

OPERATING EXPENSES

In 2014, operating expenses were PLN 9,457,859 thousand, up by PLN 21,905 thousand year on year. A considerable increase was recorded in services (up by PLN 163,280 thousand) and salaries and wages, including overheads, and other benefits (up by PLN 158,680 thousand). Concurrently, raw materials and consumables used declined (by PLN 368,450 thousand). The changes are attributable to the adopted procurement optimisation strategy leveraging the scale of Grupa Azoty as a major consumer.

OPERATING EXPENSES BY NATURE

[XLS](#)

	2014	2013 * restated	change	% change
Depreciation and amortisation	520,175	548,123	(27,948)	(5.1)
Raw material and consumables used	6,259,092	6,627,542	(368,450)	(5.6)
Services	1,038,684	875,404	163,280	18.7
Salaries and wages, including overheads, and other benefits	1,214,488	1,055,808	158,680	15.0
Taxes and charges	299,088	230,699	68,389	29.6
Other costs by type of expense	126,332	98,378	27,954	28.4
TOTAL	9,457,859	9,435,954	21,905	0.2

Source: Company data.

RAW MATERIAL AND CONSUMABLES USED

In 2014, the cost of raw material and consumables used was 5.6% lower year on year. Among other factors, this decrease was attributable to lower prices of basic commodities.

RAW MATERIALS AND CONSUMABLES USED AT THE GRUPA AZOTY GROUP

[XLS](#)

	2014	2013 * restated	change	% change
Parent	937,404	1,007,121	(69,717)	(6.9)
Grupa Azoty ZAK Group Grupa Azoty ZAK Group	1,470,917	1,474,390	(3,473)	(0.2)
Grupa Azoty ZAK Group Grupa Azoty POLICE	1,438,138	1,729,061	(290,923)	(16.8)
Grupa Azoty ZAK Group Grupa Azoty PUŁAWY Group	2,199,408	2,236,427	(37,019)	(1.7)
Other Group companies	213,225	180,543	32,682	18.1
TOTAL	6,259,092	6,627,542	(368,450)	(5.6)

Source: Company data.

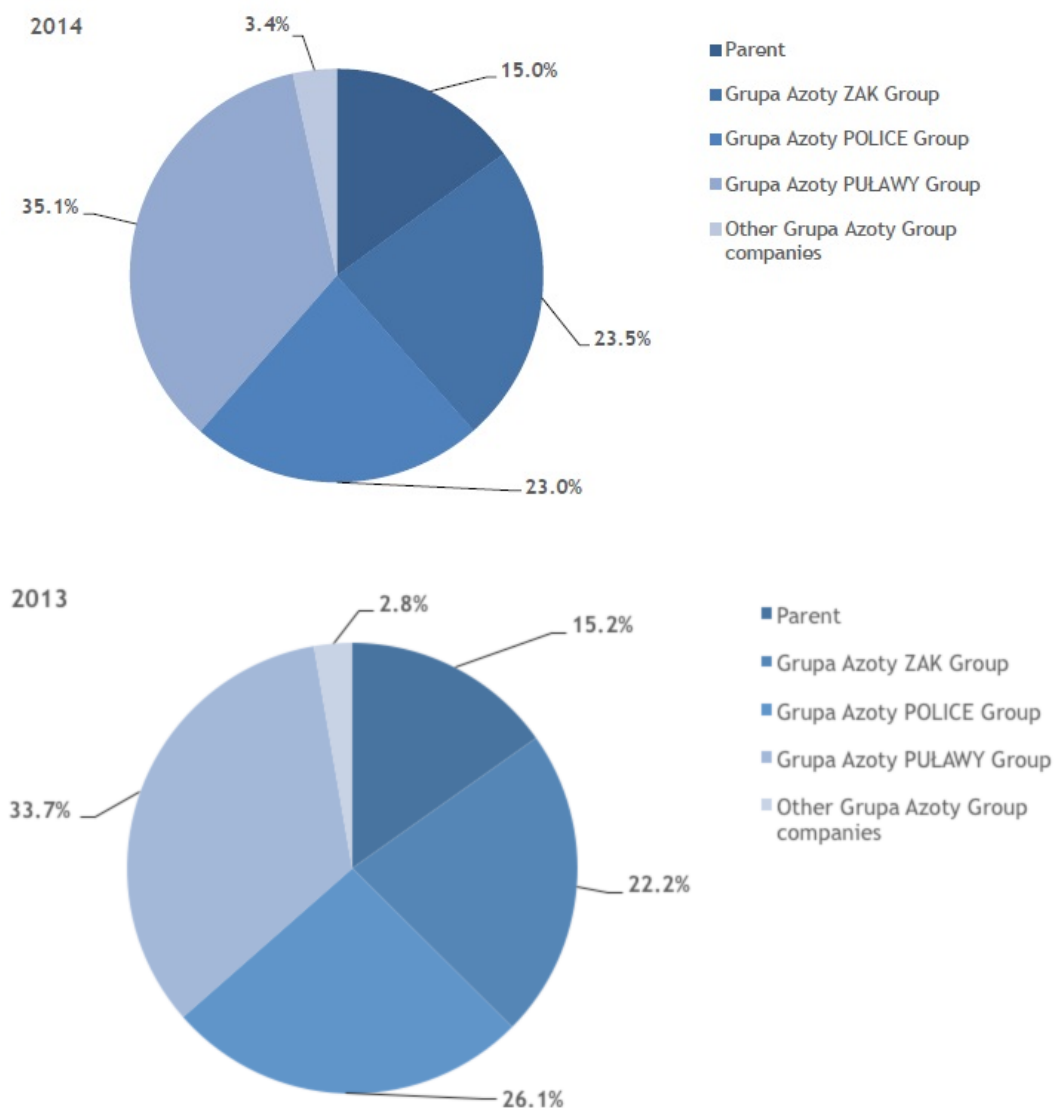
The Grupa Azoty PUŁAWY Group accounted for the largest share of raw material and consumables used in 2014, which translated into its largest share in the corresponding costs (35.1% of the total costs of raw material and consumables incurred by the Grupa Azoty Group).

The Grupa Azoty POLICE Group incurred costs of PLN (1,438,138) thousand (23.0% of total costs of raw material and consumables used).

The Parent's costs fell 6.9% year on year, to PLN 937,404 thousand.

Other Group companies accounted for 3,4% of the total costs.

STRUCTURE OF RAW MATERIALS AND CONSUMABLES USED AT THE GRUPA AZOTY GROUP



Source: Company data.

OTHER COSTS BY TYPE OF EXPENSE

Expenses, net of raw material and consumables used, represented 33.8% of total expenses in 2014 (2013: 29.8%).

STRUCTURE OF OTHER COSTS [%]

XLS

	2014	2013 * restated
Depreciation and amortisation	5.5	5.8
Services	11.0	9.3
Salaries and wages, including overheads, and other benefits	12.8	11.2
Taxes and charges	3.2	2.4

Other costs by type of expense	1.3	1.0
TOTAL	33.8	29.8

Source: Company data.

An analysis of changes in the structure of other costs reveals:

- › higher costs of labour,
- › higher costs of services,
- › higher taxes and charges,
- › higher other expenses,
- › lower share of depreciation/amortisation in the global cost structure.