



Q2 2021 Financial Results

Warsaw, 24th September 2021

Ciech Summary – notable information from the presentations

Growing financial results

- We show dynamic financial growth, again: (**EBITDA Q2 2021 = 188 mPLN, +40% y-o-y**) and high cash efficiency (**OCF Q2 2021 = 215m > Capex Q2 = 191m**).

Pages
3-6

On a way to achieve forecasted results

- We confirm our financial FY guidance: **700-735 mPLN EBITDA** in 2021.
- After Q2 we achieved **56-58% of the target**

Page
7

Return to higher soda sales

- **Soda ash sales volume went up by 7% y-o-y**
- **Sodium bicarbonate sales grew by 5% y-o-y** and stabilized on a high level

Page
8

Works on the new salt plant continue

- We continue **gradual increase of production capacities in the new salt plant**
- Very soon we will start selling food grade salt, we work on pharma grade salt

Page
9

Record market share in Crop Protection Products

- **Sales of Crop Protection Products in Poland grew in pace 3x higher than the market**
- Our **market share reached 6%** and in most important segment of grain herbicides even 17%

Page
10

We asses Proplan

- **Value of Proplan increased by over 50%, IRR higher than 25%**
- We asses and sum up Proplan three years after the aquisition

Page
11

Progress on a way to decarbonization

- Our **emissions lowe by 5%** against the base year
- **We weigh up application of the nuclear energy** (SMR, MMR)
- We are ready **to commence construction of the small gas unit in Inowroclaw**

Page
13

Ciech We sustain efficiency and profitability...

EBITDA(Adj.)

188
mPLN

+40% y-o-y
+53 mPLN y-o-y

Sales revenue

835
mPLN

+21% y-o-y
+145 mPLN y-o-y

EBITDA(Adj.) Margin

22,5%

+3 pp y-o-y

Fixed costs (cash)

176
mPLN

-0,6% y-o-y
-1 mPLN y-o-y

Net profit

9
mPLN

+14 mPLN y-o-y

- We sustained high results from the previous quarter
- Fixed costs under strict control despite the inflationary pressure
- Net profit influenced by the non-cash items

Operating Cashflow

215
mPLN

-30 % y-o-y
-90 mPLN y-o-y

Net working capital

241
mPLN

-67 mPLN y-o-y

CAPEX (cash)

191
mPLN

+50% y-o-y
+64 mPLN

ND/EBITDA(Adj.) LTM*

2,08x

-0,39 pp y-o-y

Net Debt*

1 502
mPLN

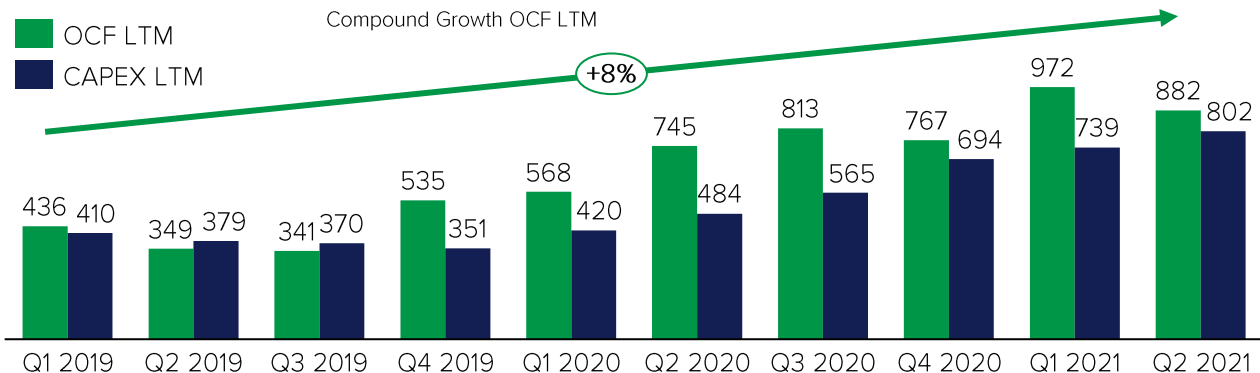
-2% y-o-y
-26 mPLN y-o-y

- For a subsequent quarter we have covered CAPEX with OCF
- OCF comparable q-o-q, but in y-o-y base effect observable (release of cash in Q2 2020 in reaction to pandemic crisis)
- High efficiency of NWC sustained

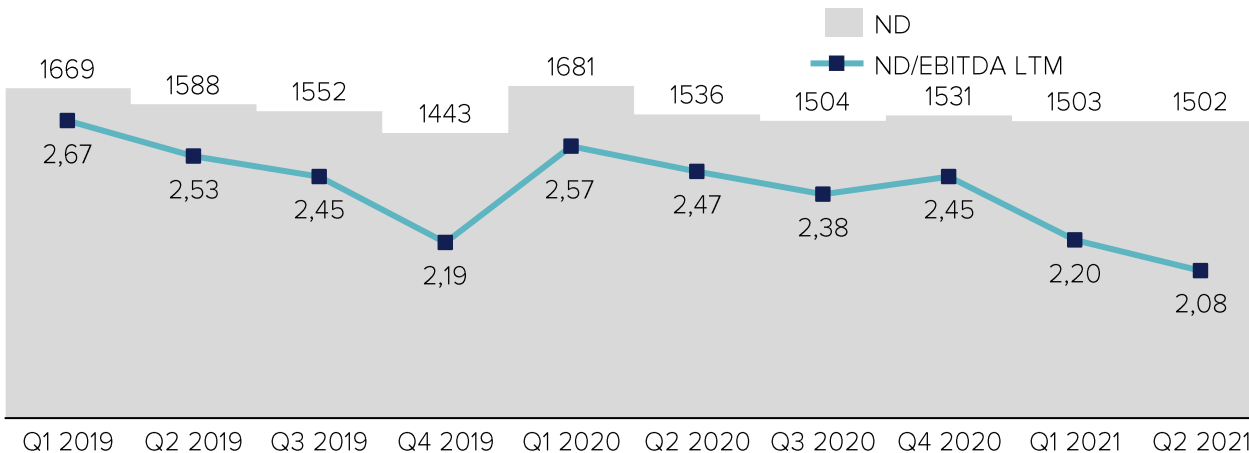
- Net debt significantly lower, even after taking the dividend into account (158 mPLN in July 2021) stays on a very safe level.

