Ciech

future based on experience

experience inspired by nature

Ciech Chemical Group

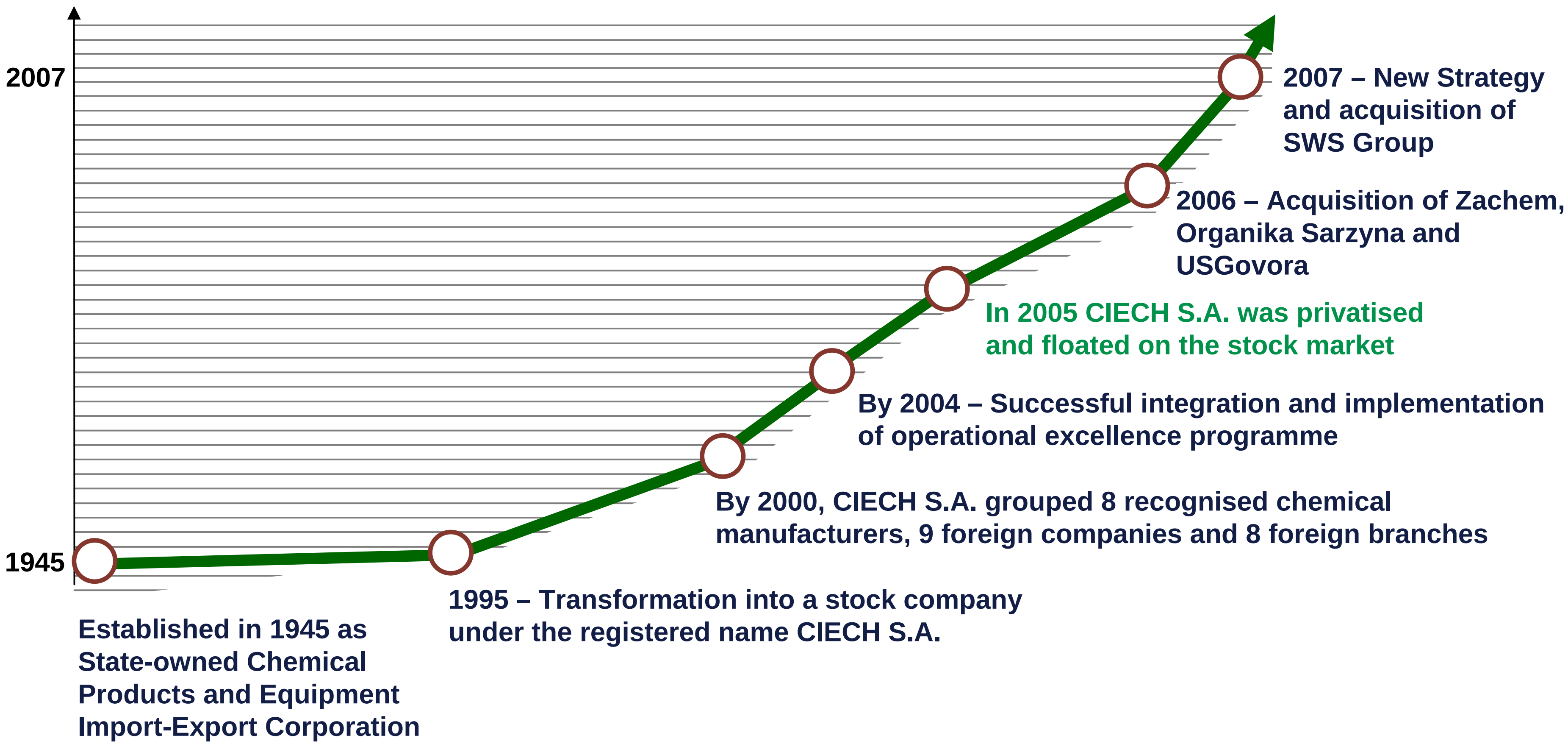
Zurs, Austria
11 April 2008

Contents

CIECH Group is no. 1 Chemical Company in Poland with PLN 3.4 billion (EUR 0.9 b) sales in 2007

