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CIECH Group Strategy for 2019-2021

5 December 2018

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A large scale of business and a well established market position

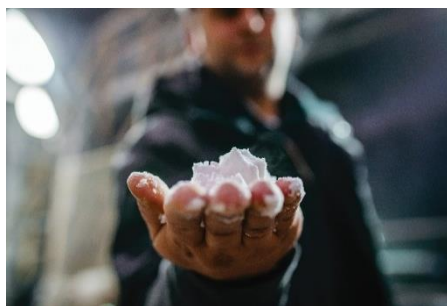
A significant player on the **European and global chemical market**

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

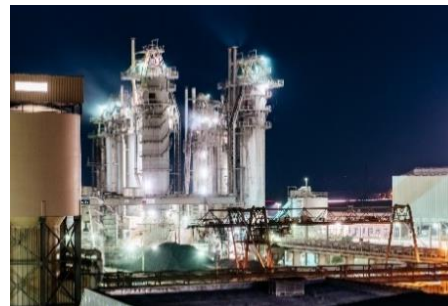
Exports to more than
100 countries



8
production
plants






Over **100** years of
production history

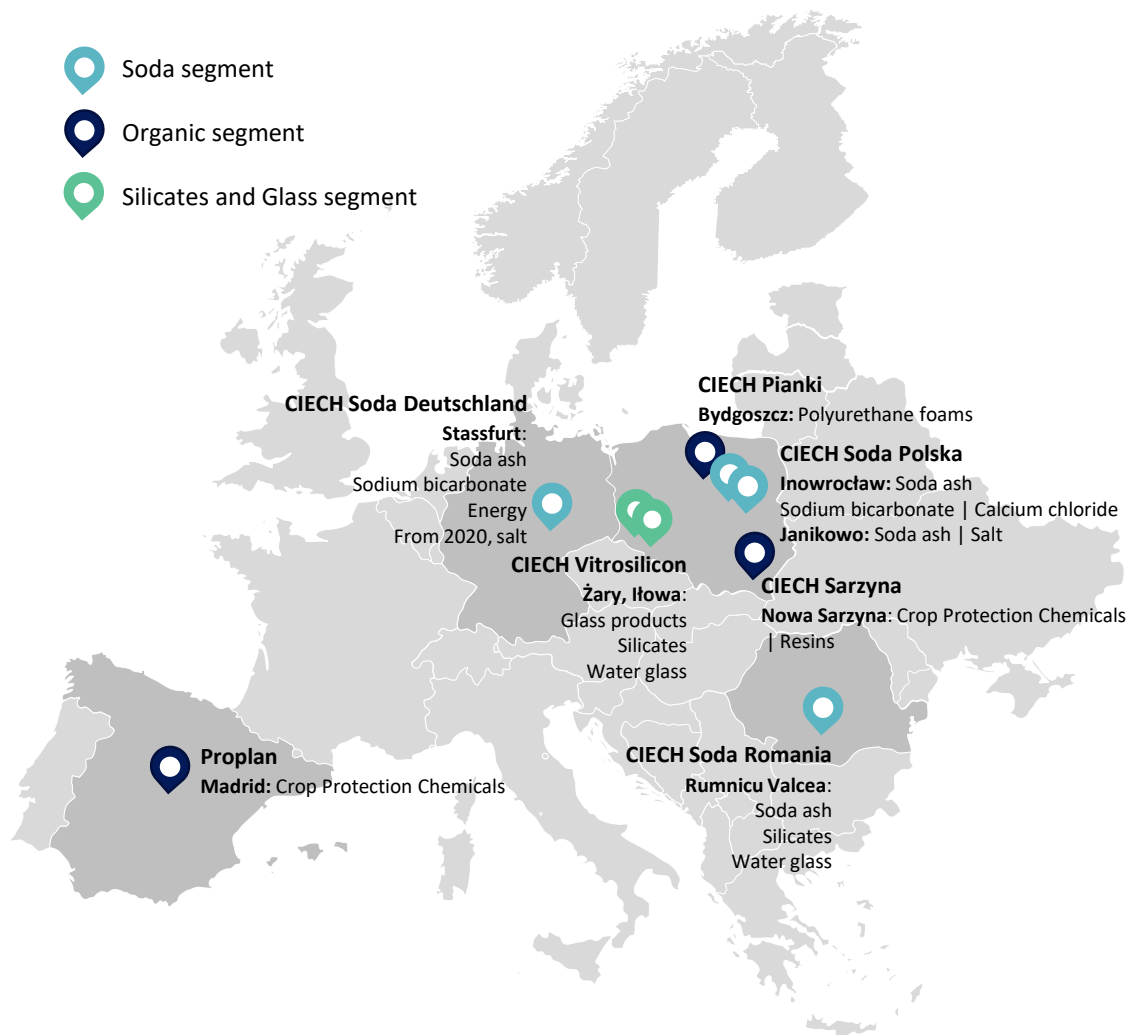


More than **3.7**
thousand employees

Experienced staff with **extensive knowledge and experience**

CIECH Group Assets

-  Soda segment
-  Organic segment
-  Silicates and Glass segment



		<i>Current market position</i>	
	Soda ash (Poland, Germany, Romania)	#1	CEE
	Sodium bicarbonate (Poland, Germany)	#2	Europe
	Salt (Poland; from 2020, Germany)	#1	Poland (salt tablets)
	Crop Protection Chemicals (Poland, Spain)	#1	Poland*
	Resins (Poland)	#1	Poland
	Foams (Poland)	#2	Poland
	Silicates and Glass (Poland, Romania)	#1	Poland

* Position among Polish manufacturers
Source: IHS, IAL, own estimates

Modern business approach thanks to professional staff

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. He held the office of a member of the Supervisory Board of CIECH S.A. from June 2018 to December 2018.

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 Sony BMG 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



