

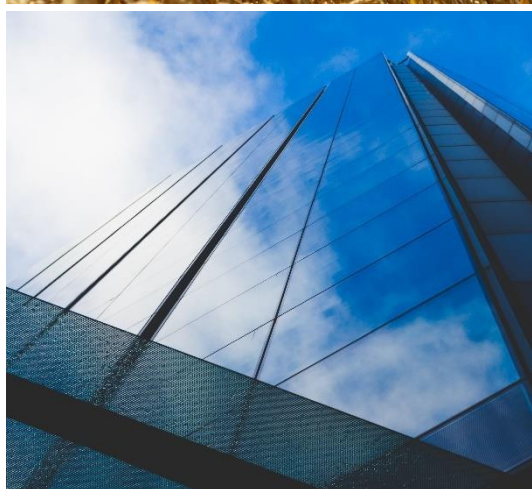


www.ciechgroup.com

Financial results for 2016

Warsaw, 20 March 2017

2016 – executive summary



PLN 877 m

Adj. EBITDA

+17,2%

Adj. EBITDA growth

25,4%

Adj. EBITDA margin

Sale of additional volumes of soda ash under the Soda +200 investment

Completion of the investment in the increase of production capacity of glassy sodium silicate at CIECH Vitrosilicon

Intensified sales of AGRO products abroad

Development of the product portfolio in terms of salt and baking soda

CIECH S.A. has been listed on the Frankfurt Stock Exchange since 23rd August 2016 (dual listing)



EBITDA (Z) – adjusted for untypical one-off events: valuation of investment property at fair value: PLN 14.3 million; costs of unused production capacity: PLN -4.8 million; costs of written-off development activities: PLN -2.2 million; gain on disposal of non-financial non-current assets: PLN 2.0 million; change in impairment losses on assets: PLN -1.5 million; other: PLN -0.8 million.

The background of the slide is a close-up, slightly out-of-focus photograph of numerous clear glass bottles, likely for water or soda, arranged in rows. The bottles are empty and have a standard shape with a narrow neck and a wider body. The lighting is soft, creating gentle reflections on the glass surfaces.

1. Most important events of 2016

2. Financial results for 2016

3. Outlook for next quarters

Soda segment



Completion of the Soda+200 investment and effective sales of additional soda ash volumes

Securing of technological steam deliveries in Romania

Maintenance of attractive contract prices of soda sold from Poland and Germany

Development of specialized products in the scope of salt and baking soda



Intensification of production and effective sales of dry salt (mainly salt tablets)



Branding of soda products

Strengthening of relationships with customers

Organic segment



Growth in foreign sales of AGRO products – yoy growth of export revenue doubles

Effective pre-season sales
in Q4 2016

New ZIEMOVIT product line

Improved profitability
of resins through
portfolio optimization
towards products with
higher margins



Expansion of AGRO sales structures in Poland

Successive registration
of products in Poland
and abroad



Taking part in the process of potential transaction of purchase
companies from SAPEC group, concerned with the production
of crop protection products and supplements for plants

Silicates and glass segment



Introduction of new lantern product lines
(change of product portfolio structure)

Very high competition in the
segment of glass packaging

Completion of
investments and
enhancement of sodium
silicate production
capacity at CIECH
Vitrosilicon

Commencement
of long-term
contract with
Solvay



Higher silicate production efficiency in
Romania thanks to modernization of the
production system in 2015



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Record adj. EBITDA

[PLN million]	2016	2015	yoy	4Q2016	4Q2015	yoy
Revenue	3 455	3 273	5.6%	908	815	11.5%
Gross profit on sales	1 040	866	20.1%	281	214	31.5%
Gross profit on sales margin	30.1%	26.4%	3,7 p.p.	30.9%	26.2%	4,7 p.p.
EBIT	660	490	34.8%	162	109	48.1%
EBIT margin	19.1%	15.0%	4.1 p.p.	17.9%	13.4%	4,5 p.p.
EBITDA	884	708	24.9%	222	165	34.4%
EBITDA margin	25.6%	21.6%	4.0 p.p.	24.4%	20.3%	4,1 p.p.
Adjusted EBITDA	877	748	17.2%	230	169	36.5%
Adjusted EBITDA margin	25.4%	22.9%	2.5 p.p.	25.3%	20.7%	4.6 p.p.
Net result*	594	346	71.7%	174	88	98.3%
Net margin*	17.2%	10.6%	6.6 p.p.	19.2%	10.8%	8.4 p.p.