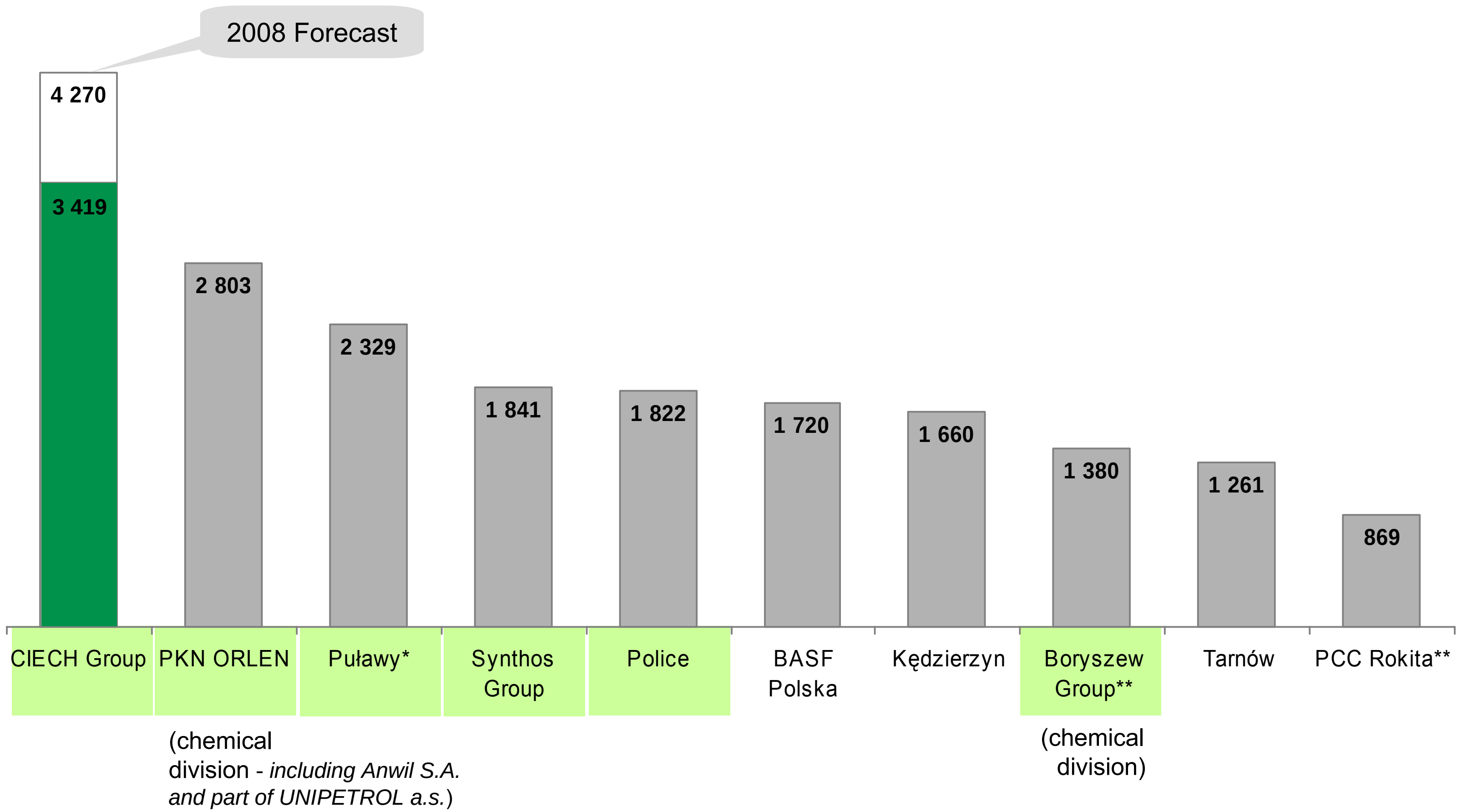
Forecast for 2008 year is PLN 4.3 billion (EUR 1.2 b)

Milestones in Ciech Group history



Recent performance and acquisitions strengthen Ciech's position in the Polish Chemical Industry

Sales of Poland's top chemicals companies, 2007 [PLN m]



