



Ciech

**Financial results
for 3Q 2015**

Warsaw, November 20th 2015

A high-angle, night-time photograph of an industrial plant. The scene is dominated by a complex network of metal pipes, walkways, and structural beams, all illuminated by bright, cool-toned spotlights. The lighting creates strong highlights and deep shadows, emphasizing the intricate geometry of the facility. In the background, a large, dark structure, possibly a building or a large storage tank, is visible against the dark sky. The overall atmosphere is one of a busy, operational industrial environment.

1 Characteristics of CIECH Group

2 Key events in 3Q 2015

3 Results of CIECH Group in 3Q 2015



70 years on global markets

The CIECH Group is one of the leaders in the European chemical market. It comprises 8 production plants, commercial companies and service providers.

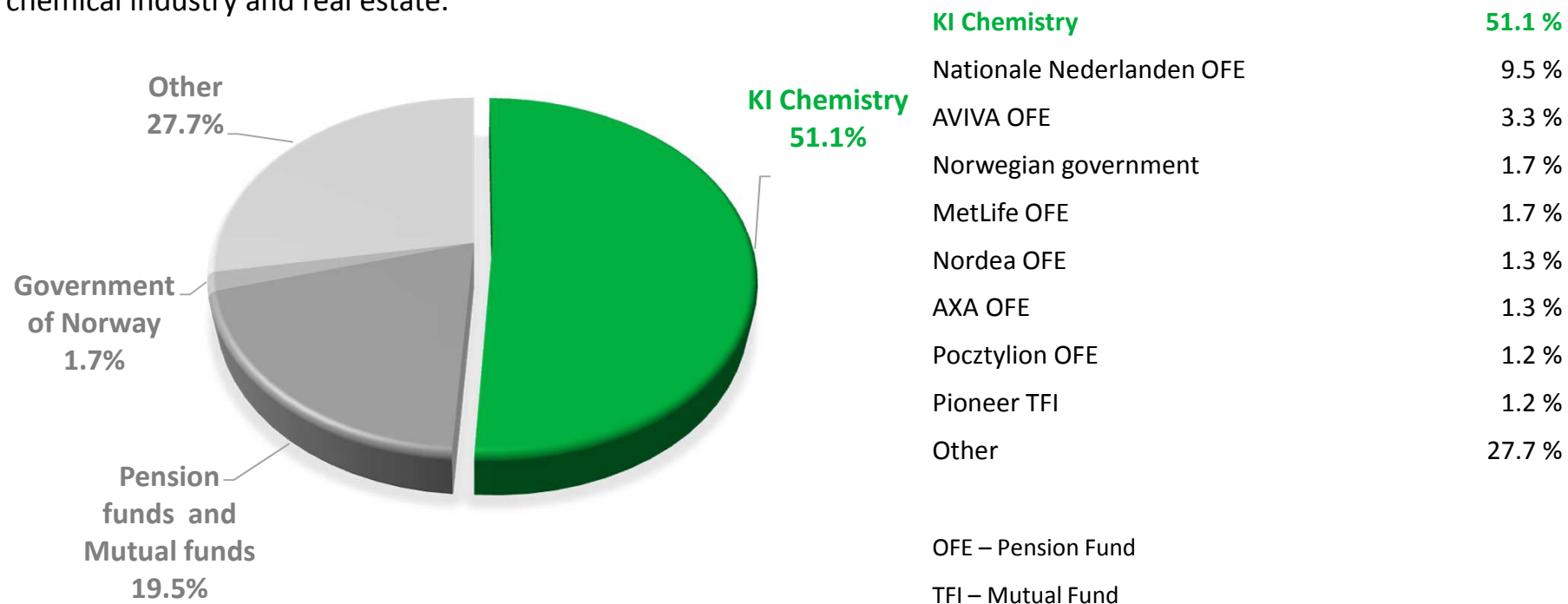
The main products of the CIECH Group are: soda ash (second largest supplier in Europe), sodium bicarbonate, salt, epoxy and polyester resins, AGRO products, glass products and other chemical products. The above are used e.g. in glass, food and furniture industry, in the manufacturing of detergents, as well as in agriculture and construction industry.

The CIECH Group operates in four segments

	Soda segment	Organic segment	Silicates and glass segment	Transportation segment
Companies	<p>CIECH Soda Polska CIECH Soda Deutschland CIECH Soda Romania</p>	<p>CIECH Sarzyna CIECH Pianki</p>	<p>CIECH Vitrosilicon</p>	<p>CIECH Cargo CIECH Transclean</p>
Products Services	<p>soda ash sodium bicarbonate vacuum salt</p>	<p>epoxy resins, saturated and unsaturated polyester resins, crop protection products polyurethane foams</p>	<p>lanterns and jars, sodium and potassium silicates</p>	<p>transport services, forwarding services, load handling, siding, lease of train carriages</p>
Recipients	<p>glass industry, detergents, food industry, pharmaceutical industry and household articles</p>	<p>agriculture, production of furniture and paints</p>	<p>chemical, food industry, manufacturing of detergents and paints, household products</p>	<p>mainly CIECH Group companies</p>
Markets	<p>global, European, domestic</p>	<p>global, European, domestic</p>	<p>global, European, domestic</p>	<p>domestic</p>

Since 9th June 2014, KI Chemistry (Kulczyk Investments Capital Group) has been the majority shareholder of CIECH

Kulczyk Investments is an international investment company, focused on investment opportunities in global emerging markets. The strategic industries of Kulczyk Investments are natural resources, energy, infrastructure, chemical industry and real estate.