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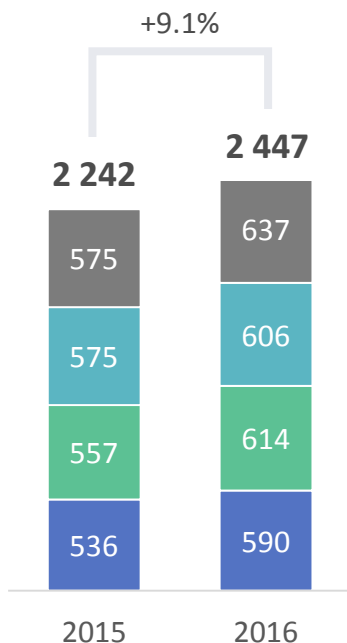
* Net result for 2016 was also affected by one-off (91 mln PLN) as recognition of additional deferred tax asset connected with business operation in the area of the Pomeranian Special Economic Zone by subsidiary (CIECH Soda Polska)

Results vs. consensus

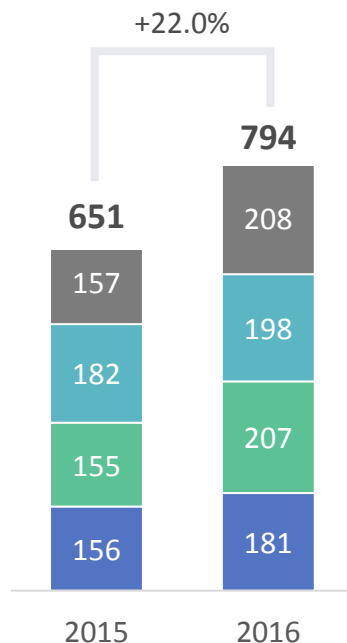
[mln PLN]	Q4 2016	Consensus Q4 2016	Range of forecasts Q4
Revenues	908	866	825 – 900
EBIT	162	159	148 – 171
EBIT margin	17.9%	18,4%	17.2% - 19.6%
EBITDA	222	215	203 - 225
EBITDA margin	24.4%	24.9%	23.6% - 26.3%
Adjusted EBITDA	230	215	203 - 225
Adjusted EBITDA margin	25.3%	24.9%	23.6% - 26.3%
Net result	174	125	108 – 157
Net margin	19.2%	14.4%	12.5% - 17.9%

Soda segment

Revenues [mPLN]



Adj. EBITDA [mPLN]



Positive:

- Higher volumes of soda sales thanks to Soda+200 investment
- Maintenance of attractive selling prices of soda from Poland and Germany
- Change of offered product assortment
- Favorable currency situation – weakening of PLN and RON
- Lower prices of furnace fuel (coke) and energy carriers (coal, gas) for most of the year
- Higher production efficiency, lower environmental costs (CO₂)
- Growth in dry salt (mainly salt tablets) sales volume due to growing demand and enlargement of market share; maintenance of sales volume prices despite strong competition

Negative:

- Lower sales volume from Romania, mainly as a consequence of shutting down the installation in August and growth in technological steam prices
- Poor conditions in the Chinese soda ash market resulting in the maintenance of low prices offered by Chinese soda suppliers in overseas markets in which the CIECH Group operates (during the first six months of the year)