Ciech ...and successes of the restructuring are visible in the cashflows.

Operating Cashflow LTM and Capex LTM [mPLN]



Net debt* [PLNm] and Net debt/EBIDTA LTM*



Effects of the business transformation are confirmed in the cashflows:

- Improved management – efficiency and flexibility, building the corporate culture
- New products – high quality, decomoditization
- Managing current products portfolio – profitability and prospects
- Efficiency of the investment processes
- Cost discipline in all areas
- Focus on cash and working capital optimization

We are approaching finalization of the largest investment program in the history of CIECH Group. Generated cashflow allowed to finance it without increasing the indebtedness.

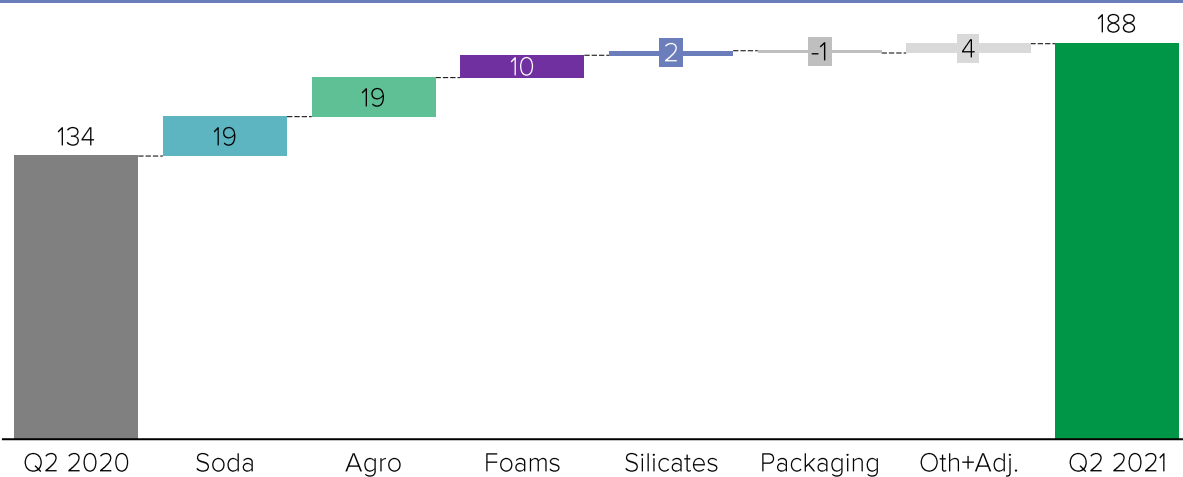
We share profits with the shareholders

- Solid balance sheet position allowed us to pay out dividend.
- We paid out on July 8, 2021, a dividend of 158m PLN (3 PLN/share, ca. 7,4% DY**)

* As defined in credit agreements **share price as of closing on the day before the announcement.

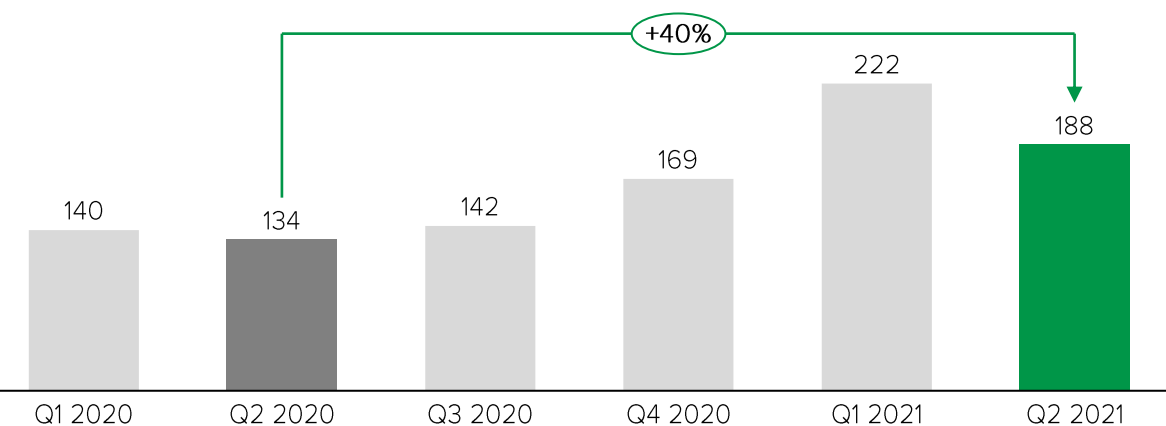
Ciech All segments grow benefiting from the economic conditions

EBITDA(Adj.) changes y-o-y [mPLN]