The shareholders' structure is based on the list of shareholders presented during the Ordinary Shareholders' Meeting on 30th June 2015 and a specification of the shares of OFE in public companies as at 31st December 2014. Before 17th November 2015, the aforementioned shareholders did not announce any changes in their shares of the share capital according to Art. 69 of the Law on Public Offering.

An aerial photograph of an industrial plant, possibly a refinery or chemical processing facility, with various buildings, pipes, and smokestacks. The image is overlaid with a semi-transparent green banner in the center containing the text "Key events in 3Q 2015".

Key events in 3Q 2015

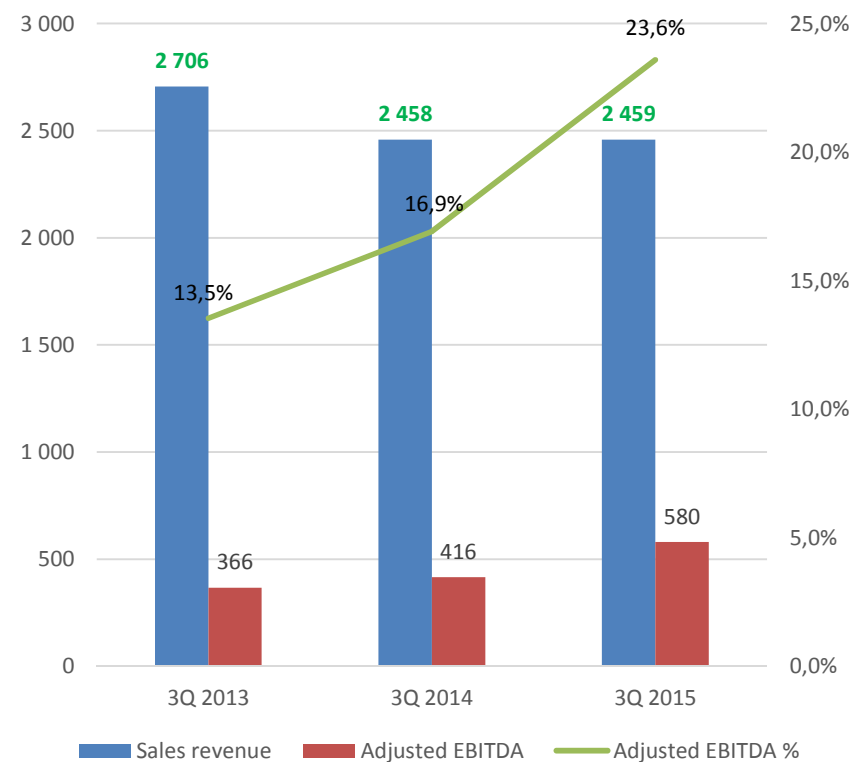
Area	Activity
<p>Management</p>	<ul style="list-style-type: none"> Changes in the composition of the Supervisory Board and Management Board
<p>Sales and marketing</p>	<ul style="list-style-type: none"> Restructuring of CIECH Sarzyna – continuation of the project Marketing campaign of Agrosar (plant protection chemical), working on new products development in Organic segment Optimisation of client portfolio in CIECH Pianki
<p>Development</p>	<ul style="list-style-type: none"> Launch of sodium silicates capacity expansion project in order to meet increased demand from Solvay (contract with Solvay concluded in December 2014) Negotiation process of contracts for denitrification (deNOx) and desulphurisation (deSOx) of exhaust gasses at Janikowo and Inowrocław
<p>Finance</p>	<ul style="list-style-type: none"> Process of refinancing of the CIECH Group Financial restructuring of CIECH Soda Romania (debt-to-equity swap)

A photograph of an industrial facility at night, illuminated by artificial lights. The scene shows various structures, including buildings, pipes, and tall distillation columns. A prominent green horizontal bar is overlaid in the center, containing the text "Results of CIECH Group in 3Q 2015".

