



Ciech

Corporate Strategy 2022-2024

Warsaw, May 18th 2022



Soda: transform around four pillars: improving **cost advantage**, delivering **energy transformation**, strengthening **strategic capabilities** and maximizing **Sobic value**
Salt: priority on **Stassfurt production ramp-up** and **volume commercialization**
Agro: expand **innovative product offering** to enable long-term growth
Other: further optimize to **assure resilient cashflow** generation



H&S: Clear goal and commitment to **reduce accident frequency by 30%**
Innovation: **Foster innovation** to deliver clear value for customers
HR: strengthen **performance culture** and **attract talents**
Organization: Reflect **strategic pillars** in **organization structure**



Clients: **Sustainable product offering** with innovation assuring long term value for customers
Employees: **Safe** and **engaging work environment**
Investors: Build an asset that produces **stable dividend**
Stakeholders: **Clear value** defined

”

*In this strategy we **put safety first** to become industry leader and fully commit to reduce **accident frequency by 30%** until 2024*

”

D. Jakubowicz

CEO of Ciech

M. Skowron

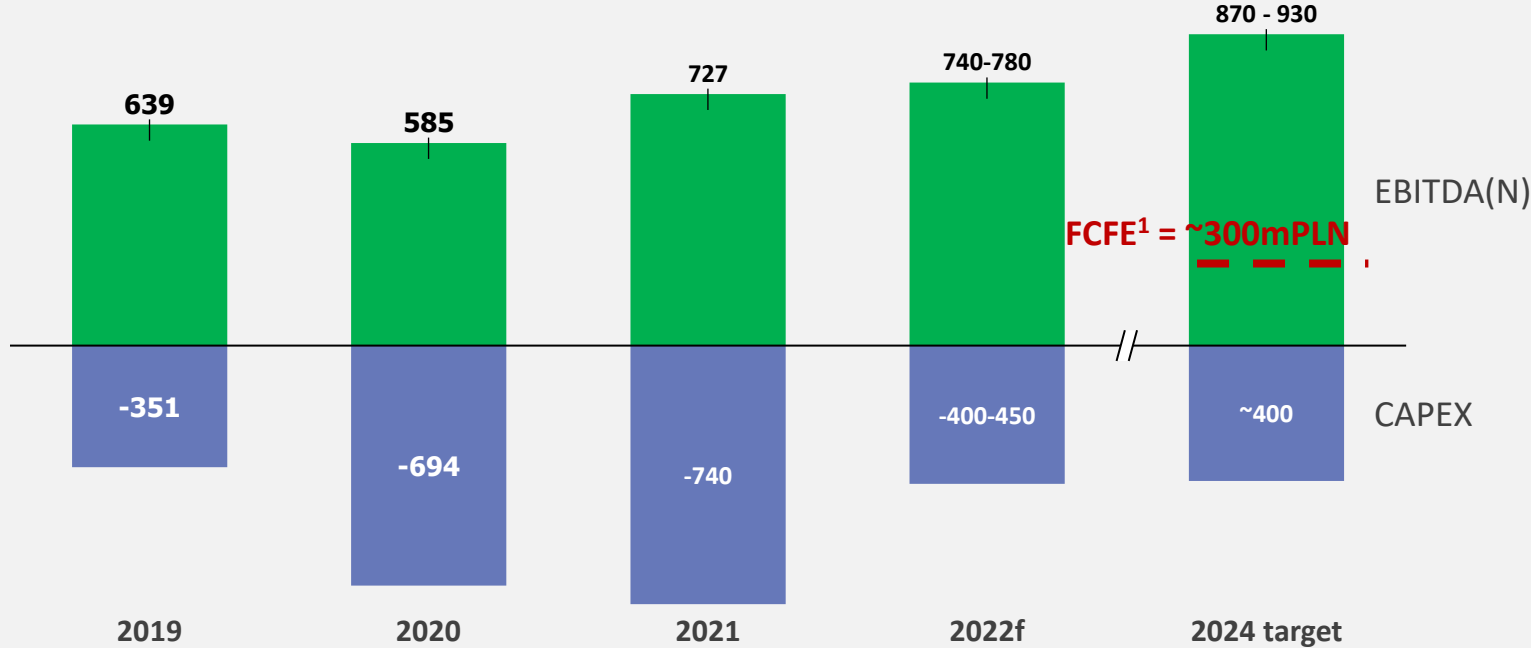
COO of Ciech

J. Romanowski

CFO of Ciech

FCFE presents theoretical dividend capacity¹

mPLN, 2019-2024



Stabilized business and streamlined organization in place

Focus on cash generation and build-up of dividend capacity

No large CAPEX development projects on the horizon

Energy transformation financed in a partnership model²

M&As considered only if bringing unique strategic opportunity

2. Assumes no or limited CAPEX

1. Assuming debt roll over and gradual deleveraging thanks to EBITDA expansion

EBITDA(N) in 2024

870-930_{mPLN}

Cash Conversion in 2024

~30-35%

Cumulated FCFE 2022-2024

580-680_{mPLN}

Point of departure for this Strategy

- **Solid financials** and resilient balance sheet
- Restructured and **streamlined organization**
- Promising pipeline of smart **M&A options**
- Challenging and **uncertain environment**
- **Corporate culture change ongoing**, talents being acquired