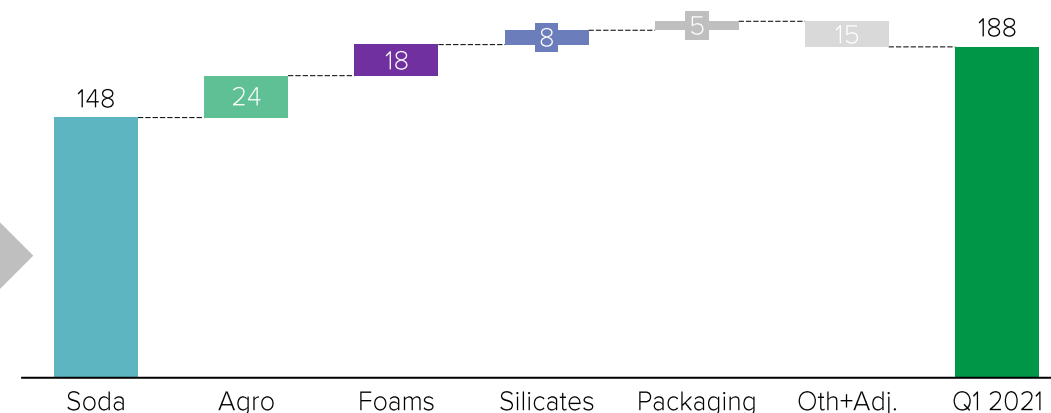


- Soda segment prevails in the results and provides margin mass and cashflow. Within this segment product mix changes in favor of products other than soda ash (sodium bicarbonate, salt).
- Other segments rapidly grow, most of them in a pace higher than the market – we increase our market shares.
- Visible low base effect -- Q2 2020 was influenced by the pandemic (lockdowns, uncertainty, supply chains disruptions)

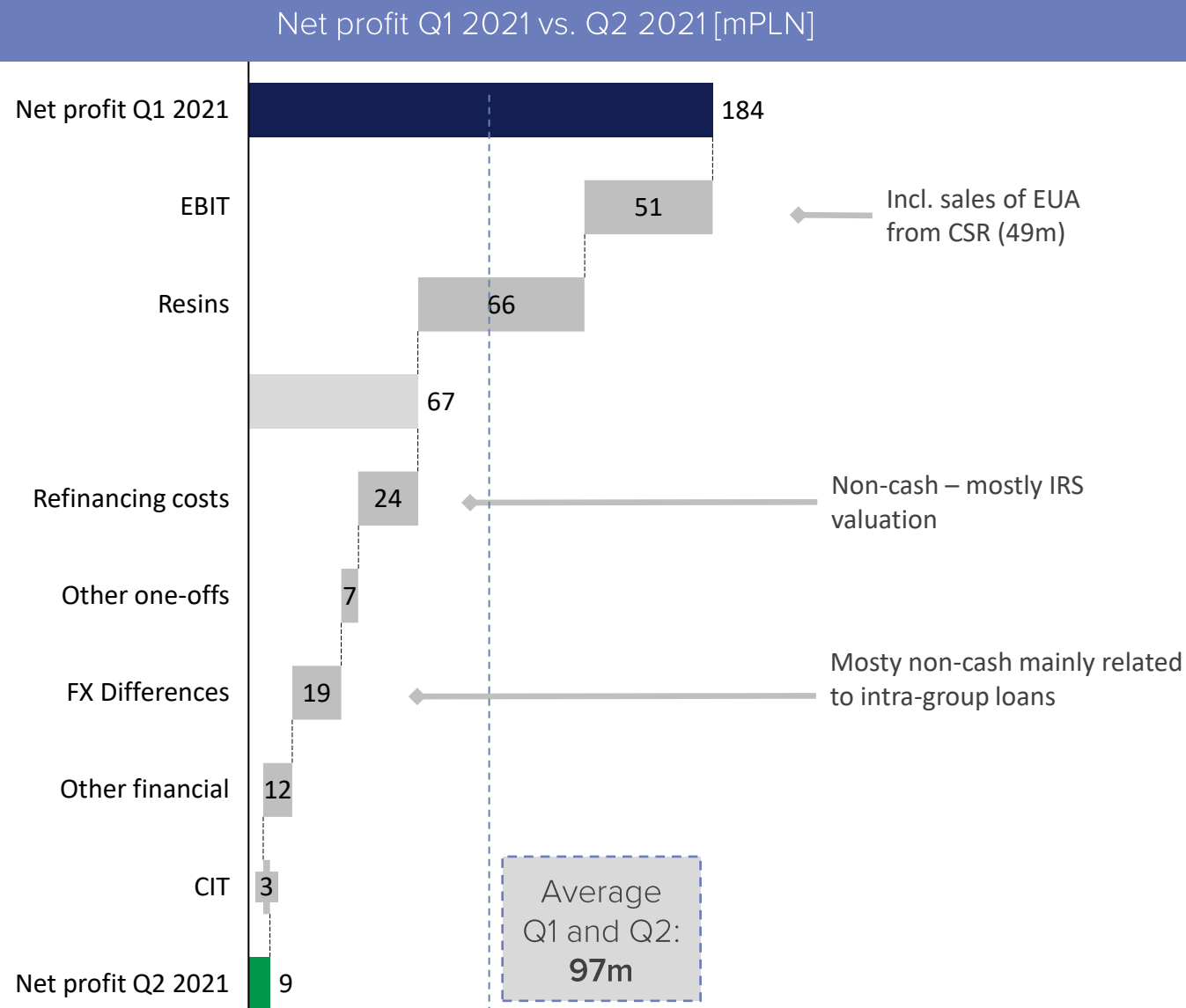
EBITDA(Adj.) quarterly [mPLN]



EBITDA(Adj.) Q2 2021 – segments contribution [mPLN]



Ciech Net profit under the burden of one-off non-cash items.



