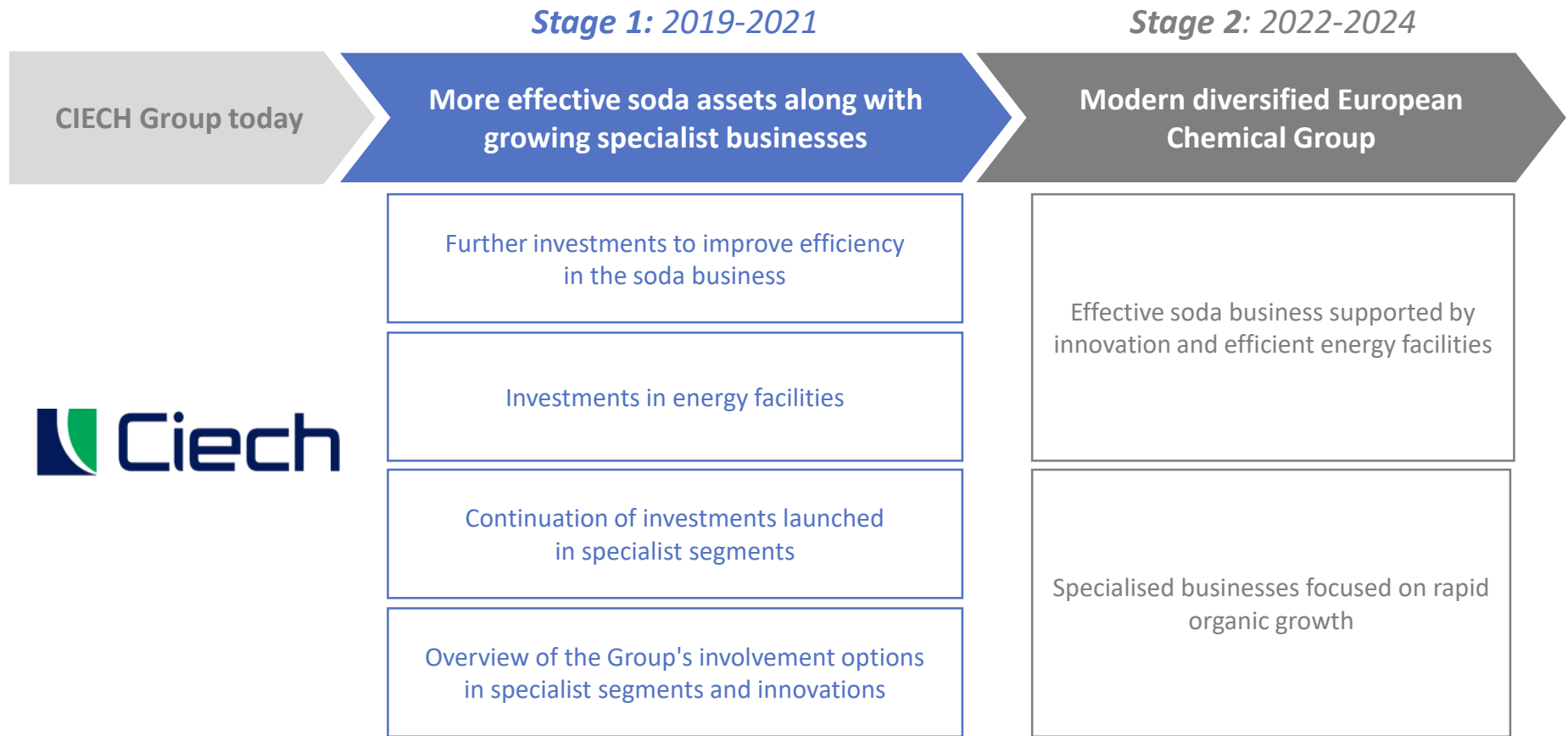
Shareholders	Customers	Employees	Society & ecology
<p>Increase in the value of the Group</p> <p>Increase of EBITDA to PLN 900+ m in 2021</p> <p>Product diversification: at least 35% EBITDA from other businesses* than soda</p>	<p>Continuous increase of customer satisfaction</p> <p>Development of specialist products in response to customer needs</p> <p>Further development of additional services for customers</p>	<p>Providing appropriate tools to ensure the development and increased motivation of employees</p> <p>One of the best employers in the chemical industry in the markets where we operate</p> <p>Further improvement of safety and working conditions</p>	<p>Reducing the environmental impact</p> <p>Reduction of carbon footprint in the soda production process</p> <p>Adjusting the energy mix to the changing market conditions, while maintaining good environmental protection practices</p>

*Other businesses: salt, crop protection products, resins, foams, silicates, glass packaging

Strategic financial goals of CIECH Group 2019-2021

	<i>Financial goals</i>	<i>Q3 2018 LTM</i>	<i>2021</i>
1	Sales revenues	PLN 3.7 b	PLN 4.0+ b
2	Adjusted EBITDA	PLN 723 m	PLN 900+ m
3	Adjusted EBITDA margin	19.7%	22%+

Strategy execution stages



In the perspective, by 2024, CIECH is to become
a modern, diversified European Chemical Group

Pillars of the CIECH Group Strategy by 2021

Efficient Diversified Chemical Holding

Increasing **competitive advantages** in the key soda business

Further investing in **the development of specialist businesses**

Value creation through changes in the asset portfolio (acquisitions and divestments)