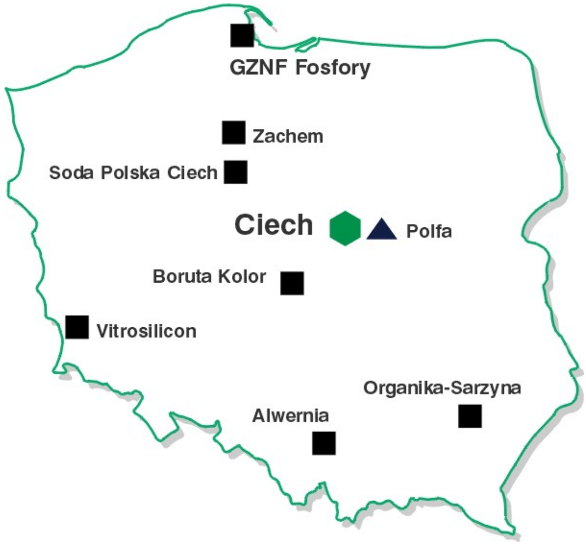
* 1.01.2007 – 31.12.2007 ** 2006 year

WSE listed company

Ciech Chemical Group has its companies and representatives throughout Europe – modern trade structure

Ciech Group – regional player

Poland



- Headquarters
- Production companies
- Trade companies
- Representative offices

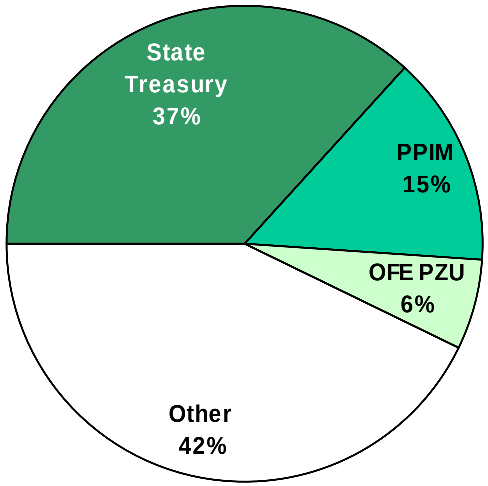
Europe, Asia and South America

In addition:

- Polsin, Singapore, Ciech America Latina, Sao Paulo
- Representative offices of Polfa in Kazakhstan and Vietnam

Impressive performance of Ciech share price

Shareholder structure of Ciech SA

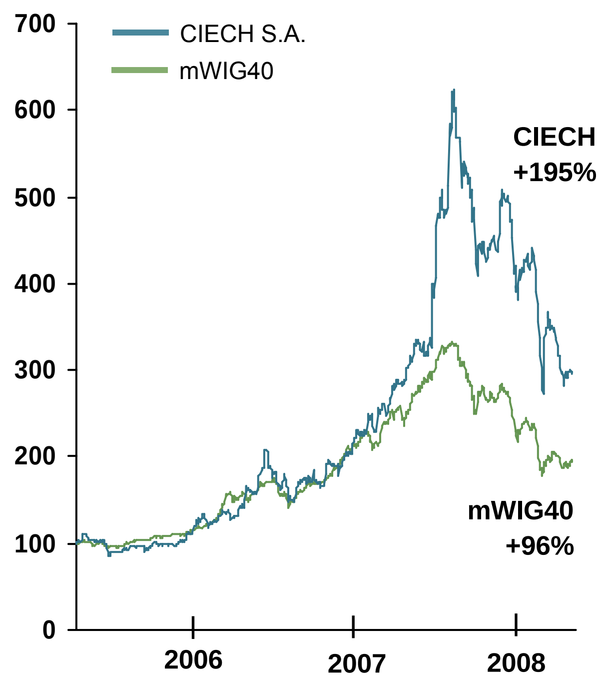


PPIM – Pioneer Pekao Investment Management SA

OFE PZU – Open Pension Fund PZU „Złota Jesień"