Net profit in Q2 lower q-o-q due to one-off items:

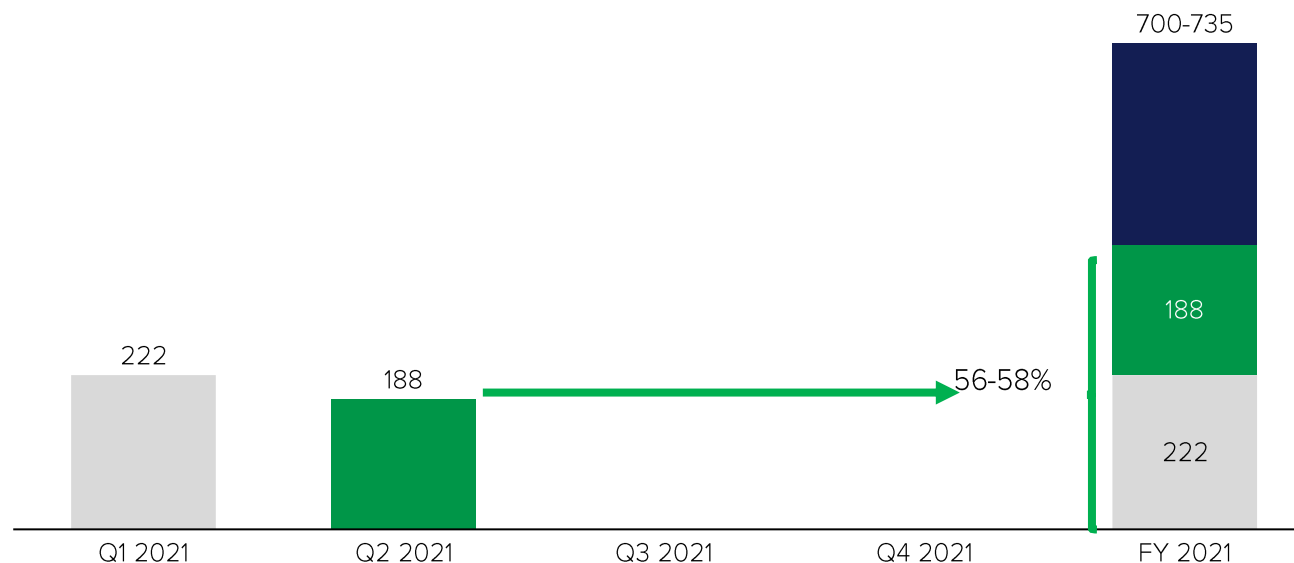
- In Q1 EBIT was higher, i.a. after recognition of the sales of EUA from CSR.
- Profit from Resins disposal included into Q1 net profit.

In Q2 net profit we recognized as well some financial non-cash one-off items related mostly to:

- Refinancing – incl. negative valuation of IRS
- FX differences, mainly of intra-group loans

Ciech We confirm 2021 guidance announced on April 22, 2021.

Delivery of the EBITDA guidance in 2021 [mPLN]



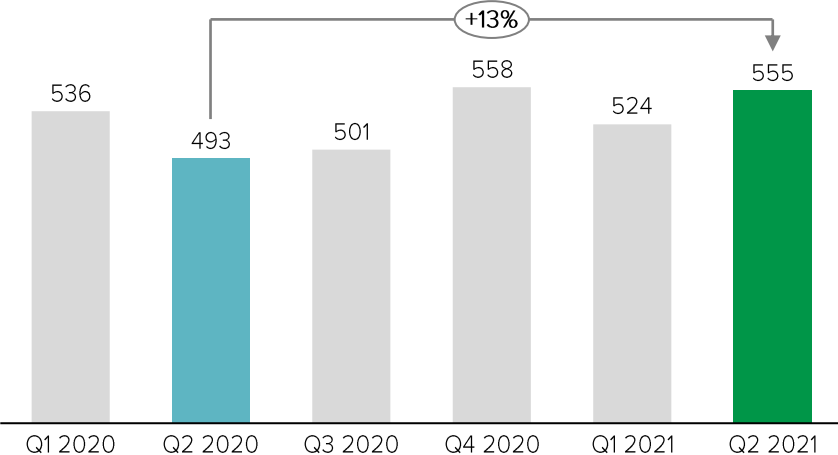
WE ASSES DELIVERY OF EBITDA 2021 GUIDANCE AS SAFE

We bring to your attention the following effects:

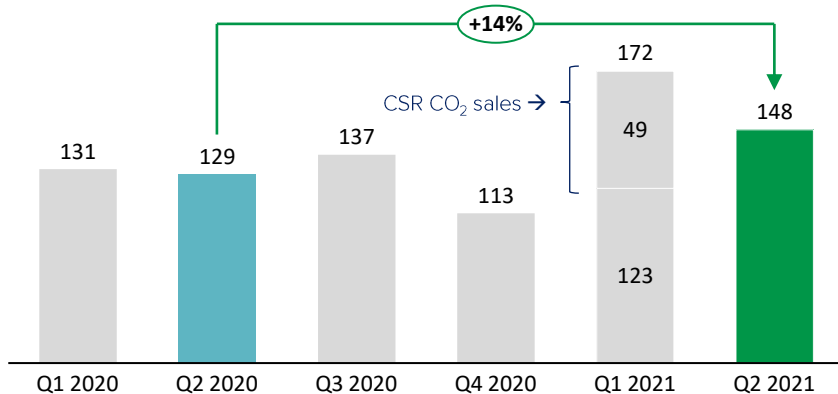
- Seasonality of our results – summery Q3 is always lower than other quarters, mainly due to Agro segment specificity.
- Various time horizon of hedged positions – soda ash price is agreed in annual contracts, most of raw materials are hedged in shorter intervals. It means that substantial part of cost increases will be passed through in the nearest contracting (in case of downward trends – as in 2020 – reversed situation occurs.)
- We notice price pressure in all cost items – aside from raw materials also in e.g. logistics (transportation, pallets etc.)