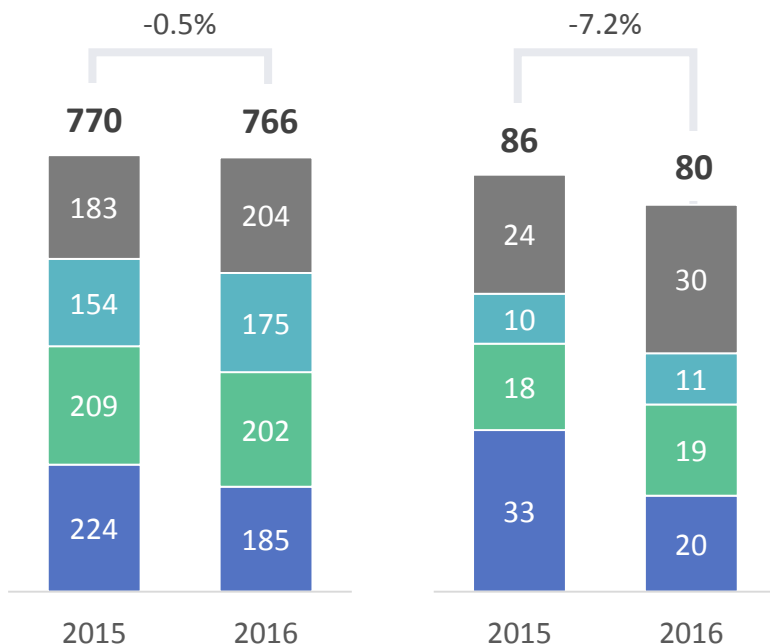
Share in total revenues (main products)

Dense soda ash	41.5%
Light soda ash	13.0%
Salt	5.2%
Sodium bicarbonate	4.7%

Organic segment

Revenues [mPLN]

Adj. EBITDA [mPLN]



Q1

Q2

Q3

Q4

Positive:

Crop protection products – higher sales in Q3, mainly thanks to glyphosate sales (in connection with favorable weather conditions); effective pre-season sales in Q4

Resins – growth in margin thanks to the intensification of the manufacture of products for specialized applications; development of saturated polyester resin sales

Foams – growth in the sales volume as a result of an increase in demand from upholstery furniture and mattress producers; improved production efficiency

Negative:

Crop protection products – lower yoy sales due to a drop in the domestic market (-5.4% sezon to sezon), source: PASM); shift in accounting of EU subsidies for farmers; drop in agricultural production profitability; freezing weather in Q1

Resins – lower revenues from unsaturated polyester resin sales (due to the lack of EU subsidies); aggressive price competition due to significant pressure from Asian manufacturers

Foams – reduction in average market prices caused by the aggressive actions of competitors (slowed by the rise in prices of primary raw materials in mid-2016)

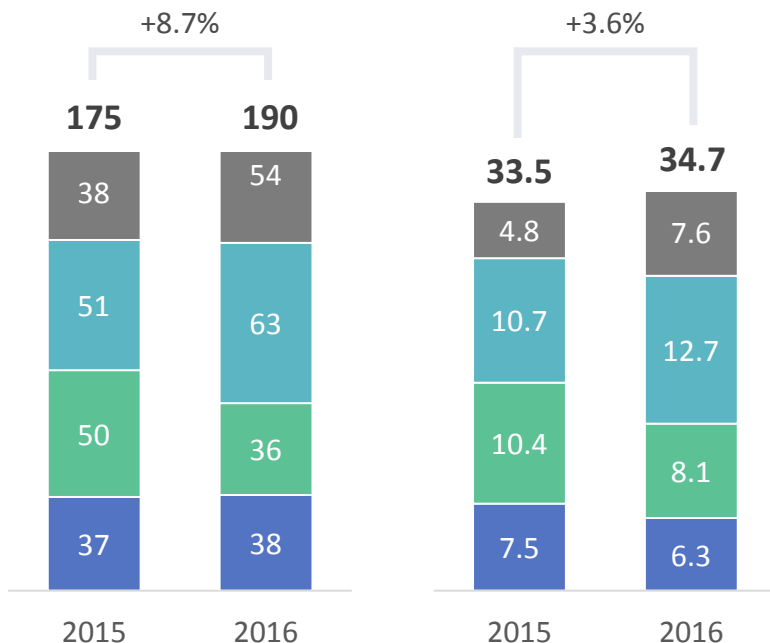
Share in total revenues (main products)

Resins	8.6%
PUR foams	7.1%
Crop protection chemicals	6.0%

Silicates and glass segment

Revenues [mPLN]

Adj. EBITDA [mPLN]



Positive:

Silicates – higher sales volume of sodium silicates from the new furnace; improvement of sodium silicate sales in Romania as a result of the modernization of the production installation implemented in 2015 and 2016; stable sales of potassium silicates despite a standstill in the segment of oil and gas exploration

Lanterns – stabilization in the market of lanterns for vigil lights at the level of 2015.