Performance of Ciech share price

Significant outperformance of WSE indices



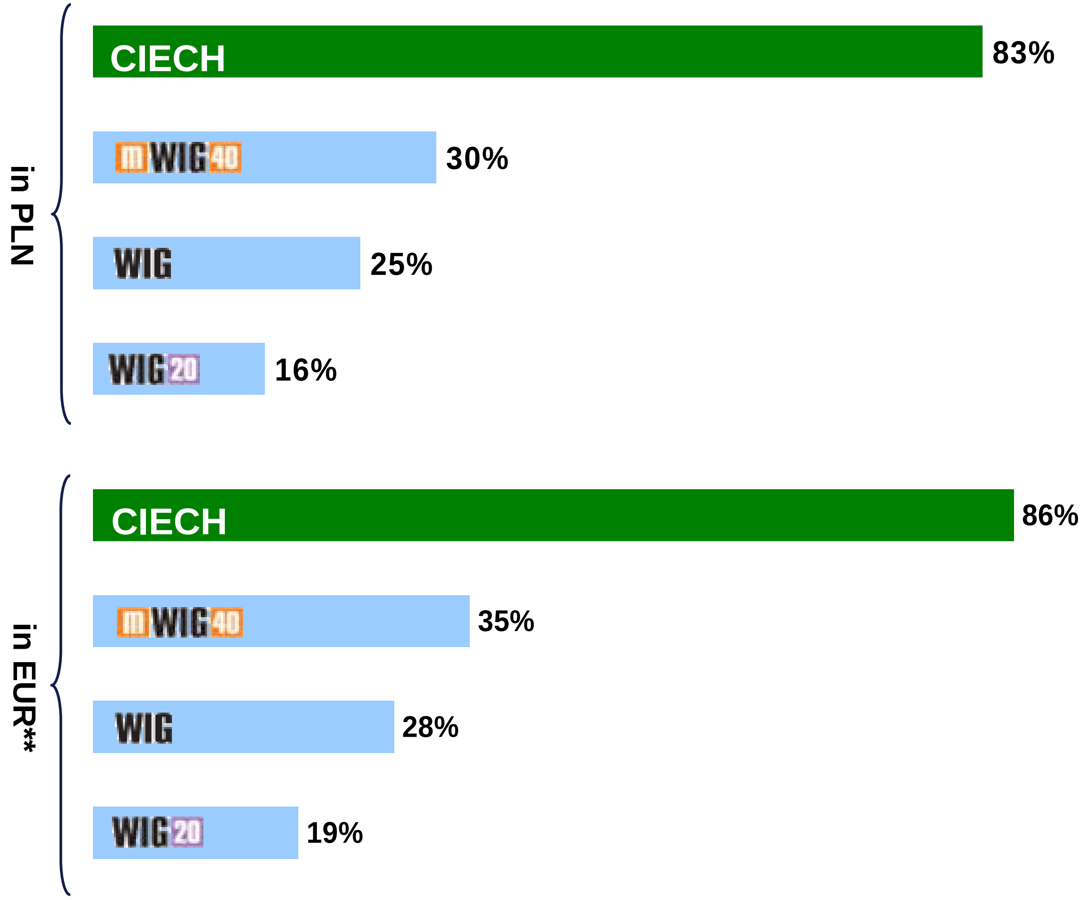
Ciech share price performance from February 10,2005 to March 31,2008

Commentary

- State Treasury is the main shareholder owning **36.7% of Ciech's shares**
- Significant outperformance of WSE indices
- Ciech share grow is **+195%** from February 10, 2005
- mWIG40 indicator grow is **+96%** from February 10, 2005
- High level of average liquidity: 55 800/shares and **PLN 11.1 m daily** in the first quarter of 2008

Investment in CIECH S.A. shares (2005-2008)

Average* annual return [%]



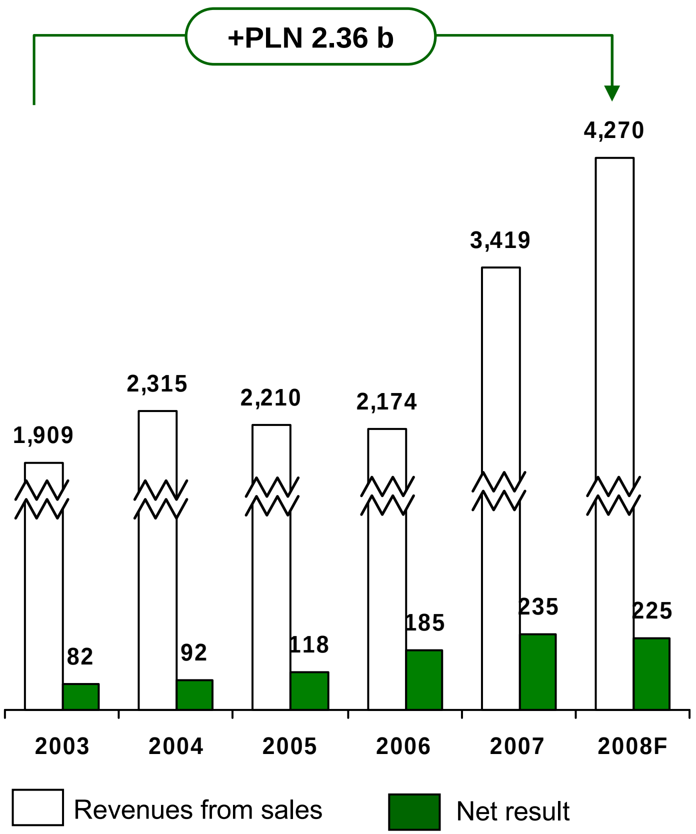
Based on the period from 10 February 2005 to 8 February 2008. Not including dividend payment PLN 0.3 in 2005, PLN 0.8 in 2006 and PLN 2.1 in 2007