Results of CIECH Group in 3Q 2015

Significant improvement on all P&L levels

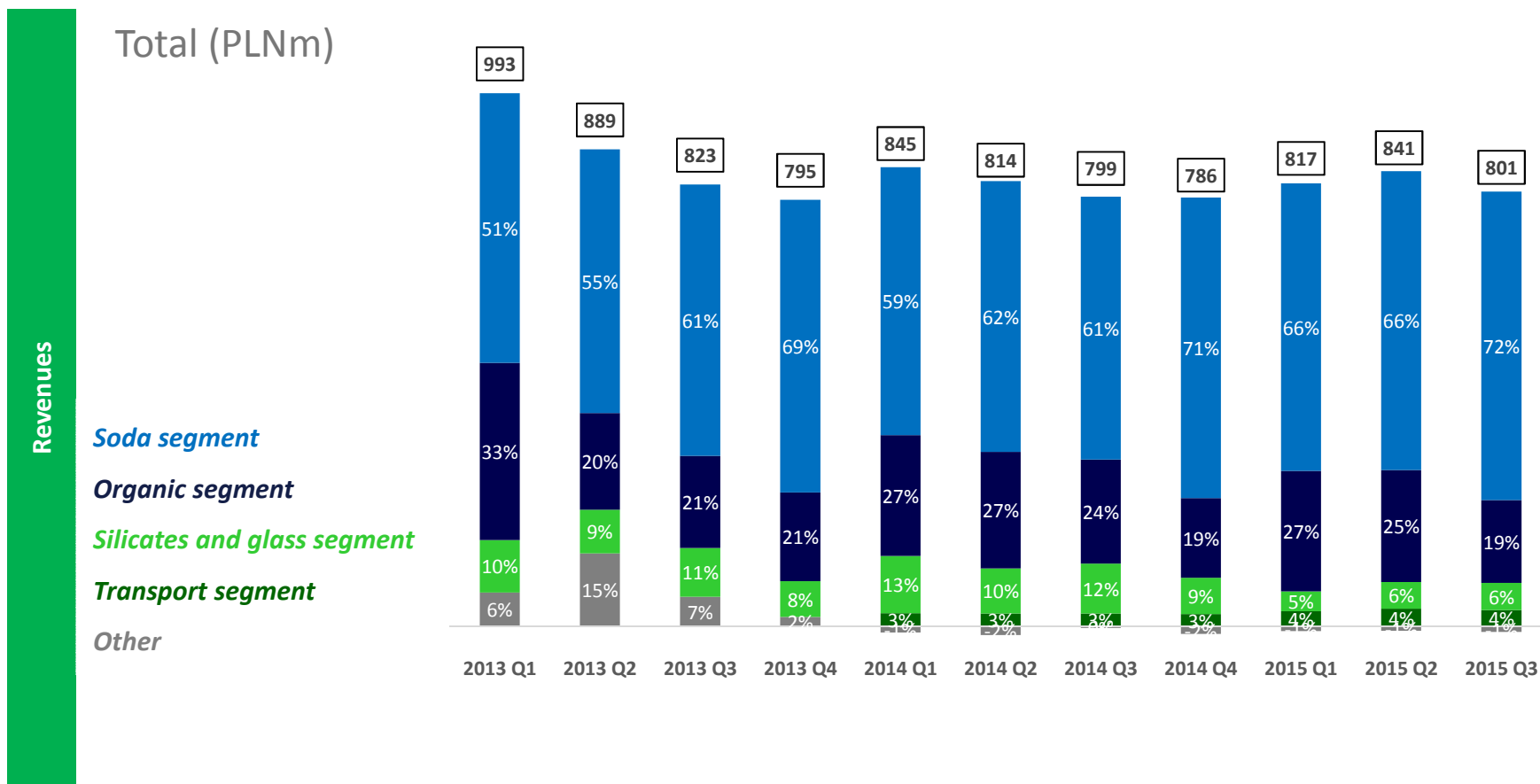
PLNm	3Q 2015	3Q 2014	3Q 2013	FY y/y
Sales revenue	2 459	2 458	2 706	1
Gross margin	669	545	474	125
Gross margin %	27,2%	22,2%	17,5%	5,0 pp.
EBIT	380	231	176	150
EBIT %	15,5%	9,4%	6,5%	6,1 pp.
EBITDA	543	381	334	162
EBITDA %	22,1%	15,5%	12,4%	6,6 pp.
Adjusted EBITDA	580	416	366	164
Adjusted EBITDA %	23,6%	16,9%	13,5%	6,7 pp.
Net result	258	55	61	203



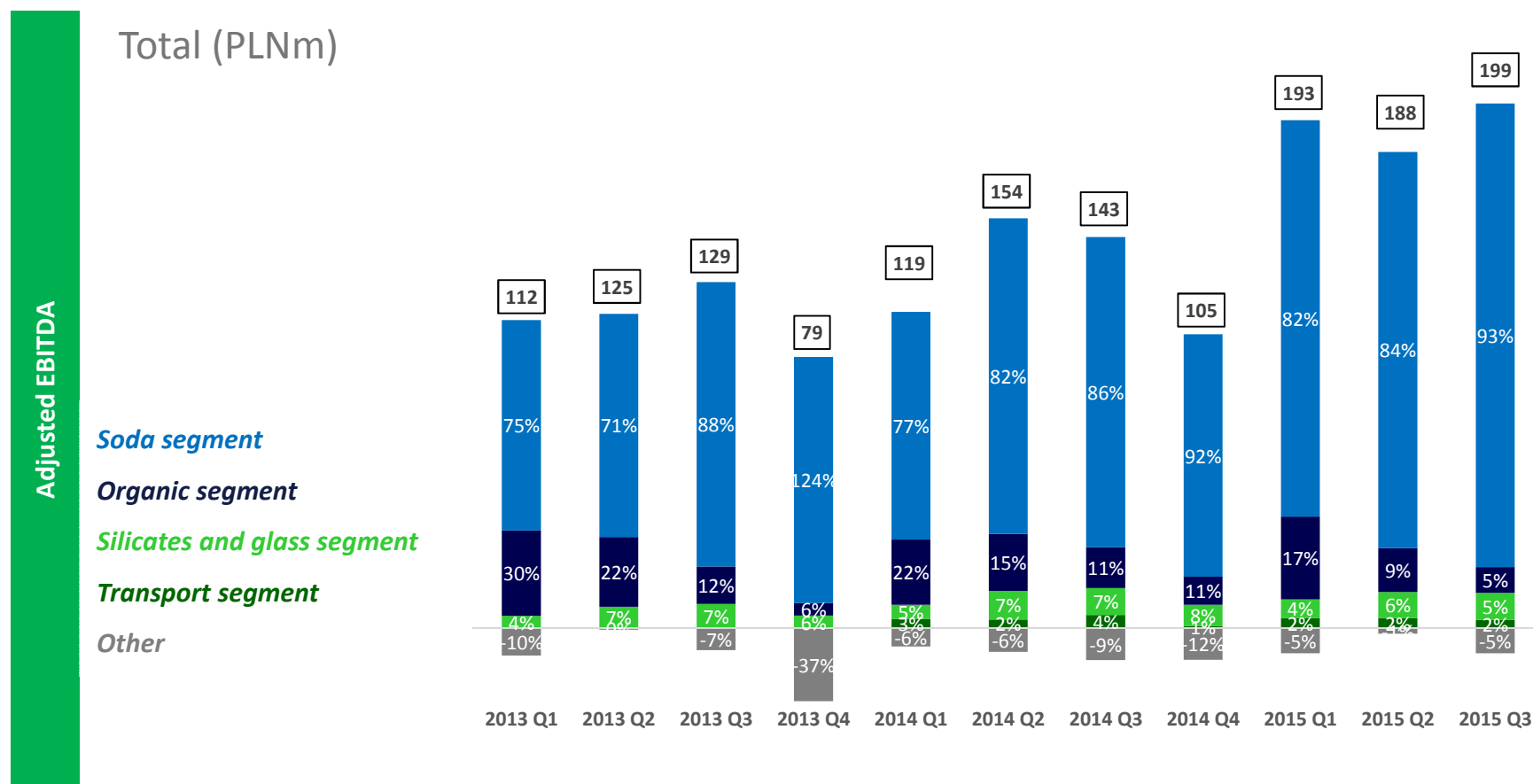
EBITDA in Q3 2015 exceeded analysts' expectations