Jars – change of assortment (introduction of new product patterns)

Favourable influence of weakening of PLN against EUR

Negative:

Silicates – standstill connected with the switching from the old to a new sodium silicate production furnace and start-up of the installation; aggressive activities of the competitors in the sodium silicate market due to a significant underuse of the production capacity

Lanterns – oversupply of lanterns on the market, greater discounting by the competition, increased supply of imported glass

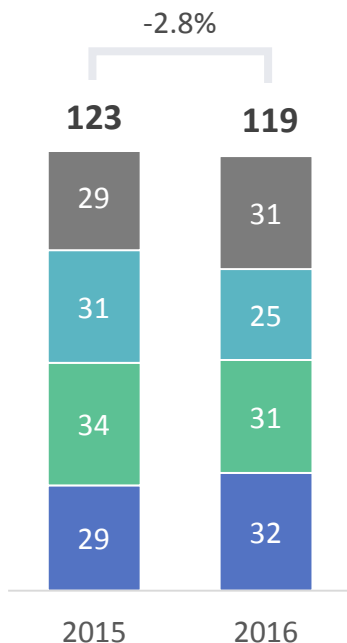
Jars – further price pressure, high quality requirements

Share in total revenues (main products)

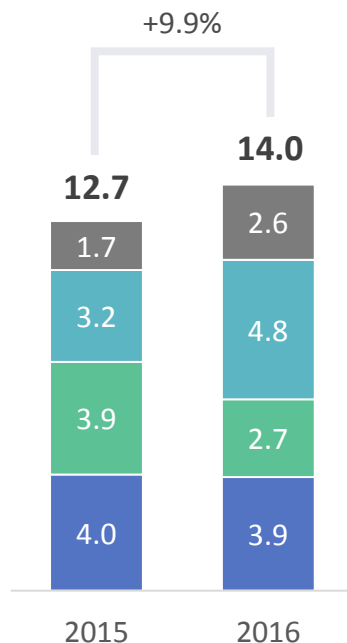
Sodium silicates	3.1%
Potassium silicates	0.1%
Packaging glass	2.2%

Transport segment

Revenues [mPLN]



Adj. EBITDA [mPLN]



Q1

Q2

Q3

Q4

Positive:

Takeover of coal dust and coke deliveries for CIECH Soda Polska from external contractors

Takeover of railway siding service at CIECH Sarzyna from external contractors

Negative:

Suspension of infrastructural investments and lower sales of services outside the Group (transport of aggregates)

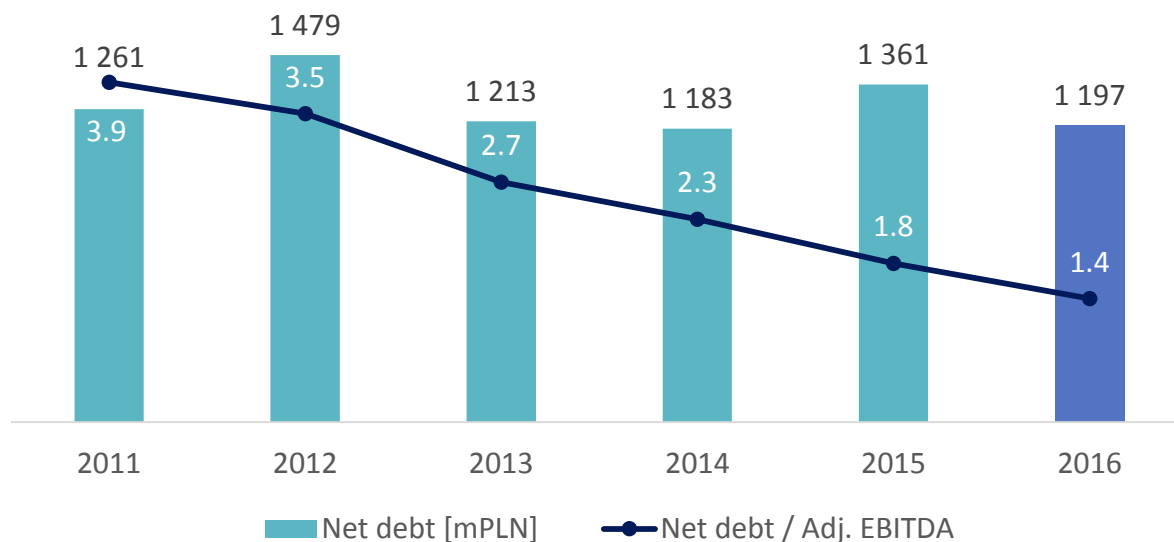
Shrinking of the railway market, as measured by the weight of freight shipped in 2016 (by 1.1% YOY)