2021

Point of arrival for this Strategy

- **Future-proof businesses** ready to meet requirements of the changing business environment
- **Modern chemical holding** with all required capabilities
- Clear and optimized **value for all the stakeholders**
- **Stable asset** generating **predictable dividend yield**



2024



#1 Point of departure



#2 Point of arrival



Build future-proof
business



Develop as a modern
chemical company



Optimize value
for stakeholders

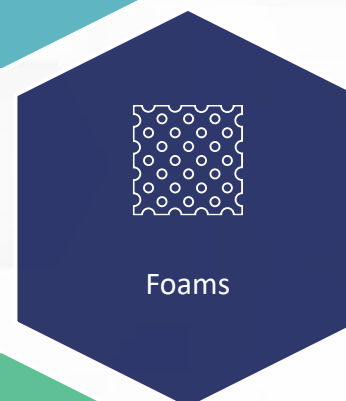
Business Units

- 2nd largest Soda producer in Europe
- Growing CO₂ cost and high energy prices
- Increased competition threat from Turkish producer
- Operational transformation as a key lever



- Largest vacuum salt producer in CEE
- New production capacity in ramp-up
- Commercialization of add. volume as a key challenge

- Large and fast-growing Crop Protection player in PL
- Owner of innovative BGT product
- Growth via savvy portfolio management and geographical expansion



- Leading PUR foam producer in Poland
- Limited organic growth opportunity
- High margins due to market undersupply in Covid pandemic

- #1 merchant producer in Europe
- Growth due to eco trends and greater silicate admixture into tires
- New production capacity under commercialization



- Top Polish producer of lanterns and glass packaging
- Addressable market expected to slowly decline in the long run

Support Functions

- H&S policies, standards and rules in place
- H&S dashboards, KPIs and goals implemented
- H&S communication and training activities rolled-out



- Established R&D function
- First innovations rolled-out (e.g., Carbonation+)
- Ciech Ventures structure set-up (e.g., Emerald investment)

- Standardized CAPEX planning and reporting
- Improved access to managerial data
- Tight control on project approvals



- Corporate culture change initiated
- Competencies models rolled-out
- Transparent remuneration systems
- Performance mngt foundations laid down

- Purchasing strategies and clear process prepared
- Introduced standardized SLA conditions
- Local teams divided in sourcing & back-office units



- Ongoing implementation of lean system architecture
- „Mobilny Obchodowy” implemented
- IT infrastructure modernized
- Disaster Recovery Center created



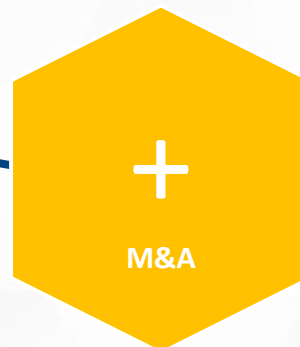
Key considerations for M&A

- Business must **relate to one of the core businesses**
- Transaction must bring **long term strategic benefits** not just scale growth
- Target should be a **healthy asset** on a stand-alone basis
- Out of the pipeline **only one closing** considered (possibly in 2022)
- Targeting **medium to large businesses** on **developed markets** (focus on European and North American assets)
- Fitting into the strategy of building future **dividend generating asset**

Without M&A



With M&A



- Stable dividend
- Stable Cash Flow in a volatile environment



- Increased dividend capacity
- Utilization of unique value opportunity
- Stronger strategic position
- Geographical diversification