PLNm	Results Q3 2015	Consensus Q3 2015*	Consensus range Q3 2015
Sales revenue	801	834	791 – 883
Gross margin	140	129	118 – 137
Gross margin %	17,4%	15,5%	-
EBIT	191	184	174 – 192
EBIT %	23,9%	22,1%	-
EBITDA	199	184	174 – 192
EBITDA %	24,9%	22,1%	-
Adjusted EBITDA	119	80	67 - 90
Adjusted EBITDA %	14,9%	9,6%	-

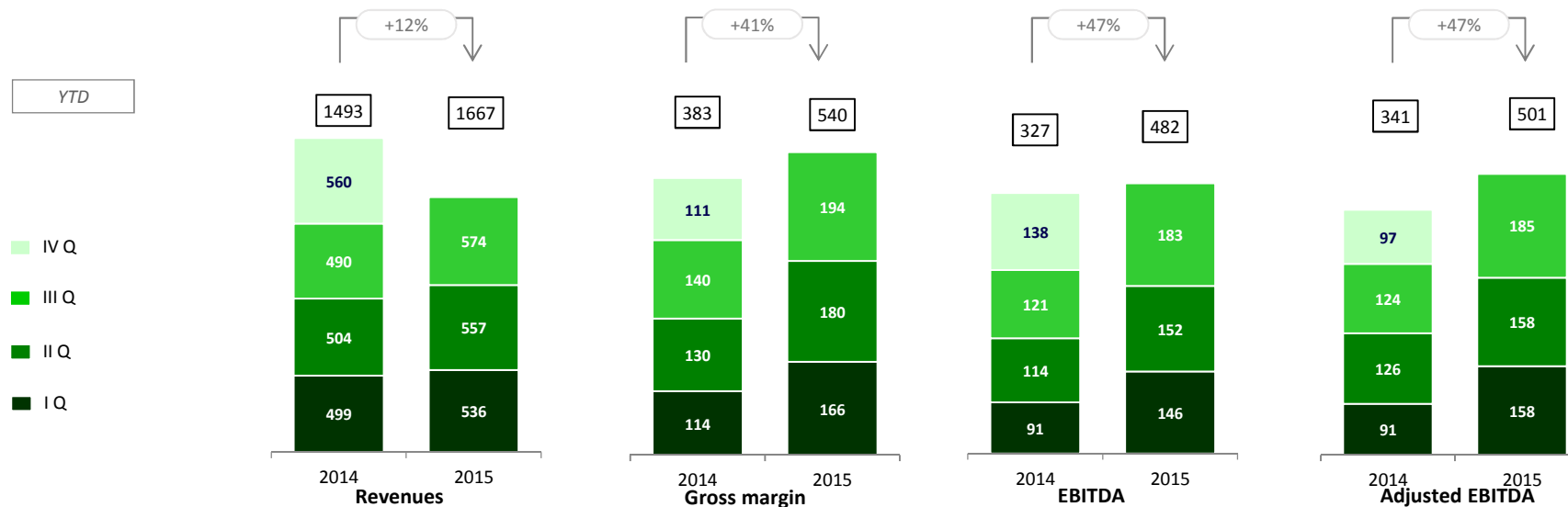
Increasing contribution of soda segment to the consolidated revenues



Decrease of the share of Organic segment to total adjusted EBITDA due to decrease in sales of Plant Protection Chemicals



