

**Press release****The worst year in the chemical sector is over**

**Despite the increasingly worse situation in the chemical industry over 2009, Ciech Chemical Group managed to maintain the revenues at the 2008 level and achieved a positive operating result. The Group expects that in 2010 the crisis will slowly come to an end.**

2009 was a year of increasingly deeper crisis in the chemical market, which began in the last months of 2008. The better conditions of the national economy have not been felt by the sector yet. As late as in the last quarter, the market conditions for Ciech Group began to stabilise. Strengthening of the Polish zloty negatively affected Ciech's results since approximately one half of the Group's revenue are generated in the foreign currencies – *Due to the Group's reorganisation, which began one and a half a year ago, we manage to maintain stable revenues and a positive operating result in the extremely unfavourable conditions for the entire chemical sector* – emphasised Ryszard Kunicki, who manages the Ciech Chemical Group. – *We expect that in 2010 the crisis will slowly though consistently come to an end* – he added.

**Stable revenues and a positive operating result**

Despite many difficulties, the revenues of the Ciech Chemical Group accounted for PLN 3.686 billion after four quarters of the previous year, i.e. by only 2.7 % less than a year before. The operating profit accounted for PLN 171 million. Despite the positive operating result, at the end of 2009 the Group observed a net loss of PLN 63 million. It resulted mainly from the strengthening of the Polish zloty in the 2nd half of 2009. The Group's results were also burdened by the debt service costs which were by PLN 18 million higher than in 2008. Nevertheless, the Ciech Chemical Group generated higher operating flows than in the previous year in the four quarters of 2009. At the end of the previous year, the operating flows accounted for PLN 420 million, with PLN 33 million in 2008. The free cash flows were positive and accounted for PLN 91 million. The figures show that the Ciech Group was able to finance the investments on the basis of operating flows and could allocate the surplus, among others, to the reduction in debt. At the end of 2009, the net financial liabilities decreased by more than PLN 170 million in comparison to the end of 2008.

**Soda Division to be the strongest during the crisis**

Both the 4th quarter and the entire 2009 showed that the Soda Division managed the generated the best results under the difficult market conditions. The significance thereof rose in each quarter and translated into the results of the Ciech Group – The Division generated nearly 88 percent of EBITDA, with 43% share in the consolidated income of the Ciech

Group. Due to the extension of the production capacities of TDI and PUR foals, the Organika Division managed to increase its revenues. However, lower TDI margin than in the record 2008 translated into a decrease in the Division's year-on-year result by PLN 99 million. The decrease in the demand and price fight in the market for phosphorus and multi-ingredient fertilizers forced a decrease in the production of Agro Division, which resulted in worse sales profitability.

### **We effectively obtain and utilise the EU's aid**

In 2009, the investment outlays accounted for PLN 263 million, which corresponds to a reduction by PLN 168 million in comparison to the previous year.

– *It resulted from the consistent adjustment of the investment plans to the market conditions*  
– emphasises the president, Kunicki.

In 2009, the Ciech Group actively applied for EU funds. In consequence, the investment projects were subsidised with the amount of PLN 112 million. The company has already signed contracts for three projects implemented at Soda Division regarding the modernisation of the heat and power station of soda plants of Soda Polska Ciech, including their environmental impact. Furthermore, the initiatives at ZCh Organika-Sarzyna (PLN 40 million) and ZCh Zachem (PLN 27 million) were approved for financing. Other applications for the amount exceeding PLN 82 million are being prepared.

*The Ciech Chemical Group is the biggest chemical concern in Poland. It comprises 58 companies and is one of the leaders in the Central European market. The Group has a well-developed production structure and business network in Poland, Europe and Asia. The main Group's products include soda ash (second place in Europe), TDI, salt, phosphate and compound fertilizers, plant protection chemicals, epoxy and polyester resins and other organic chemical products used in the glassmaking, furniture, chemical, construction and agriculture industries. With annual revenues of approximately PLN 3.7 billion, the Ciech Chemical Group is among the 50 largest Polish enterprises. Since February 2005, Ciech SA has been listed on the Warsaw Stock Exchange. The largest shareholders of the company include the State Treasury (36.68 percent of shares and votes at the General Meeting of Shareholders), Pioneer Pekao Investment Management SA (18.77 percent), PZU "Złota Jesień" Open Pension Fund (6.12 percent). More information at [www.ciech.com](http://www.ciech.com).*

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