*** 10 February 2005 PLN/EUR=4.004 and 8 February 2008 PLN/EUR=3.6185*

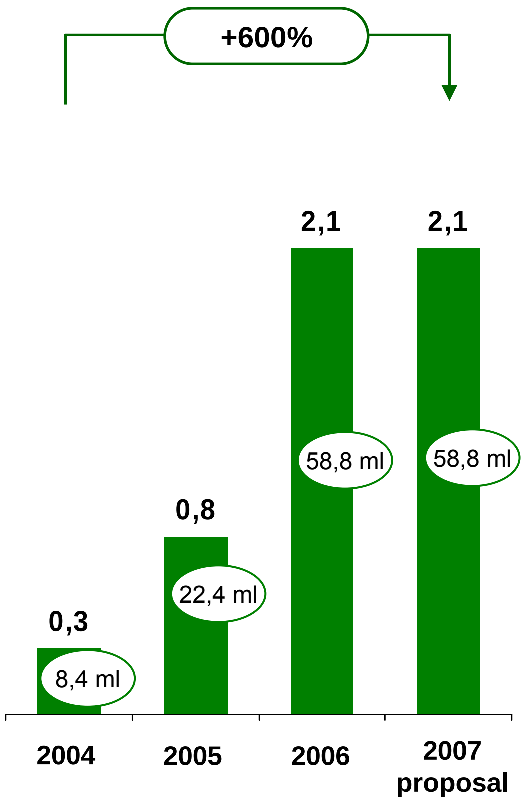
Revenues of Ciech Group are increasing to PLN 3.4 billion (EUR 905 ml) and improving financial results

Financial results and dividend policy

Ciech Group's revenues from sales and net result, 2003-2008F [PLN million]