#1 Point of departure



#2 Point of arrival



Build future-proof business



Develop as a modern chemical company



Optimize value for stakeholders



Build future-proof businesses

Resilient **SODA** business

SALT ramp up

AGRO on growth trajectory

Leap forward with **smart M&A**



Develop as a modern chemical company

Strengthen **health and safety** as a core corporate value

Performance based, engaging **modern corporate culture**

Innovations paving the way to the future



Optimize value for stakeholders

Assured **Client satisfaction**

Accelerated **ESG transformation**

Optimized cashflow and **shareholders' value creation**



#1 Point of departure



#2 Point of arrival




**Build future-proof
business**



**Develop as a modern
chemical company**



**Optimize value
for stakeholders**

 Build future-proof business

Step Up



SALT, SILICATES

Commercialize new production capacity

Transform



SODA, FOAMS, PACKAGING

Continue business optimization to further improve cash flow profile

Accelerate Growth



AGRO

Maintain strong growth in the long-term

Ready for the Future



Supporting Functions

Building up strategic business capabilities




Soda

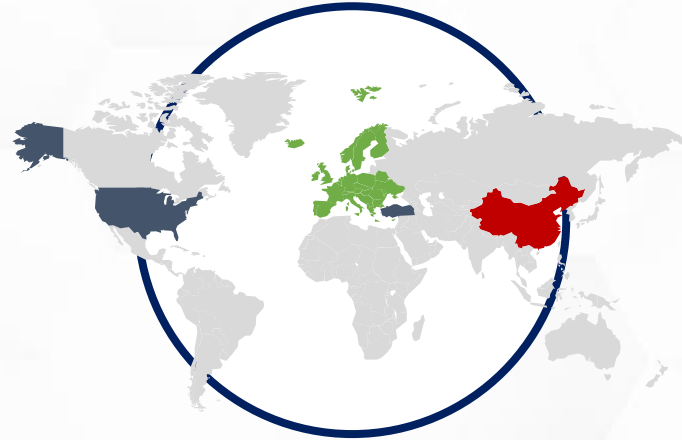


Salt

**Speeding up on the
business
transformation**

 Build future-proof business

3.0 mt
of difference in net
import from China
between '21 and '22



Net import shift in China

- Lower production capacity and increased demand to increase net import of soda ash in China
- Shift on the scale of half of the European market

Reduced competition in Europe

- China will attract volume from key soda ash exporting destinations
- Shift will reduce competitive pressure in Europe

Opportunity to strengthen competitive position

- Focus on operational transformation (e.g., reduce consumables consumption, implement innovative processes, speed-up energy transformation)
- Develop business capabilities and product portfolio to strengthen competitive advantage
- Get ready for the next cyclical downturn

1



Build-up
of cost advantage

2



Energy
transformation

3



Strengthening
strategic capabilities

4



Maximizing value
from SOBIC products

1



Build-up
of cost advantage

Energy efficiency

- Implement **heat recovery systems** to reduce steam consumption
- Balance process parameters to **reduce demand for steam**
- Improve infrastructure to enable **real-time control over electricity consumption**
- **Increase the number of operating turbines** with operational back-up to reduce external purchase of electric energy

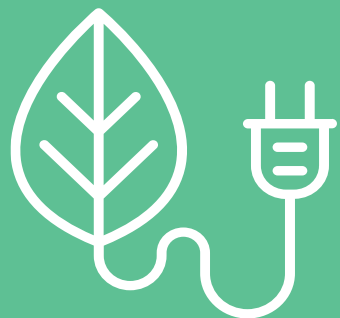
Reduced raw material consumption

- Work with strategic partners to **improve product parameters** that could **reduce overall raw material consumption**
- Renovate boilers to **increase coal burning efficiency**
- Test **substitutes to expensive raw materials**