Results of the segment, in PLNm



Key factors affecting the Soda segment results in 1-3Q 2015

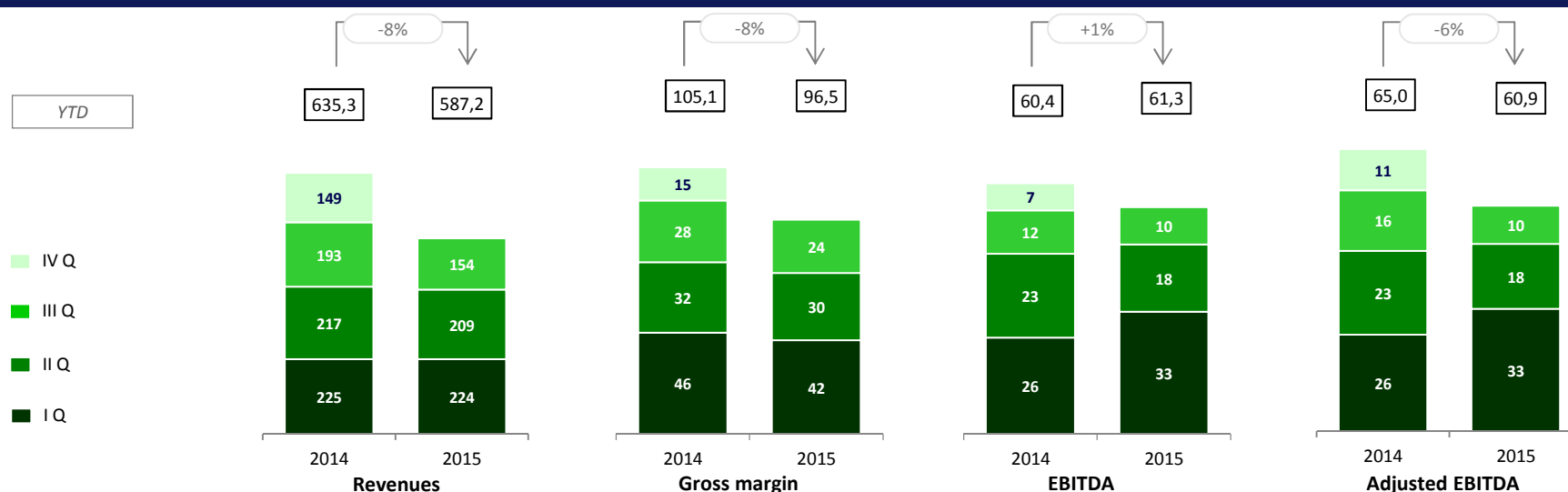


Increase in the prices of soda. Increase in sales volumes as an effect of the new capacities in Poland (+60 ktpa – first stage of project SODA +200) and Romania (+60 ktpa)
 Appreciation of USD, in comparison to PLN and RON, competitive prices of European manufacturers in relation to the import from North America
 Increase in sales of sodium bicarbonate to more profitable segments: pharmaceutical and animal feed
 Decrease in purchase prices of raw materials (coal, natural gas) and furnace fuel (coke, anthracite) in Poland and Germany
 Increase in the effectiveness of soda ash production process, improvement in consumption rates of raw materials and energy



Limited demand for soda ash light consumed by detergent producers
 High supply and intensive activities of competitors on the salt market, pressure on reducing prices
 Decrease in electricity prices in Germany

Results of the segment, in PLNm



Key factors affecting the Organic segment results in 1-3Q 2015

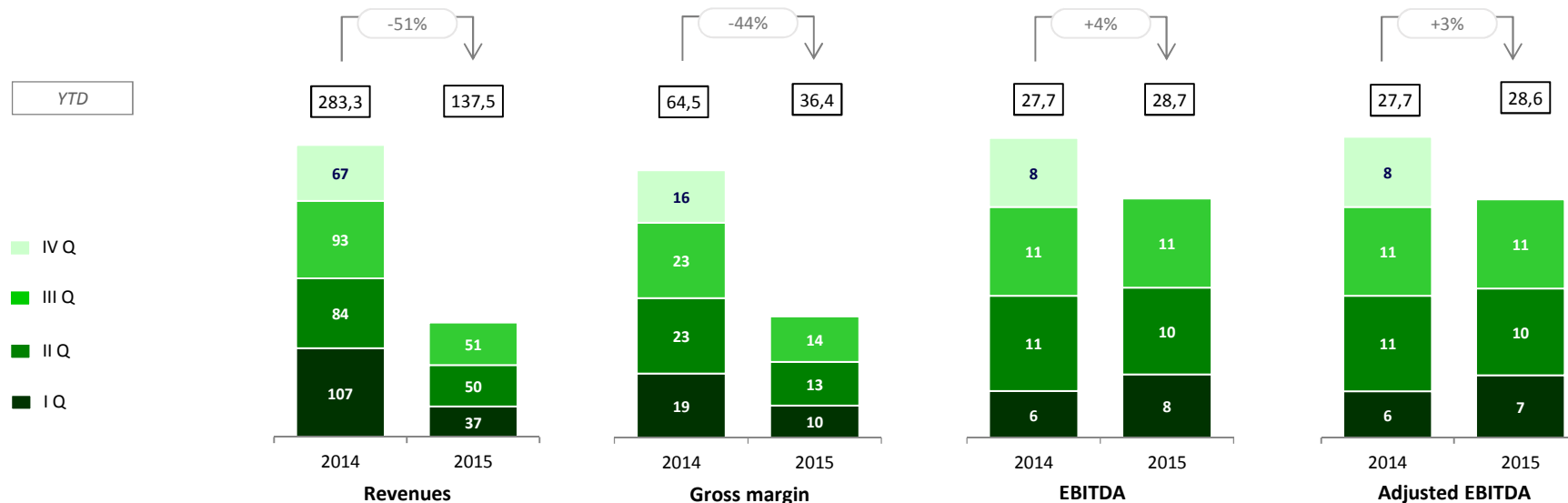


Increase in the sales volume of epoxy resins. Results improvement as a result of the sales intensification of products for technical application (favourable spread between product and raw materials prices). In Q3 the decrease in raw materials prices (Bisphenol-A, Epichlorohydrine)
 Development of sales of products with higher profitability (gelcoats, topcoats) - unsaturated poliester resins business. Decrease in basic raw materials prices in Q1 and Q3 (Styrene, Phthalic anhydride, Maleic anhydride)
 Keeping of the average PUR foams prices unchanged as a result of the product portfolio optimisation. In Q3 decrease in the raw materials prices