Soda Segment – High volume growth y-o-y, but margin this year under pressure of the raw materials prices

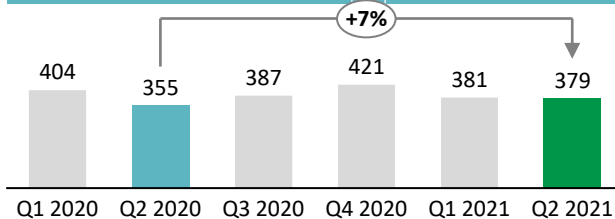
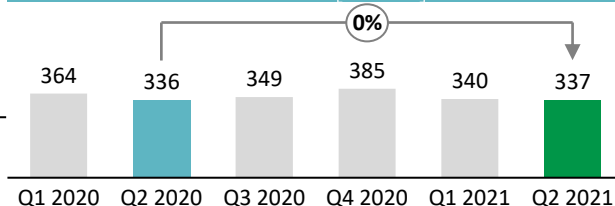
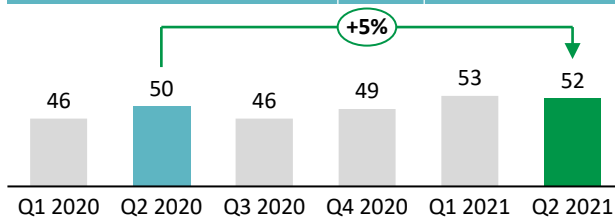
Soda Segment Revenue [mPLN]



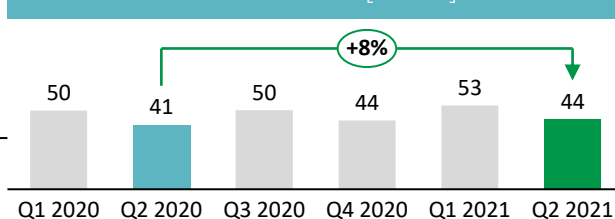
Soda Segment EBITDA(Adj.) [mPLN]



Key products:

Soda ash:
volume [kt]Soda ash:
revenues [mPLN]Sodium bicarbonate:
revenues [mPLN]

Salt: revenues [mPLN]



- **Soda ash** – as announced we note higher sales, but the margin is lower (lower prices, higher raw material costs)
- **Sodium bicarbonate** sales stabilized on a high level.
- **Salt:** higher sales, especially in salt tablets, but slightly lower margins (mostly due to higher raw material prices)
- New salt production plant in Stassfurt in gradual production increase phase, in the typical „childhood” period of the greenfield installations..
- Positive contribution from the **Energy**, incl. VNNE payment (system services - 15m PLN, +5m y-o-y), higher margin on electricity sales due to high gas prices (+12m PLN y-o-y), co-financing of the turbine modernization (+18m PLN y-o-y);
- **Cost discipline** – fixed costs kept on the level from the previous year (after „covid-related” optimization).

- We expect to pass through most of higher raw materials costs in product prices in new contracting.
- Due to typical on our market annual contracts, trends from commodity markets (positive and negative) are reflected in our prices with a lag.



Technology

- We have launched all tablets presses and increased their production to ca. 50% of max capacity.
- Performance tests ongoing in the high-rise automatic warehouse
- Typical „childhood period” of the greenfield installations

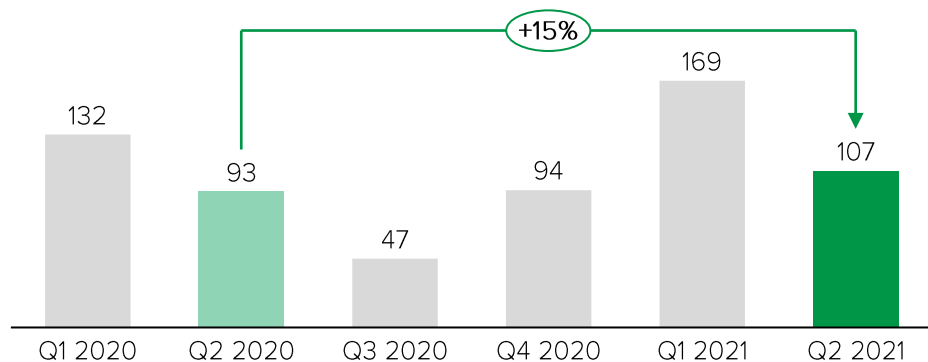
Certifications

- We are closing works on HACCP (necessary for food grade salt production).
- Pharma certifications are planned for Q1 2022 (ours) and 2023 (on clients' side).