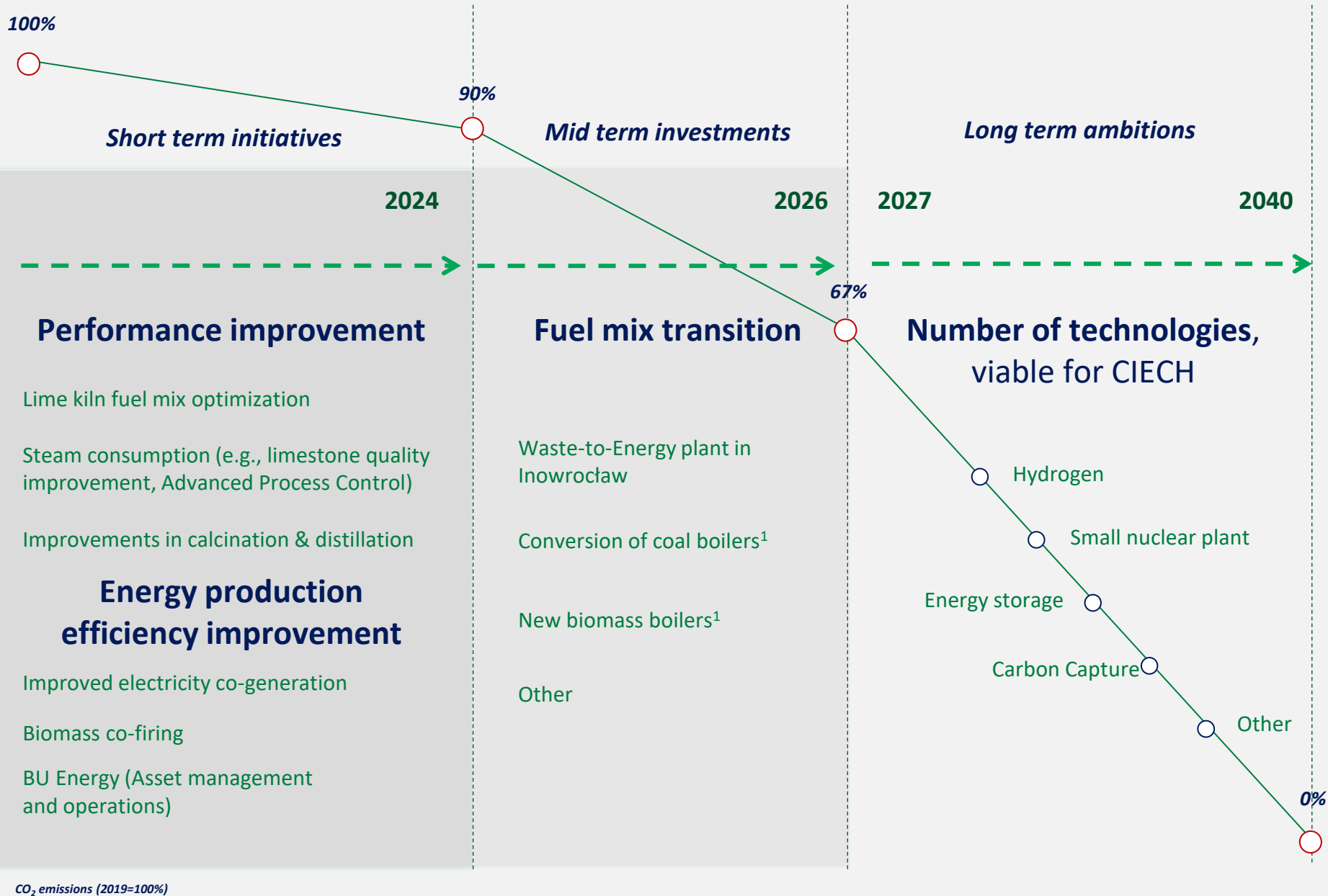
Operational excellence and APC

- Strengthen **Lean mindset**
- Implement **additional management techniques** to increase production efficiency (focus on 5S, Gemba)
- Leverage current knowledge on APC in the Group to **automate operational decision making**

2



Energy transformation



CO₂ emissions (2019=100%)

1. Alternative solutions

3



Strengthening strategic capabilities

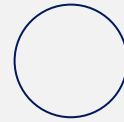
Strategic capabilities



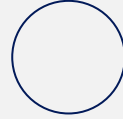
4



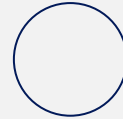
Maximizing value
from SOBIC products



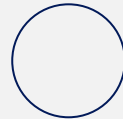
Develop **new product offering** to increase reach on regional markets



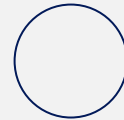
Intensify marketing and increase sales focus to increase penetration in current segments



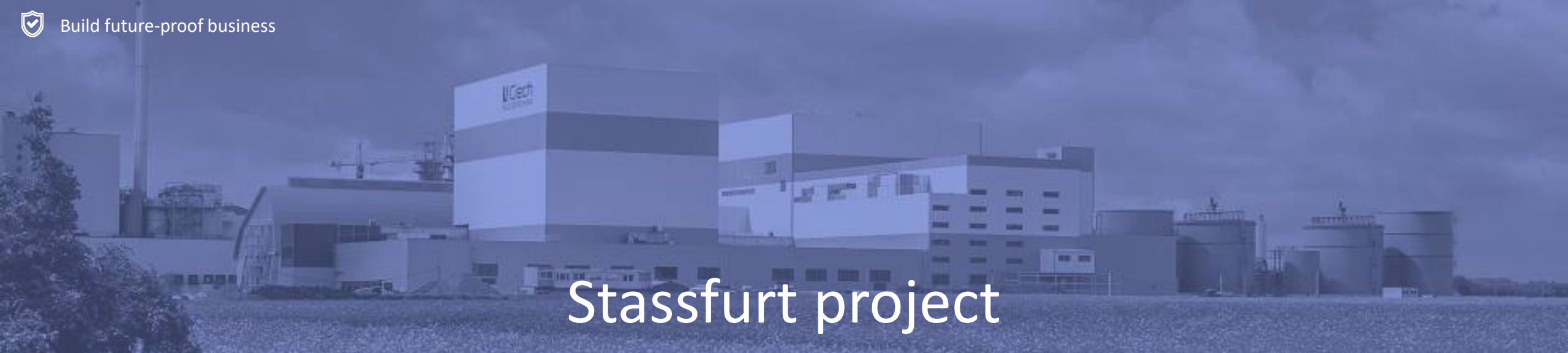
Directly reach end-users for high margin specialized Soda applications



Expand globally for high margin products with low importance of geo rent



Boost operations to increase value for customers



Stassfurt project

1. Set-up

2019

- Plant core set-up
- Operational excellence in progress
- Confection lines under finalization
- Full fixed costs carried

2. Commercialization

2022

- Build-up of a sales org. and client pipeline
- Entry into Food Grade and Pharma segments
- Production rate ~350-400kt
 - Fully unlock capacity
 - Food grade and pharma confection set-up
- Improve customer service (e.g., logistics) to balance value for money