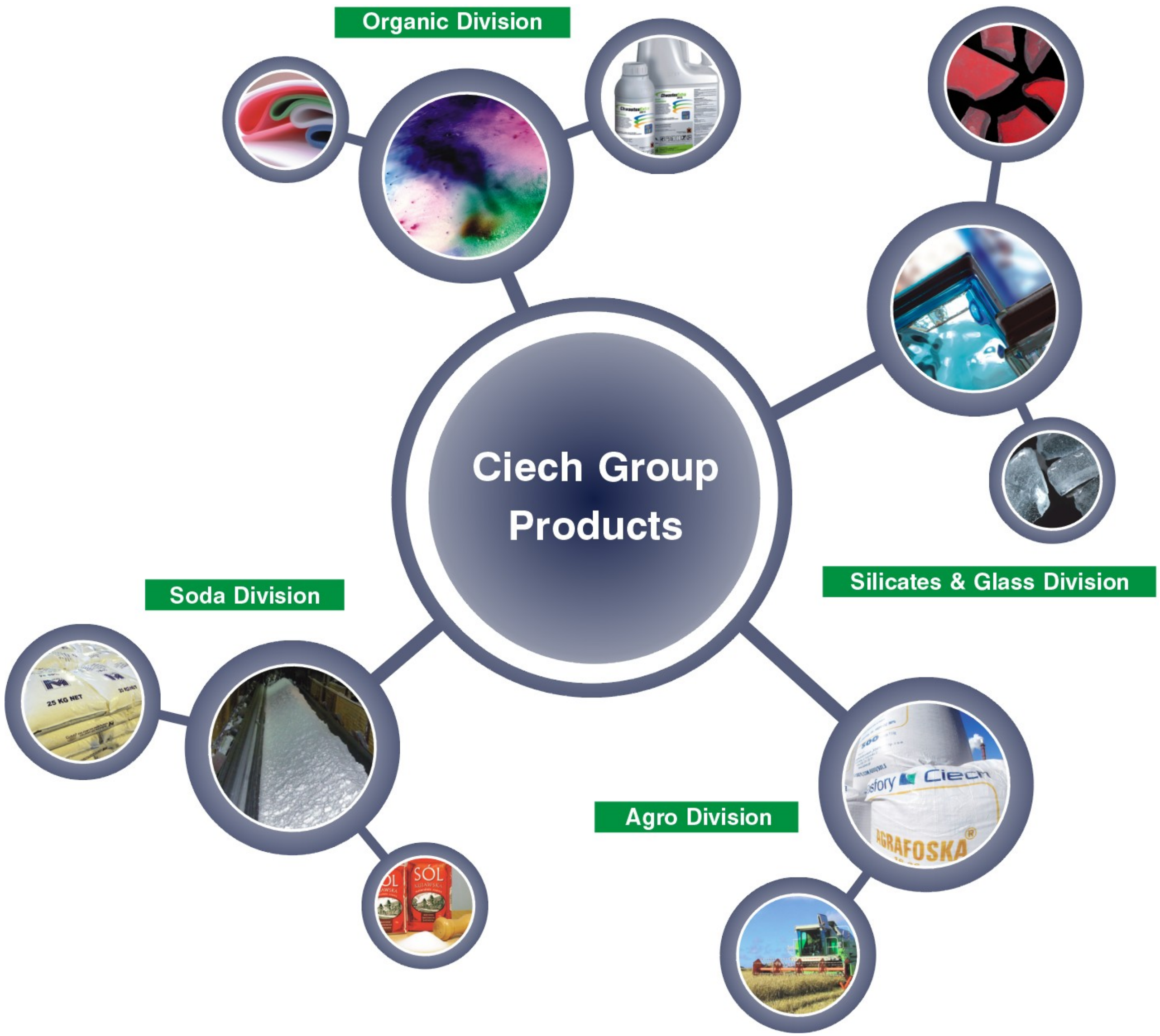
Dividend in PLN per share



Comments

- Jumping increase of sales to **PLN 3,4 b** in2007 through acquisitions
- Owing to restructuring and **operating excellence programs** implemented in subsidiaries, Ciech Group has improved its net financial result from a PLN 72 million loss in '01 to a PLN 235 million profit in '07
- Further profitability improvement forecast for '08: **PLN 4.3 billion of revenues** and **PLN 225 million of net profit**
- Attractive dividend yield of 2.5% based on the share price of March 25, 2008 (PLN 84.5)

Ciech Group Products

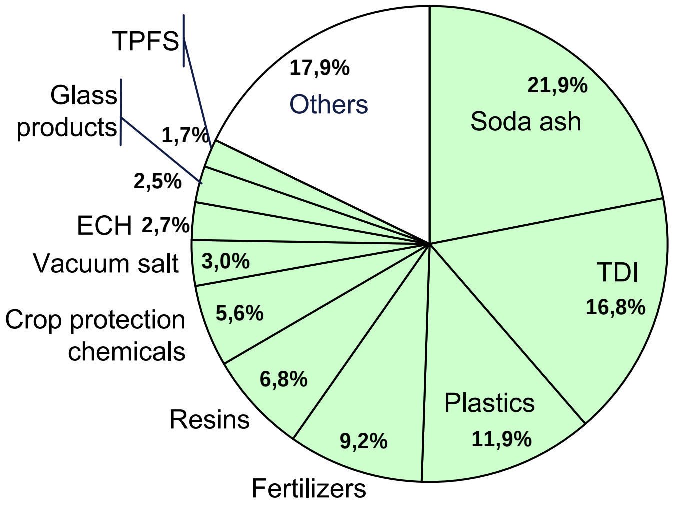


Poland and EU are Ciech Group's main markets

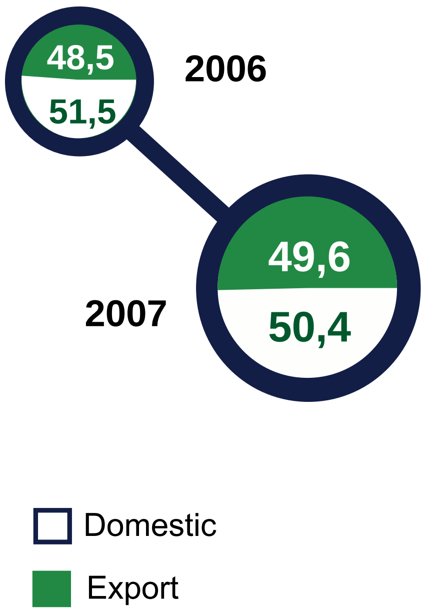
Sales structure by products and markets in 2007 [%]