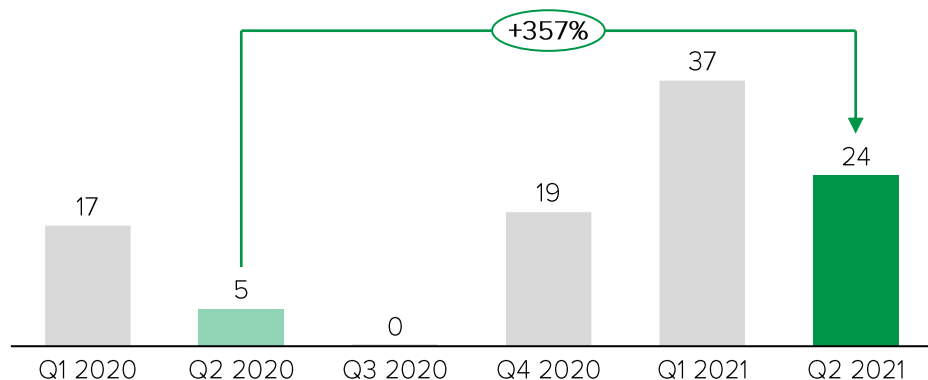


Ciech Growth pace in **Agro Segment** three times higher than the market growth

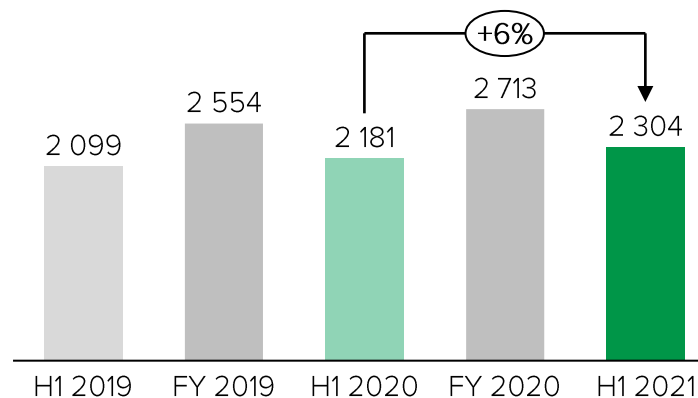
Agro Segment Revenues [mPLN]



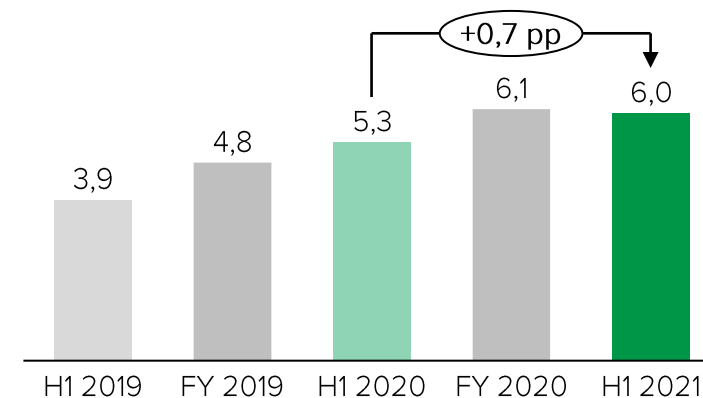
Agro Segment EBITDA(Adj.) [mPLN]



Polish Crop Protection Products market* [mPLN]



CIECH's share in the Polish CPP market* [%]



- Comprehensive offer of products that increase crops efficiency in a safe and convenient manner and innovative market solutions (digitalization).
- Our market share went up in almost all segments we are present in..
- We are conducting the largest new products investment program in our history

Share in cereal herbicides (H1 2021)*

17%

+2,9 pp y-o-y

Share in rapeseed products (H1 2021)*

6,4 %

+0,6 pp y-o-y

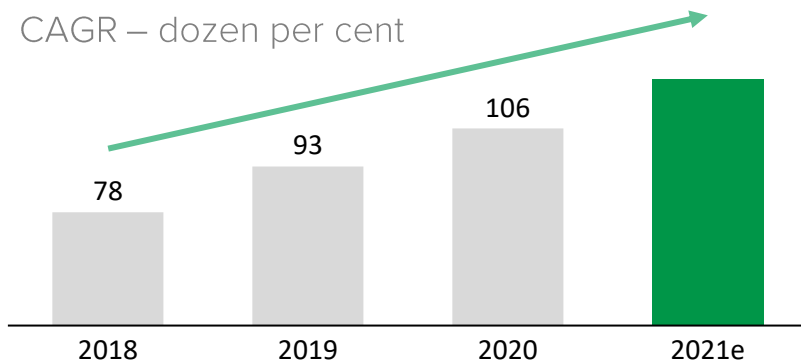
Share in corn products (H1 2021)*

5,7 %

+0,2 pp y-o-y

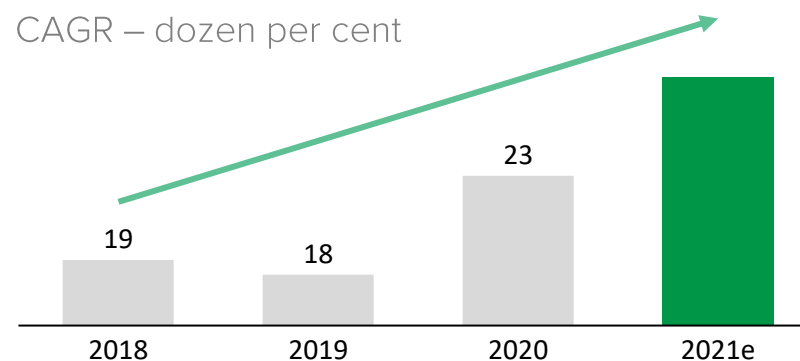
Proplan revenues [PLNm]