2023

3. Full steam ahead

2024+

- Full potential utilization
- Optimization of production costs via Lean Manufacturing



**Assuring long term
growth**

Key market trends

High EU regulatory pressure to **reduce pesticide usage**

Growing pressure to **optimize crop protection usage via new technologies**

Stable market value, growing in developing countries

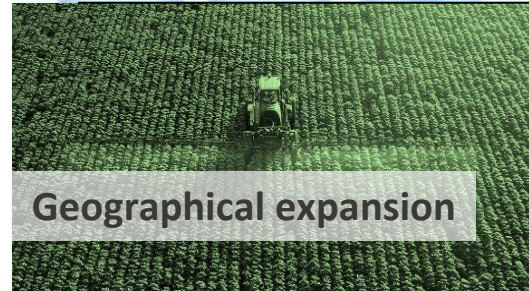
CIECH's Strategy



Commercialize **Halvetic**

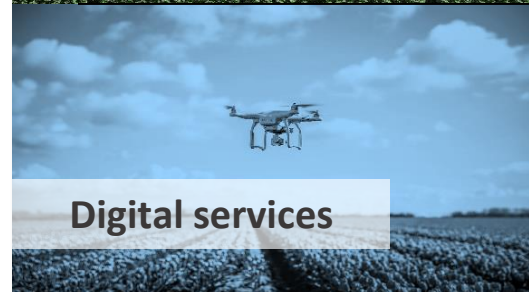
Work on **novel product formulations**

Selective approach to AI's - low regulatory risk



In EU focus on countries with „**catch-up**” potential

Use Halvetic to **establish non-EU presence**



Expand offering in **digital services** based on partnerships



Halvetic one of the core growth engines for Agro



Clear benefit for the clients: reduces Active Ingredient input by 50%

- Lowers health hazard
- Minimizes environmental impact
- Lowers risk of Active Ingredient overdose



Maintained efficacy for growers

- Same product dosing and usage parameters
- Reliability in all water hardness and abiotic stress situations
- Well-know mode of action
- Increases operator ease of use of the ready-made product (includes ammonium sulphate and adjuvants)



Attractive financial performance for CIECH

- Lower business risk vs. R&D products as substituting existing market
- Reduces registration costs as based on existing Active Ingredients



Key risks around BGT

- Difficulty to shift farmers' behavior from high-load to low concentration products in main glyphosate markets (Brazil, Australia)
- Building farmers' awareness of the efficacy of the product
- Regulatory challenges



Foams

Innovations and excellence

- Improve product formulations
- Test sustainable product formulations
- Optimize production planning and reduce waste via advance analytics
- Optimize maintenance cost and time with Industry 4.0 solutions



Silicates

Fully leverage current assets

- Finalize commercialization of the new furnace
- Run operational excellence program
- Develop additional products to drive margin and competitive differentiation



Packaging

Steering towards growing niches

- Develop new segments to diversify from the current mature business
- Modernize production lines to develop cost advantage