Decrease in the sale prices of epoxy and saturated poliester resins related to the low level of prices of raw materials. The continuing oversupply of resins from Far East
 Decrease in the sales volume of unsaturated poliester resins. Low utilisation rates results in prices based competition. Pressure on the decrease in product prices as a result of decrease in raw materials prices
 Low sales of plant protection chemicals as a result of unfavourable weather conditions

Results of the segment, in PLNm



Key factors affecting the Silicates and glass segment results in 1-3Q 2015

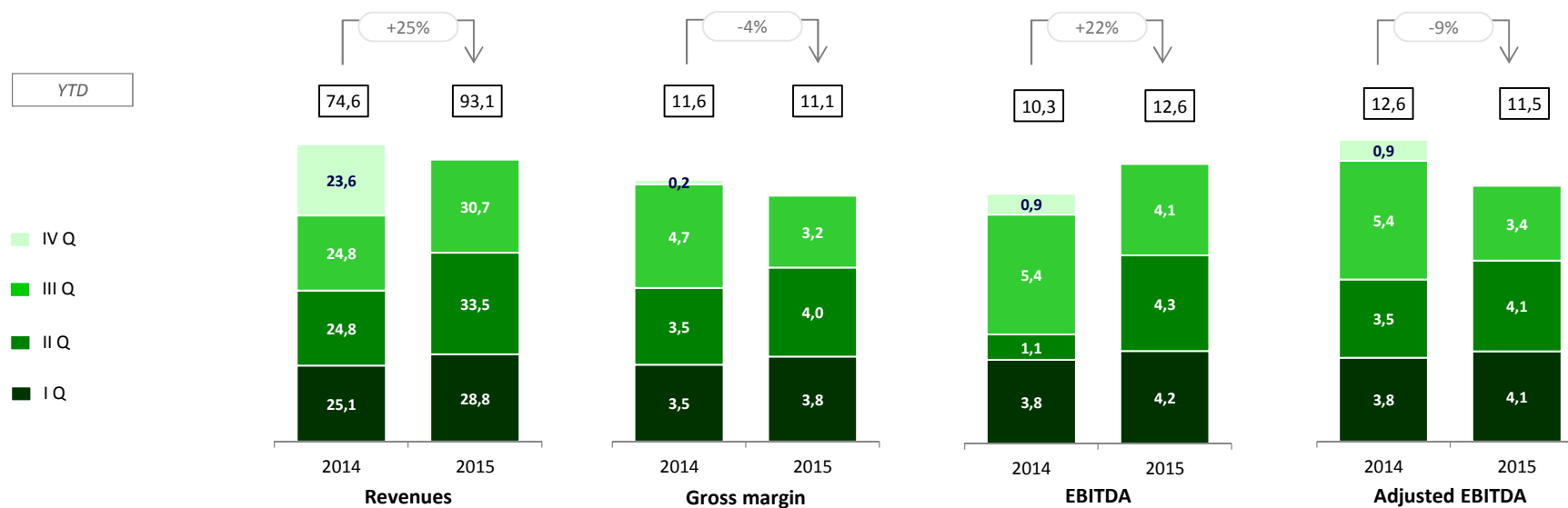


Solid results on sale of glass packages
Improvement in effectiveness of production process, decrease in consumption rates of gas, decrease in rejection rate



No trading sales of sulphur (expiration of the contract with the Azoty Group for supplies of the product), revenues lower by 154 mPLN, EBITDA lower by 7,5 mPLN y-o-y
Lower sales of potassium silicates
Increase in competition on domestic packaging glass market

Results of the segment, in PLNm



Key factors affecting the Transport segment results in 1-3Q 2015



Takeover of coal and coke shipments for CIECH Soda Polska from third-party contractors. Takeover of railway siding service in CIECH Sarzyna
 Intensification of restructuring activities
 Takeover of transport services for purchasing of raw materials



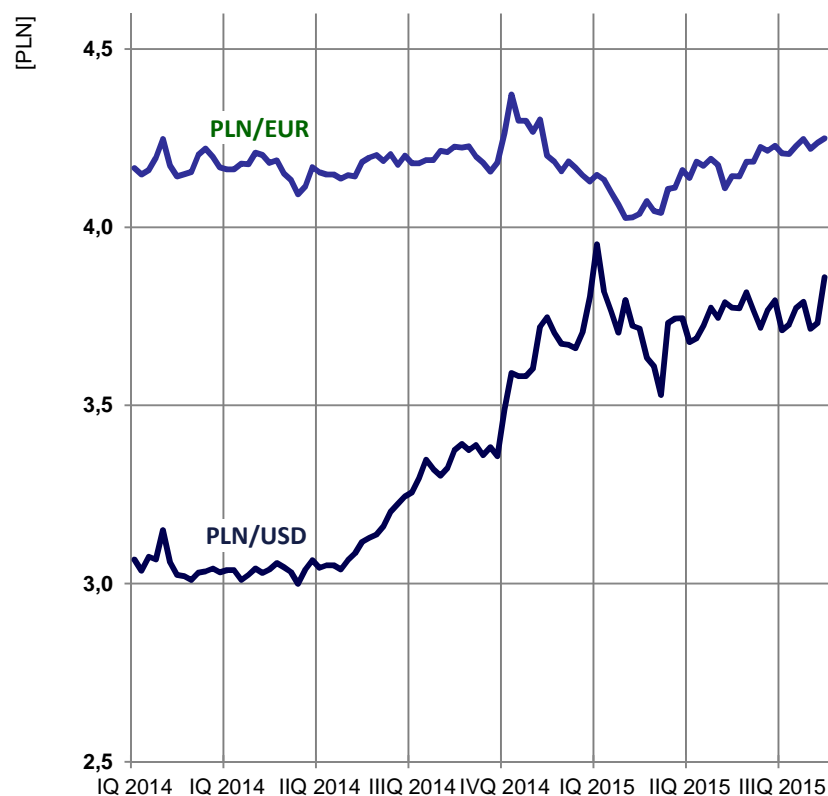
Lower prices for transport services due to the lack of indexation
 Difficult access to railroad network due to maintenance and modernisation works negatively affects plans for the development of transportation activity