 Customers	 Innovation	 Efficiency
<p>Further improvement of customer satisfaction</p> <p>Implementing new products in response to customer needs</p> <p>Further development of additional services for customers</p>	<p>Investment in innovation development</p> <p>Continuous development of specialist businesses</p> <p>Implementation of modern solutions (e.g. predictive maintenance, remote diagnostics)</p> <p>Further development of the R&D area to support efficiency improvement in soda and diversification towards new specialist products</p>	<p>Focus on continuous efficiency improvement</p> <p>Investments to ensure better cost-effectiveness and production stability</p> <p>Continuous improvement of production operational efficiency, in particular in soda business</p>
















Adjusting the organisational structure to new strategic challenges

Continuing **effective capital allocation** for efficiency improvement, new growth projects and innovations

Further support for **building organisational culture**





Striving to balance the share of specialists segments

By 2021, at least 35% of the adj. EBITDA of the CIECH Group is expected from other businesses* than soda

	<i>Segments/businesses</i>	<i>Determinants of development</i>	<i>Expected EBITDA growth</i>
Soda segment	 Soda ash	Strategic location of assets Expected better economic situation on the soda ash market Expansion in the area of sodium bicarbonate	
	 Sodium bicarbonate		
	 Salt	New production capacity Concentration on specialist and high margin products	
Organic segment	 Crop protection products	Registration of new active ingredients and new products Entering new geographic markets	
	 Resins	Focus on fast-growing target industries	
	 Foams	Maximisation of production capacity and effective margin management	
Silicates and glass segment	 Silicates	Development of specialist products	
	 Glass packaging	Product diversification, effective inventory management	

*Other businesses: salt, crop protection products, resins, foams, silicates, glass packaging

Soda business - priorities and strategic goals 2021

 <h2>Soda</h2>		
 Customers	 Innovation	 Efficiency
<p>Increasing production capacity in the area of sodium bicarbonate and expanding our portfolio to include, among others, sodium bicarbonate for dialysis (the most specialised variety of this product)</p>		<p>A programme of continuous efficiency improvement of production (aiming at, among others, reduction of raw material consumption rates), also through modernisation in the area of energy</p>
<p>Further increase of customer satisfaction through the development of additional services and implementation of IT solutions</p>	<p>The programme of increasing maintenance efficiency, including the implementation of measurement of machines enabling their remote diagnostics and preventive maintenance system (selected elements of Industry 4.0)</p>	

Strategic goal

Increasing the efficiency of the soda business, which will translate into an increase in customer satisfaction and enable us to increase our share in the sodium bicarbonate market

Other businesses - priorities and strategic goals 2021



Salt

Commencing production and sales of volumes from the plant in **Germany** (+450 thousand tons in 2021, +75% compared to current capacity)

Increasing the share of CIECH Group products in the **specialist products** (including, among others, salt tablets, pharmaceutical salt and dishwasher salt)



Crop protection products

Development of the portfolio of **active ingredients** (increase by 40+) and new product registrations (increase by 200+)

Strengthening the position on the main markets (Poland and Spain) and developing sales on other markets
Increasing sales outside Poland to over 40%



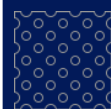
Resins

Developing the portfolio of specialist products



Silicates & glass

Taking advantage of the growing silicates market
Maintaining the current market position in glass packaging



Foams

Maintaining current market position

Continuation of investment in asset development

Examples of implemented development projects

Currently implemented projects that in a short time will contribute to the results achieved by the Group

Investment: **salt in Germany** (CIECH Soda Deutschland)

New production capacity:
450 kt

Investment completion:
2020

Investment: **sodium bicarbonate in Germany** (CIECH Soda Deutschland)

New production capacity:
50 kt

Investment completion:
H1 2019

Investment: **new product development - Crop Protection Chemicals**

40+ new active ingredients in the portfolio by 2021

New investment projects

Projects aimed at investing in specialised segments and promoting efficiency

Investments in growth projects in specialised segments and innovation

New investment in specialised products

R&D investment in highly specialised chemical products

Maintenance and energy investments

Investments aimed at increasing production and energy efficiency

Value creation through changes in the asset portfolio

Focus on sustainable development: **IRR objective >15% for growth projects**

Further support in building organisational culture

The HR vision: building an environment in which **the best people** can develop and create a **culture of effectiveness**, thus implementing the Group's strategy



Creating a culture of continuous efficiency improvement

Advanced management by objectives

Supporting proactivity and implementing changes

Striving to implement the CIECH Group values at every stage of work

Building the best teams

Building involved teams

Recognising employees' needs

Increased motivation

CIECH Group in 2021

An **effective and diversified** chemical holding generating positive value for **shareholders** in the long-term, with a significant position **in soda ash and in innovative, specialised** market segments

Shareholders	A chemical holding with more than PLN 4 B in revenue, more than PLN 900 M in adj. EBITDA and an adj. EBITDA of more than 22% in 2021
Customers	A leader in customer service quality with new specialist products responding to customer needs
Innovation	A leading producer of soda ash, offering a broad spectrum of specialist products based on innovation and R&D in the most prospective segments
Efficiency	A Group using modern tools to increase production efficiency and applying the best market practices
Employees	A holding in which the best people can develop and create a culture of efficiency, thus implementing the Group's strategy
Society and ecology	A credible partner of local communities, demonstrating responsibility for the natural environment



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