By products

Total = PLN 3 419 million (EUR 905 million)



By markets

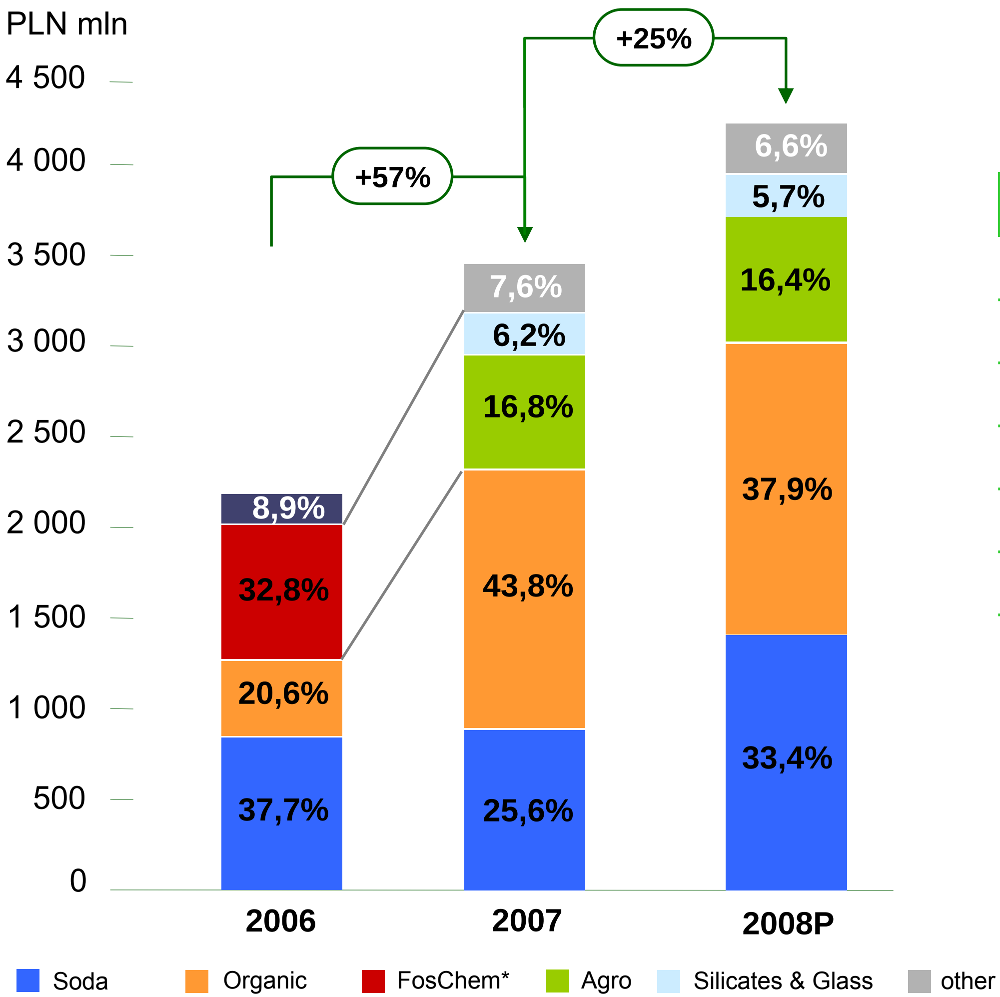


Comments

- **Diversified product portfolio** with dominating share of inorganic chemicals
- **82%** of revenues - sales of top 10 products/goods
- **51%** share of domestic sales
- Significant share of exports to the EU countries

Financial Forecasts 2008
Sales income – structure

Group's sales by Division, 2006-2008F [% and million PLN]



PLN m	2006	2007	2008F
Organic	443	1 264	1 618
Soda	813	954	1 428
Agro	339	544	698
Silicates & Glass	120	149	245
Other	459	508	282
Total	**2 174**	**3 419**	**4 270**

** FosChem Division combains both sub-divisions – Agrochemicals and Silicates & Glass, which started operating December 1, 2007*