Lower shipments of coal (due to energy reserves) and aggregates (slowdown in the industry due to delays in procurement proceedings for road and railway investments)

Hampered development of shipping activity due to overhauls in the PLK network

Discontinuation of CIECH Transclean activity at the end of Q2

Debt



The Group systematically reduces its debt. At the end of 1H16, the net debt index / EBITDA (Adj.) amounted to 1.4

Thanks to the refinancing of the debt, the Group's costs of debt servicing were much lower in 2016

[thousand PLN]

	At the end of 2016	At the end of 2015
Debt ratio	60.8%	66.0%
Long-term debt ratio	37.7%	46.7%
Equity capital debt ratio	155,3%	194,5%
Gross financial liabilities	1 610 867	1 564 247
Net financial liabilities	1 196 498	1 361 312

Cash flow

[mPLN]	2016	2015
EBITDA	884	708
Working capital	97	-97
Interest paid	-55	-127
Taxes paid	-54	-22
Others	-35	-5
Cash flow from operating activities	837	457
CAPEX	-490	-504
Other	45	17
Cash flow from investment activities	-446	-486
Free cash flow	391	-29
Debt financing	-27	230
Dividend	-150	0
Other	0	-47
Cash flow from financial activities	-178	183
Total net flow	214	154
Closing balance of cash	414	203

Operating activity

- Mainly higher operational results, change in the trade working Capital and lower interests
- Others include mainly an adjustment for the change in valuation of investment real estate and caverns

Operating activity

- Expenses connected with the implemented investment programme were a little bit lower than in the previous year

Financial activity

- Payments under financial lease agreements
- Payment of dividends



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Activities related to soda ash

Continuing to build strong customer relationships



Close relationship with end users



Maintenance of cost competitiveness through process optimization, improvement of production output and raw materials management



Further expansion onto international markets (e.g. Africa, Brazil, Mexico, South America)

Development of logistical capacities, including takeover of customers' warehouse management

Development of container sales activity



Further development of specialized products

Introduction of new AGRO products

Extension of applications of current AGRO products through intensive R&D activity

Potential acquisition projects

Next AGRO products and active substances registered in the European Union

Further development of the resins portfolio towards more specialized products

Strengthening brand recognition of CIECH and Chwastox



Development of new salt products

Expansion of the foams portfolio

Intensification of salt tablet production and work on increasing share in the Polish market

Development of the sodium bicarbonate portfolio towards products with even higher margins – focus on dialysis soda



Execution of further investment projects

Examples of projects making up CAPEX in 2017

Project	Segment	Goal
Expansion of salt products warehouse	Soda	Greater warehouse capacity and higher logistical efficiency of facilities
Development of soda for dialysis in Germany	Soda	Incorporation of dialysis soda into the portfolio – the most specialized baking soda
Enhancement of salt tablet production capacity	Soda	Greater sales of salt tablets, a product with a high margin
R&D activity and registration processes conducted in the AGRO area	Organic	New applications of existing products and registration of new products (plant protection products and active substances)
Desulfurization and denitrification system for power plants in Poland	Soda	Fulfillment of EU requirements concerning SO _x and NO _x
Implementation of SAP (latest SAP ERP system model)	Group-wide	Standardization and optimization of business processes

We are currently analyzing a series of various projects, and if the analysis phase shows certain projects to be profitable and attractive – we do not exclude their implementation



Modern and diversified chemical group on a stable progress path



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