



INTERNAL FACTORS



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In line with the Strategy until 2020, the main objective of the Group's development initiatives is to improve its competitive position and reduce exposure to negative macroeconomic factors, such as growing costs of energy and environmental protection.

In the Fertilizers segment, the key initiatives will focus on the optimisation of production structure, and on leveraging the segment's synergies with caprolactam production. The Group plan to increase the output of granulated fertilizers, reduce production costs, and improve the quality of fertilizers.

In the Plastics segment, the key initiatives will be aimed at increasing the output of polyamides, balancing the production capacities for caprolactam and polyamides, and reducing caprolactam production costs. The main goal is to utilise the caprolactam output of the entire Group in a more efficient manner, to increase sales of caprolactam, and to reduce costs of its production.

In the Oxoplast segment, the range of plasticizers will be expanded to include next-generation products - non-phthalate plasticizers.

In the years ahead, the focus will be on projects related to power assets upgrading. The plants in Tarnów, Police, and Puławy will be brought in line with the requirements of the IED Directive on industrial emissions, and a new energy source will be built at the Kędzierzyn plant.

STRENGTHS

- › Nature of the business – revenue is derived from segments characterised by various seasonality and economic cycles (fertilizer products, B2B products, products used for reduction of noxious gas emissions). By diversifying the product portfolio, the Group is able to apply its financial resources to particular areas of operations, to reflect conditions prevailing in individual market segments.
- › High level of technological integration.
- › Leading position in the domestic market.
- › Diversified gas supplies; the Group's strong bargaining position thanks to centralized procurement of natural gas.
- › Stronger bargaining power in joint purchases of petrochemical feedstock, energy, and coal, enabling the Group to reduce costs.
- › Complementary range of mineral fertilizers and development of the product portfolio to increase the share of speciality fertilizers.
- › Own logistics terminals, including sea terminals.

WEAKNESSES

- › Geopolitical situation of Poland, resulting in relatively high costs of energy, including cost of gas,
- › Products are manufactured within the processing chain, and are subject to pressures from both upstream and downstream segments, with limited possibility of earning large margins.