#1 Point of departure



#2 Point of arrival



**Build future-proof
business**



**Develop as a modern
chemical company**



**Optimize value
for stakeholders**

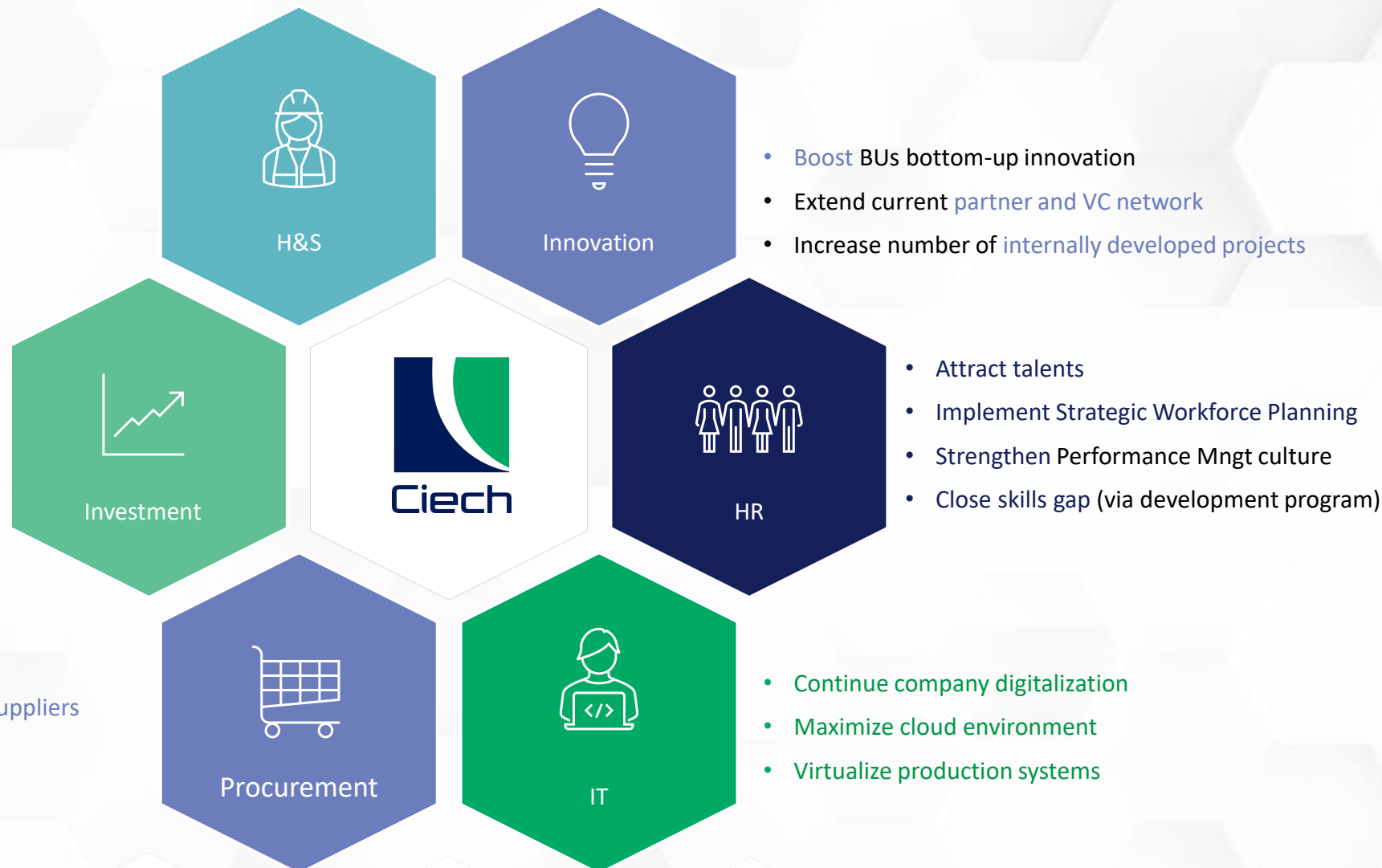


Develop as a modern chemical company

- Build **strong and modern H&S team**
- Implement **ISO certified H&S mngt standard**
- Improve **infrastructure quality**

- Expand internal **engineering capabilities**
- **Optimize CAPEX control** via digital solutions
- Streamline **Capital Allocation** process

- Optimize procurement from non-strategic suppliers
- Develop procurement team
- Implement **Material Resource Planning**





Develop as a modern chemical company

H&S Ambition:

-30%

**in accident frequency
by 2024**



Full senior mngt commitment



Safety culture supported by modern H&S team



Drive 'safety first' mindset and actions (e.g., clear KPIs, regular safety inspections by plant managers)