CAGR – dozen per cent

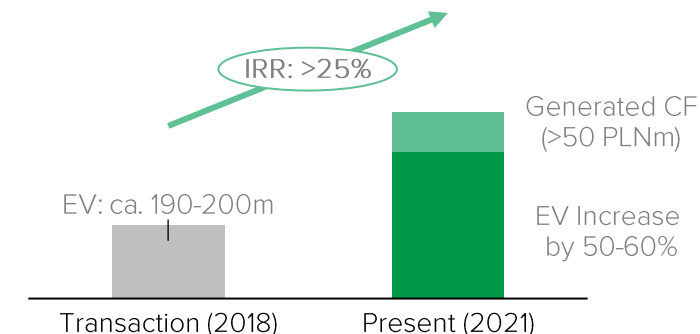


Proplan EBITDA [PLNm]

CAGR – dozen per cent



Proplan Value Increase 2018-2021e



6 initiatives behind our success

Margin management

- Radical S&OP reform (better accuracy, completeness, longer time horizon)
- Partial relocation of production to Sarzyna – economies of scale

Higher margins, lower stock, better capacity utilization

Joint purchasing

- Benefiting from the economies of scale in joint purchasing of Proplan and Sarzyna (mainly in category of active substances)

Increased sales – improved efficiency, better pricing strategies

Sales team development

- Team reorganization, increased experience and knowledge – both business and agronomic

Optimized CAPEX, increased ROI

New R&D management

- R&D expenses planned as business cases on separate products level
- Exploitation of the attractive market niches

R&D synergies

- Joint strategy and research/registratio documentation for Proplan and Sarzyna – lower expenses, wider portfolio

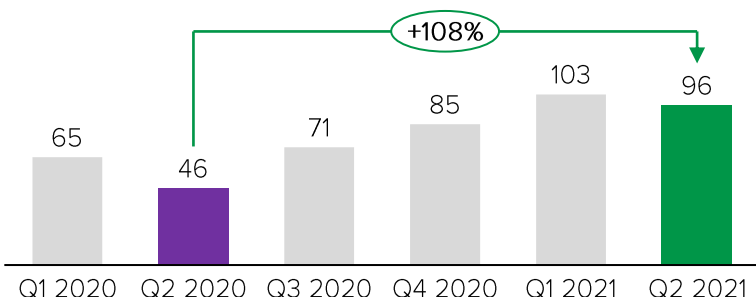
Increased sales – better sales support

Modern marketing

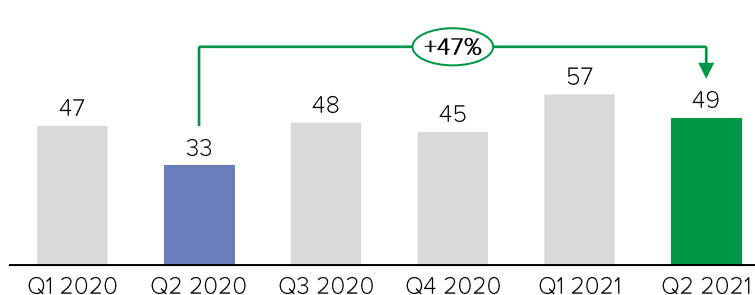
- Repositioning of the brands (focus on innovation)
- Change in marketing standards (eg. modernized packaging design)

Ciech Advantagous situation in **Foams**, dynamic growth in **Silicates**

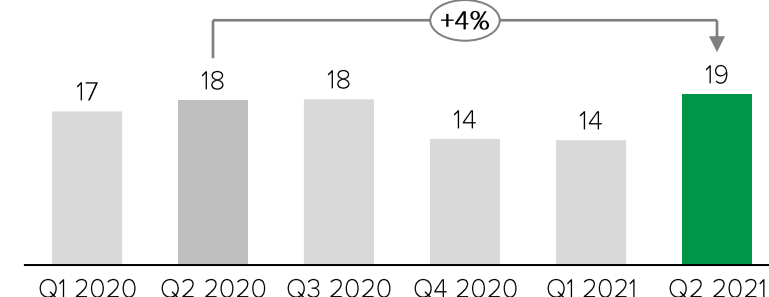
Foams Segment Revenues [mPLN]



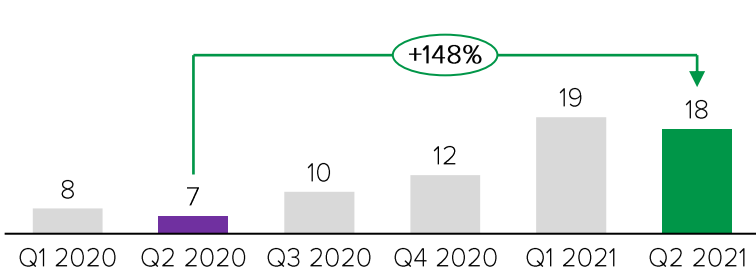
Silicates Segment Revenues [mPLN]



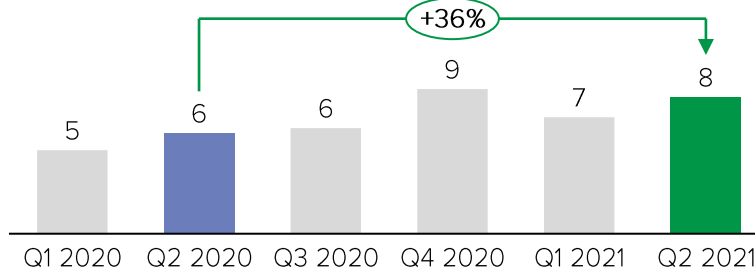
Packaging Segment Revenues [mPLN]