Organic segment

Plant protection products, resins, polyurethane foams



Silicates and Glass segment

Silicates and glass packaging

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

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

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

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

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

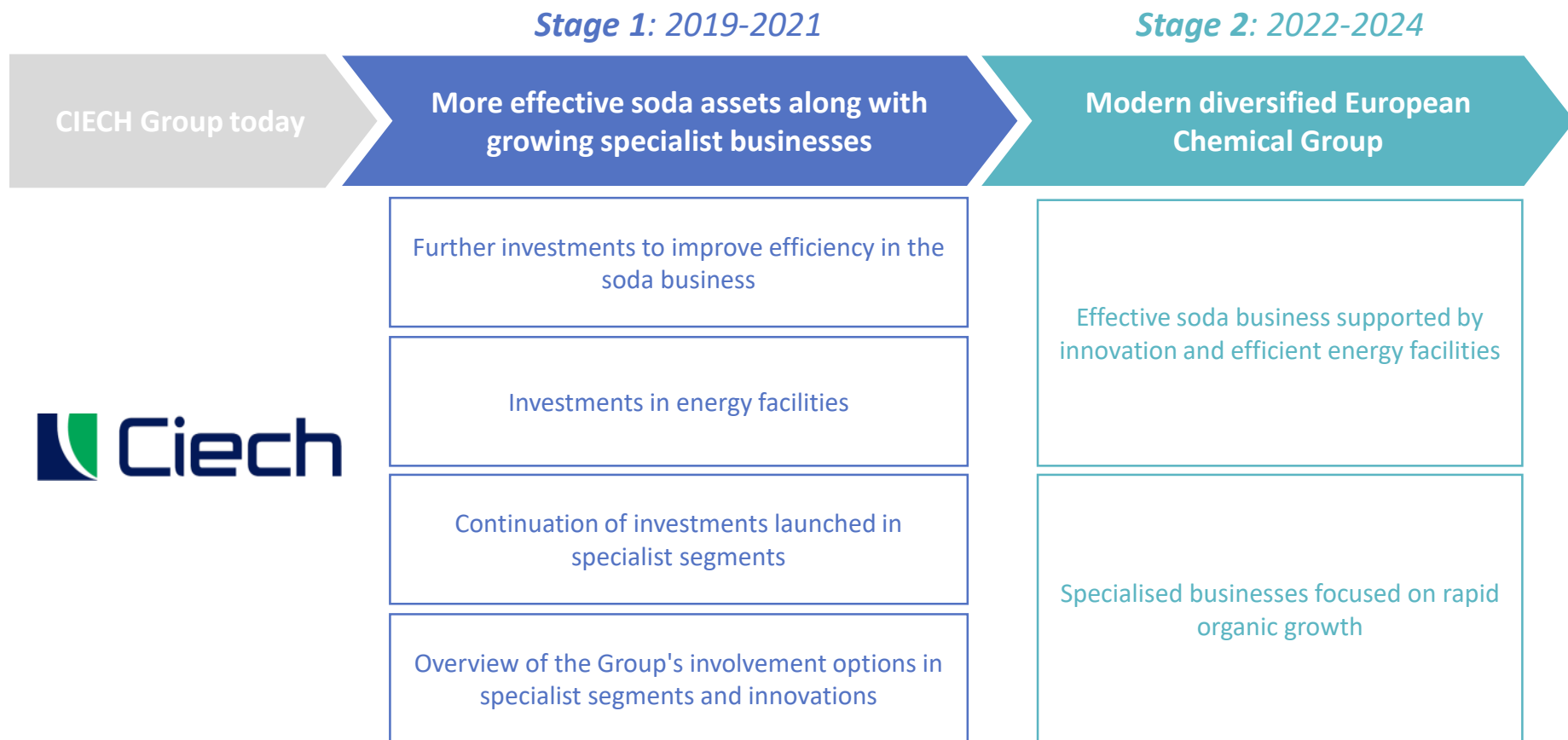
2021 CIECH Group Vision

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

CIECH Group Ambition for 2021

Shareholders	Customers	Employees	Community & Ecology
<p>Increase in the value of the Group</p> <ul style="list-style-type: none"> ▪ Increase of EBITDA to PLN 900+ M in 2021 ▪ Product diversification: at least 35% EBITDA from businesses other than soda 	<p>Continuous increase of customer satisfaction</p> <ul style="list-style-type: none"> ▪ Development of specialist products in response to customer needs ▪ Further development of additional services for customers 	<p>Further improvement of safety and working conditions</p> <p>Providing appropriate tools to ensure the development and increased motivation of employees</p> <ul style="list-style-type: none"> ▪ One of the best employers in the chemical industry in the markets where we operate 	<p>Reducing the environmental impact</p> <ul style="list-style-type: none"> ▪ Reduction of carbon footprint in the soda production process ▪ Adjusting the energy mix to the changing market conditions, while maintaining good environmental protection practices

Strategy execution stages



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

Strategic Financial Goals of CIECH Group (2019-2021)

Financial goals

2018Q3 LTM

2021

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%+

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

Further improvement of customer satisfaction, including:

- Implementing new products in response to customer needs
- Further development of additional services for customers



Innovation

Investment in innovation development:

- Continuous development of specialist businesses
- Implementation of modern solutions (e.g. preventive maintenance, remote diagnostics)
- Further development of the R&D area to support efficiency improvement in soda and diversification towards new specialist products



Efficiency

Focus on continuous efficiency improvement:

- Investments to ensure better cost-effectiveness and production stability
- Continuous improvement of production operational efficiency, in particular in soda business

Adjusting the organisational structure to new strategic challenges

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