5S

5S rollout across installations



Implementation of data driven injury risk management



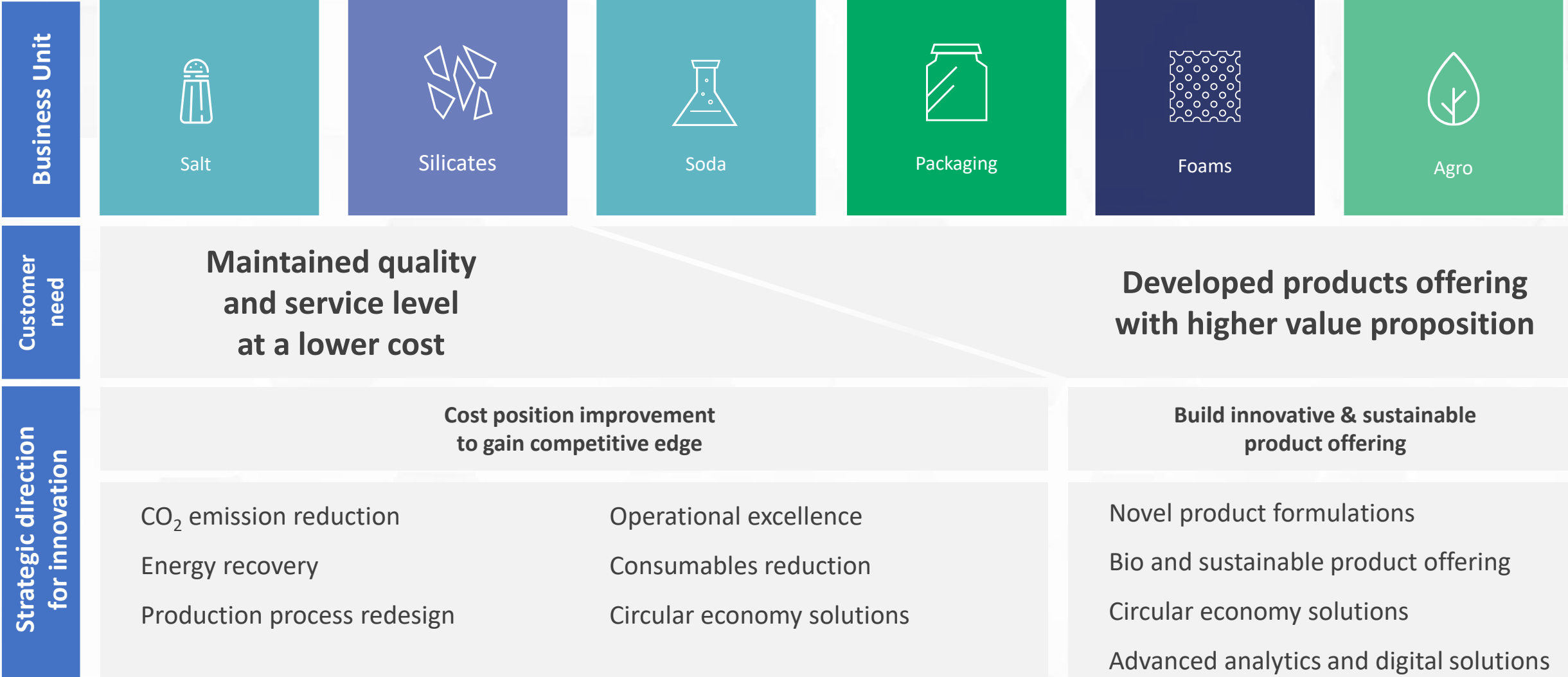
Infrastructure improvement projects



Improved safety communication and training offering

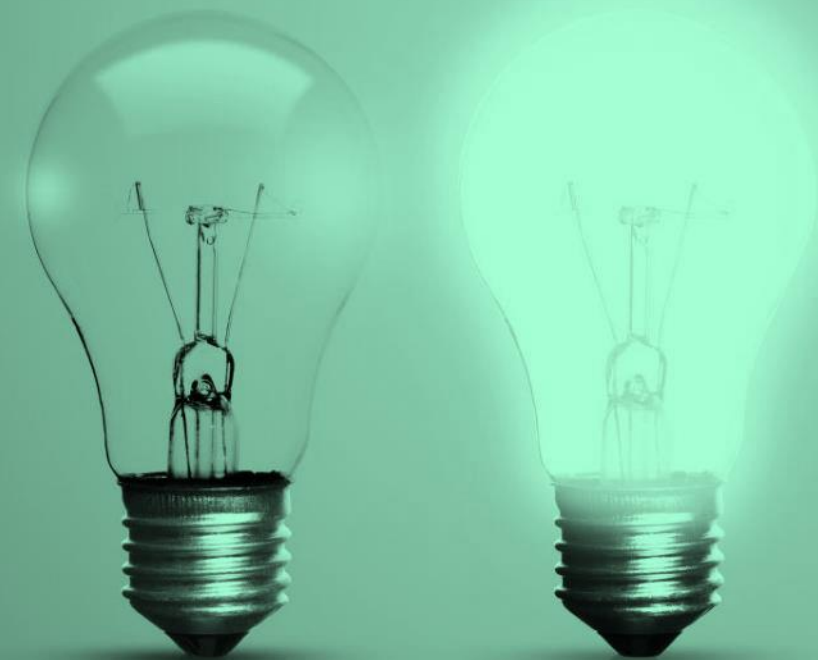
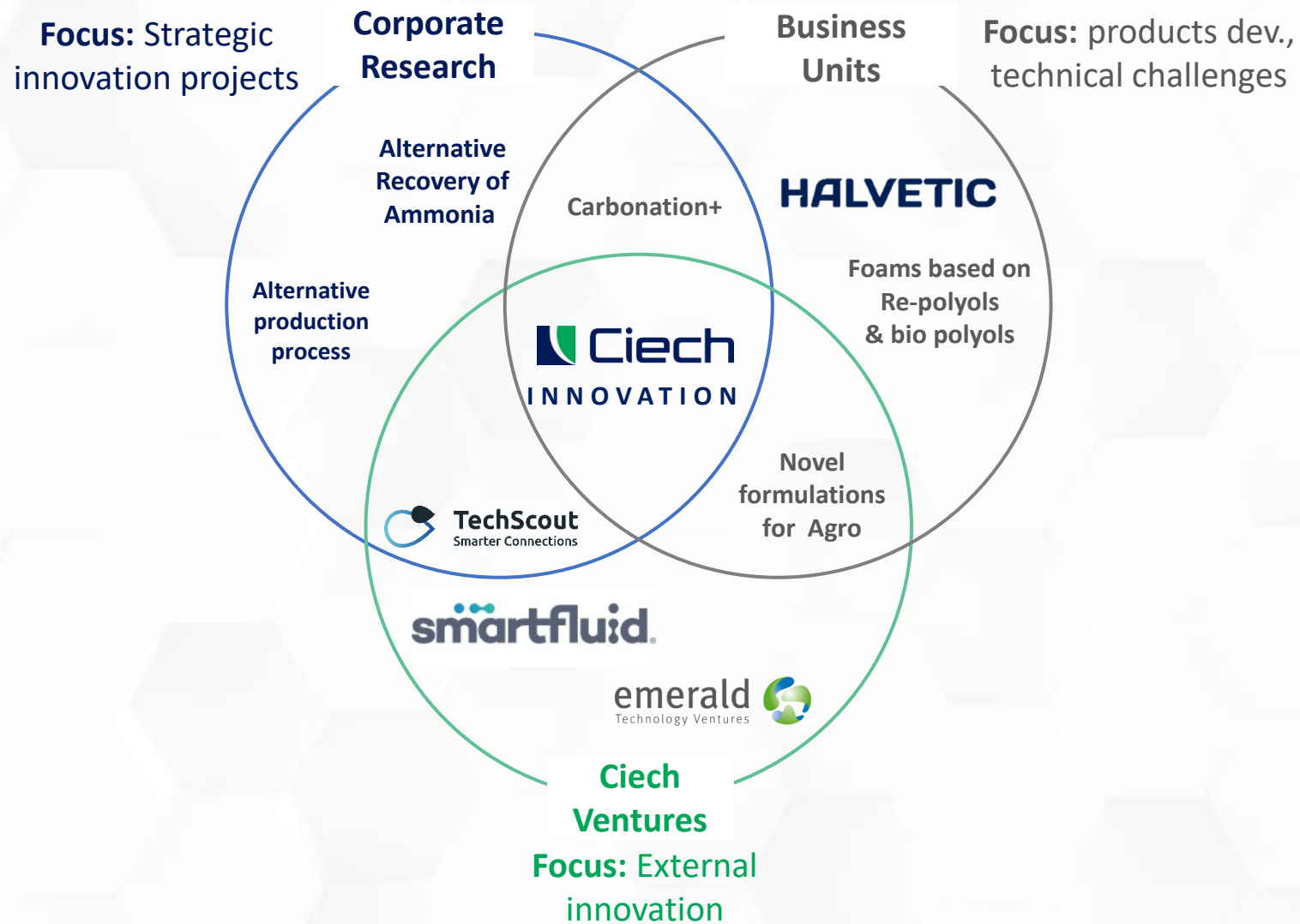