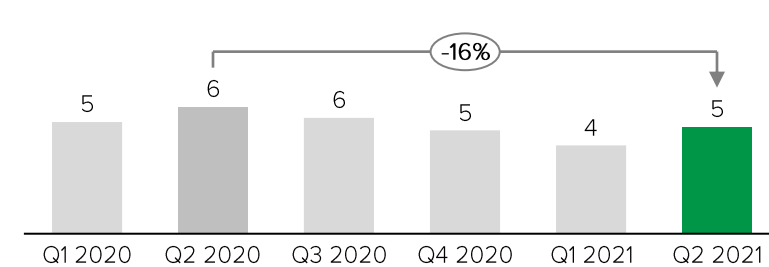
Foams Segment EBITDA(Adj.) [mPLN]



Silicates Segment EBITDA(Adj.) [mPLN]



Packaging Segment EBITDA(Adj.) [mPLN]

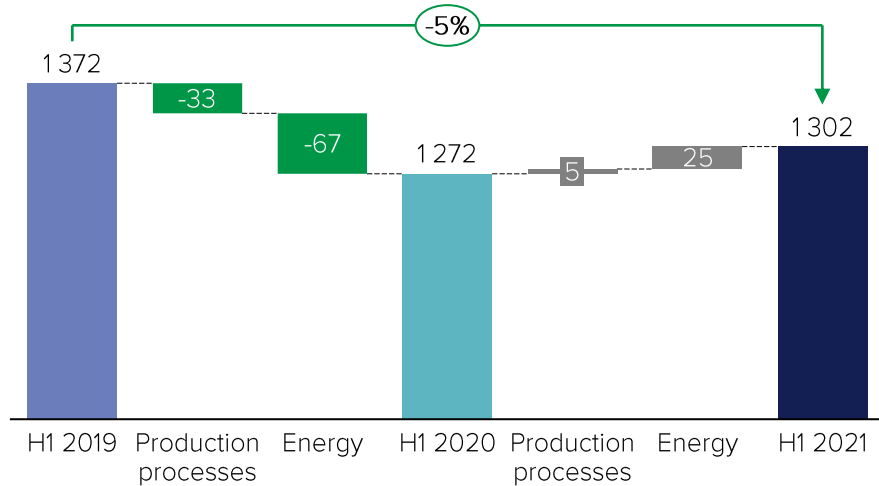


- High growth pace sustained, partially due to lower base effect (furniture retail market lockdown in 2020)
- Still there are difficulties with availability of the key raw materials, especially polyoils.
- Efficient supply chain management and our market experience allow us to sustain deliveries to our key clients, despite the demand higher than current capabilities of the producers.

- Very high growth rate y-o-y, mostly in sodium silicates – effect of the market rebound and low base of pandemic 2020.
- Average prices increased +2% y-o-y, allowing us to cover increased costs and margins stayed on satisfactory levels
- New furnace construction project progressing in line with the schedule (commissioning planned for Q4 2021)
 - Set up of the technical installation has already started

- The market recovers after 2020 November lockdown (closed cemeteries), that lowered sales of lantern producers (our key customers) and resulted in increased stocks.
- Segment results rebound to previously observed results as the stock is released.

CO₂ Emissions (Scope 1, exCSR) [kt]



We decreased our CO₂ emissions by 5% against the base year of our climate goal

- Emissions from the Energy production went down by ca. 4% and emissions from the production processes by ca. 9% compared to H1 2019.
- In Q2 2021 alone emissions were lower by ca. 6% compared to Q2 2019..
- Emissions in comparison to 2020 slightly increased – effect of the increased production after unrepresentative, pandemic 2020.

Status wybranych inicjatyw ze strategii ESG



Waste-to-energy

- Advanced discussions with partners – we plan to sign contracts by the end of the year
- We consider construction of one large installation instead of two smaller



Gas units in Inowrocław

- Small unit– construction contract in Q3, commissioning in 2023 – self-sufficiency in Inowrocław, emission reductions (Scope1&2)
- Big unit – we work on a detailed Energy optimization plan in Inowrocław, expect to conclude by the end of a year. (incl. characteristics of the unit needed)



Energy efficiency

- In H1 2021 we recognized revenues from sale of 6,1k toe white certificates (ca. 12m PLN), mainly for improvement in efficiency and decrease in own-consumption of our power plants.– savings of 7kt CO₂ annually from H1 projects.
- Undergoing changes in lightning - (14 000 luminaires) in CSP – annual savings of >8 kt CO₂



Future technologies

- We have started cooperation in area of small and micro modular reactors



Sustainable transport

- LNG road transportation to selected customers in Poland –Scope 3 emissions lower by o 60% (> 1kt)
- Rail electrification (3 new locomotives) and cooperation with PKP Energetyka on traction RES
- Equipment electrification – eg. forklifts



Circular economy

- We use reusable pallets – lower cost and less waste by 4t annually
- Starting from the next year we will start sales of biopolyoles and repolyoles based foams.



Diversity

- We have joined Target Gender Equality initiative in UN Global Compact – we will utilize expert knowledge and best practices in design of our own program.



Cooperation in the supply chain

- We have adopted the updated Code of Conduct for our business partners
- We have launched new policy of ESG screening and risk assessment for our business partners.



Credibility and transparency

- We have joined Science Based Target initiative (SBTi) – we will subject our emission goals to scientific verification
- We have reported our detailed data to Carbon Disclosure Project for a first time.



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