Key one-off adjustments

PLNm		Q3 2015	Q2 2015	Q1 2015	Q3 2014	Q3 2015 - Q3 2014
EBITDA		191,3	178,2	173,1	128,2	63,2
Category	One-offs events	-8,1	-9,7	-19,7	-9,0	0,9
Sale of assets	Profit on sale of fixed assets	1,0 ¹⁾	0,1	0,5	-0,2	1,2
Assets valuation	Impairment of property, plant and equipment	0,0	0,0	-6,0 ⁴⁾	0,0	0,0
	Valuation of investment property to fair value	0,0	-0,2	-6,2 ⁵⁾	-5,8 ⁷⁾	5,8
Other	Other	-9,1 ²⁾	-9,7 ³⁾	-2,6 ⁶⁾	-1,8 ⁸⁾	-7,2
Adjusted EBITDA		199,4	187,9	192,8	137,1	62,3

- 1) Sales of assets (CIECH Sarzyna i CIECH Cargo)
- 2) Re-financing costs (non capitalised) -6,0 PLNm (CIECH), -1,0 PLNm provision for compensations (CSP)
- 3) Recognition of provision for VAT liabilities (CIECH Soda Romania) -5,4 PLNm, Recognition of provision for employee benefits (CIECH) -4,4 PLNm
- 4) Impairment of EVZA contract (CIECH Soda Deutschland) -3,9 PLNm and valuation of clients database -2,0 PLNm
- 5) Valuation of fixed assets (CIECH Nieruchomości) -6,2 PLNm
- 6) Recognition of provision for environmental liabilities (CIECH Soda Deutschland) -5,3 PLNm
- 7) Valuation of investment property Powązkowska to the fair value 5,8 PLNm
- 8) Provision for liabilities (employee-related provisions, VAT in USG)

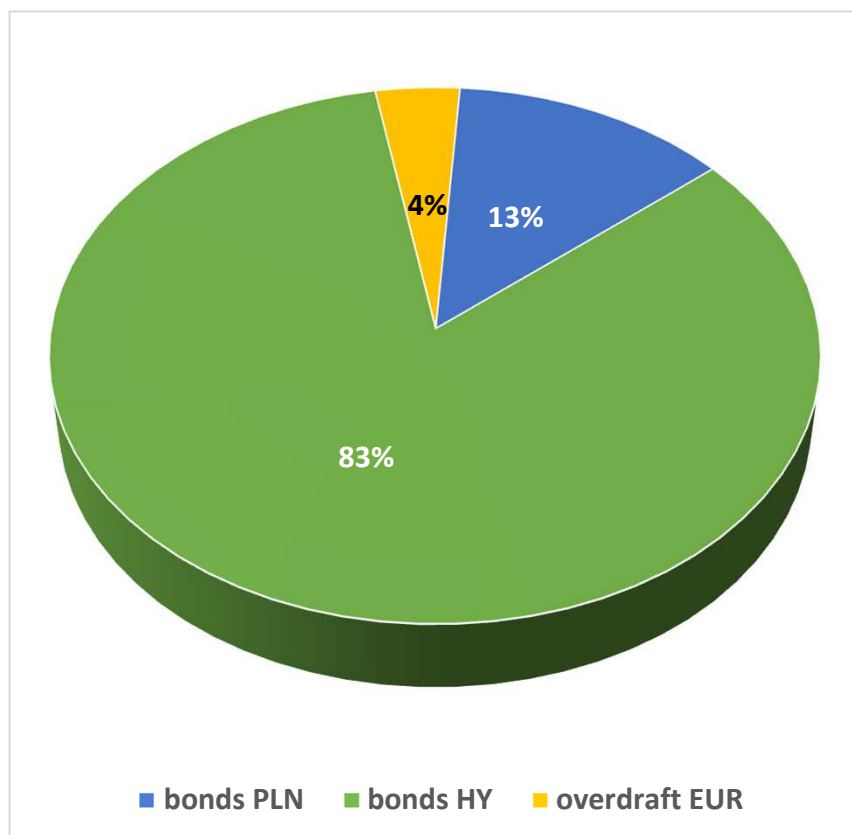
In Q3 2015 PLN slightly weakened against EUR (2,2 %) q-o-q*, and against USD (1,7 %) q-o-q*



Exposure to the exchange rate risk:

- CIECH Group has long position in EUR (the net operating exposure amounts to approx. 100 EURm per year)
- CIECH Group has long position in USD (the net operating exposure amounts to approx. 70 USDm per year)
- A significant part of the EUR net operating exposure is offset by the EUR bonds coupon payments (approx. 23 EURm)