Further support in **building organisational culture**

We are striving to balance the share of specialists segments in the total result generated by the CIECH Group

	Current segments/businesses	Expected EBITDA growth	Determinants of development	Target share in EBITDA in 2021
Soda segment	Soda ash	➔	<ul style="list-style-type: none"> Strategic location of assets Expected better economic situation on the soda ash market Expansion in the area of sodium bicarbonate 	Over 35%
	Sodium bicarbonate	➔		
	Salt	➔		
Organic segment	Crop Protection Chemicals	➔	<ul style="list-style-type: none"> Registration of new active ingredients and new products Entering new geographic markets 	
	Resins	➔	<ul style="list-style-type: none"> Focus on fast-growing target industries 	
	Foams	➔	<ul style="list-style-type: none"> Maximisation of production capacity and effective margin management 	
Silicates and Glass segment	Silicates	➔	<ul style="list-style-type: none"> Development of specialist products 	
	Glass packaging	➔	<ul style="list-style-type: none"> Product diversification, effective inventory management 	

Soda business – priorities and strategic goals 2021

SODA BUSINESS



Customers



Innovation



Efficiency

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)

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**

Further **increase of customer satisfaction** through the development of additional services and implementation of IT solutions

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)

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
Chemicals

- 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



Foams

- Maintaining current market position



Silicates
and Glass

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

CIECH Group will continue to actively invest 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 k tons

Investment completion:
2020

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

New production capacity:
50 k tons

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

Building the best teams

1. Building involved teams
2. Recognising employees' needs
3. Increased motivation

Creating a culture of continuous efficiency improvement

1. Advanced management by objectives
2. Supporting proactivity and implementing changes
3. Striving to implement the CIECH Group values at every stage of work



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 margin 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

Community and ecology

A credible partner of local communities, demonstrating responsibility for the natural environment



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