Develop as a modern chemical company





Develop as a modern chemical company





Develop as a modern chemical company



Develop as a modern chemical company



Responsibility



Organization

Performance tracker





#1 Point of departure



#2 Point of arrival



**Build future-proof
business**



**Develop as a modern
chemical company**



**Optimize value
for stakeholders**



Optimize value for stakeholders





Optimize value for stakeholders

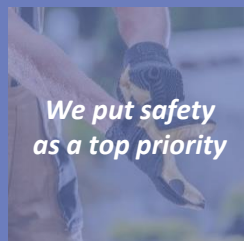
Our commitments Selected ESG goals

E



- **-33% CO₂ emission** by 2026 against 2019 levels
- **Carbon neutrality by 2040**
- **Eliminate coal** by 2033
- Generate **less waste** and consume less raw materials

S



- We aim for **zero accidents**
- **Eliminate gender pay gap**
- **Pay for performance** culture
- Foster **diversity**

G



- **Min. 70% of spend with full ESG analysis**
- We **align with the global goals** and targets
- We build a **sustainability culture** across all levels of the organization

For further details please refer to our ESG strategy

<https://ciechgroup.com/esg/>

This elaboration has been prepared solely for information purposes; it contains only summary information and estimations, does not purport to contain all the information in scope falling within this document or to be exhaustive, nor is it intended to be the sole basis for any analysis or evaluation. CIECH S.A. does not make any assurances (express or implied) as to the information presented in this elaboration, and you should not rely on any information contained in this document, including the forecasts, estimates and opinions contained herein.

The recipient agrees and acknowledges that this presentation is not intended to form the basis of any investment decision by the recipient and does not constitute financial investment, or any advice. CIECH S.A. does not accept any responsibility for any errors, omissions or irregularities contained herein. The sources of information used herein are considered by CIECH S.A. credible and accurate, however, there is no guarantee that they are comprehensive and fully reflect the facts and it must be assumed that the information contained in this presentation may be subject to change, material change not excluding.

This elaboration does not constitute an advertisement, or any offer of securities in public trading. This elaboration may contain forward looking statements that constitute an investment risk or a source of uncertainty and may significantly differ from the actual results. CIECH S.A. is not liable for the effects of any decision taken based on this elaboration. Such responsibility lies solely with the user of this elaboration.

This elaboration is subject to protection under the Copyright and Related Rights Act. It cannot be reproduced, published or disseminated unless with the written consent of CIECH S.A.