In 3Q 2015 the cost of financing in PLN has increased comparing to 2Q 2015 (WIBOR increased by 0,07 p.p. q-o-q).
The cost of financing in EUR decreased by 0,02 p.p. q-o-q

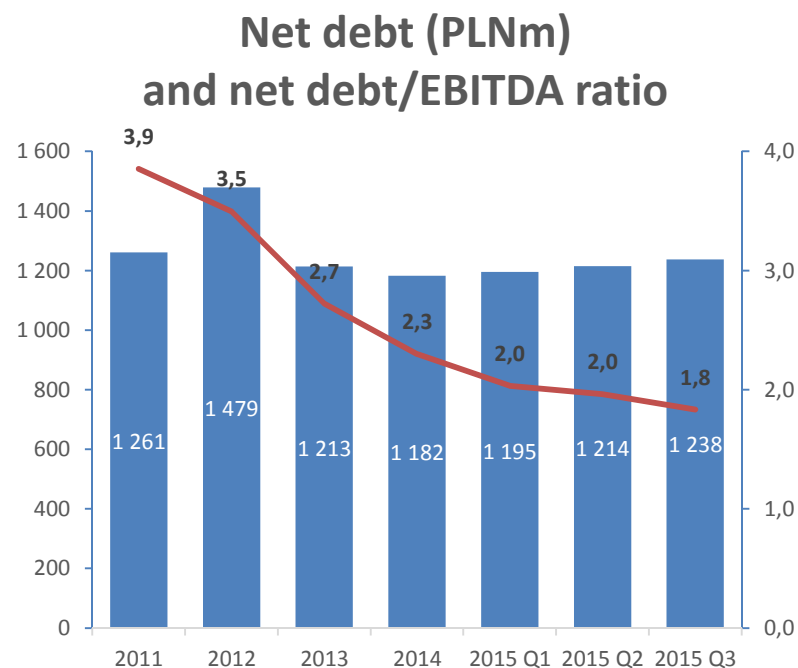


Exposure to the interest rate risk:

- approximately 83% of the debt as of September 30th 2015 (HY bonds denominated in EUR) was based on fixed interest rate
- approximately 13% of the debt as of September 30th 2015 (bonds denominated in PLN) was based on floating interest rate (WIBOR 6M)
- available revolving facility (100 PLNm limit) was based on floating interest rate (WIBOR 1M, 3M or 6M) undrawn as of September 30th 2015
- approximately 4% of the debt as of September 30th 2015 (overdrafts with 20 EURm limit) was based in floating interest rate (EURIBOR 1M), drawn in the amount of 11,4 EURm

In 3Q decrease in the Group's leverage level

PLNm	Q3 2015	Q2 2015	Q1 2015	Q3 2014
Result on financial activity	-27	-15	-47	-38
Regular financial activities	-29	-11	-46	-30
FX differences	-2	13 ¹⁾	-20 ²⁾	-3
Borrowing costs	-23	-24	-26	-27
Interest on receivables and liabilities	-4	0	0	0
Other	1	-4	-2	-8³⁾
Net debt	1 238	1 214	1 195	1 136
Net debt/Normalized EBITDA	1,8	2,0	2,0	2,3
OCF	168	58	144	55
FCF*	56	-31	28	-6



- 1) Includes 6,0 PLNm of currency translation differences of CIECH loan in CIECH Soda Deutschland, 2,5 PLNm revaluation of receivables in foreign currencies, 2,0 PLNm revaluation of liabilities in foreign currencies
- 2) Includes 13,3 PLNm of currency translation differences of CIECH loan in CIECH Soda Deutschland, 3,4 PLNm revaluation of receivables in EUR
- 3) Includes write-off of interests (2,8 PLNm) of CIECH Trading loan in Infrastruktura Kapuściska, write-off (2,2 PLNm) of receivables interests (CIECH 1,2 PLNm, CIECH Sarzyna 0,5 PLNm, CIECH Pianki (0,5 PLNm), provision for financial liabilities in CIECH Soda Romania (2,2 PLNm)

Re-financing will result in the decrease in costs of debt

THE NEW FINANCING OF THE CIECH GROUP:

1. Two-currency fixed-term loan in PLN and EUR, up to a total value of PLN 1,340,000,000.00 granted by the Lenders for the purpose of:
 - refinancing of the debt deriving from, among other things, the issue by the subsidiary of the Issuer – Ciech Group Financing AB (publ) of secured superior debentures to the amount of EUR 245,000,000 (as notified by the Company in current report no. 60/2012) (“**HY Debentures**”),
 - refinancing of the debt deriving from the revolving loan agreement with the highest priority to the amount of PLN 100,000,000 (as notified by the company in current report 30/2013),
 - refinancing of the other debt of the Issuer resulting from other loans;
 - financing of the costs connected with refinancing;
 - financing of general corporate goals of the Company (“**Fixed-term Loan**”);
2. The revolving loan (renewable) in PLN, up to a total value of PLN 250,000,000.00, granted by the Lenders for the purpose of financing of general corporate goals and the current capital of the capital group of the Company, with the exclusion of acquisition and prepayment of the Fixed-term Loan)

The interest on the Loans is variable and it is established on the basis of the base rate of WIBOR / EURIBOR plus margin whose level depends on the level of net indebtedness indicator versus the operating result, increased by depreciation (EBITDA). The initial value of the margin shall amount to 1.5%.



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