Ciech

CIECH Group is #1 or #2 in Poland in wide range of products

CIECH Group market position in key products, 2006/2007

	Soda ash	TDI	Phosphates & multiple fertilizers	Epoxy resins	Glass blocks
Market share in Poland	100%	51%	10%	30%	66%
Market position in Poland	**1**	**1**	**2**	**1**	**1**
Sales 2007	**PLN 749 m**	**PLN 576 m**	**PLN 225 m**	**PLN 164 m**	**PLN 25 m**
Main raw materials	▪ Salt brine, limestone, coking coal, anthracite	▪ TDA, chlorine, propylene	▪ Phosphorite, phosphoric acid, sulphur, potassium salt	▪ bisphenol A, ECH, dian, phenol	▪ soda ash, sand, gas
Additional data	▪ Dominating player in Finland, Slovakia, Czech Republic and Sweden ▪ Second position in European market	▪ Annual production of 60 ,000 tons will increase to 75,000 tons following investment in 2009	▪ Second largest producer in Poland. The biggest one is Police	▪ Sales of epoxy resins in 2007r. 21,6 00 tons ▪ Total sales of resins within Group in 2007 amounted to 231 mln PLN	▪ Sales in 2007 amounted to 4.9 mln pieces, Sole producer in Poland

The Core Business of Ciech Group consists of eight production Companies in which Ciech SA owns controlling stakes

Ciech Chemical Group

	Soda Division	Organic Division	Agro Division	Silicates & Glass Division
Companies	Soda Polska CIECH (99.8%) US Govora (93.1%) Soda Deutschland Ciech (90%)	Zachem (80.0%) Organika- Sarzyna (80.0%)	GZNF Fosfory (89.0%) Alwernia (73.8%)	Vitrosilicon (100%) HS Wymiarki (34%)
Products	soda ash sodium bicarbonate vacuum salt	TDI, ECH, polyurethane foam, processed PVC, epoxy & polyester resins, plant protection chemicals	fertilizers, phosphorous & chromium compounds	glass blocks, lamps and jars, sodium & potassium silicates
Customers	glass industry and detergents	furniture and paints & dyes Industry, building of yachts	agriculture	construction industry, consumer markets
Markets	European	Global, European, domestic	domestic	European, domestic
Periodicity	Low	High / Average	Low	Average / Low

Ciech

Serving Key Industry Sectors
The key end markets of our products

1 **Glass industry** (soda ash): good prospects resulting from the boom in the construction sector of Central-Eastern Europe and especially Poland; more than 8% growth per year in the near future (i.e. growing demand for flat glass), low consumption of glass packagings per capita in the region when compared with Western Europe;

2 **Detergent industry** (soda ash, sodium tripolyphosphate, sodium silicates): good prospects for this industry resulting from low consumption of detergents per capita in Central-Eastern Europe when compared with Western Europe; sodium silicates are utilized in manufacturing of precipitated silica destined for tyre industry - developing sector in Central-Eastern Europe;

3 **Furniture industry** (TDI): in Poland this industry has been developing very quickly for many years (particularly in the segment of upholstered furniture – using flexible foam; average production growth rate per year amounted to more than a dozen percent); there are good prospects for (e.g. spending on furniture per capita in Central and Eastern Europe is almost 10 times lower than in Western Europe);

4 **Agriculture** (fertilizers, crop protection chemicals): expected demand for fertilisers should remain stable, with growing significance of multiple-compound fertilizers – the segment in which Group specializes (in Central Europe at the growth rate of 2% per year); pesticides demand growth forecasts for our region is at the level of 3%-5% per year;

5 **Paint industry** (epichlorohydrine, epoxide resins): epoxide resins (derived from epichlorohydrine) are components of powder coatings used in different applications for metal goods (automotive, furniture, architecture and others); Poland, Czech Republic and Hungary have been for several years the main countries to have benefited from the migration of western coating manufacturers to the Central-Eastern Europe in order to capture the favourable cost benefits; taking into account forecasts of future consumption of powder coatings (growth rates of 5%-7% per year in the region) outlooks for producers of epoxide resins are very promising.

Operating expanses structure and main raw materials

Selected data on companies in the 2007 year [%]

Ciech Group companies operating expenses structure and main raw materials

Main raw materials (Soda Polska Ciech, US Govora, SWS)
- Hard coal
- Coke
- Brine
- Limestone

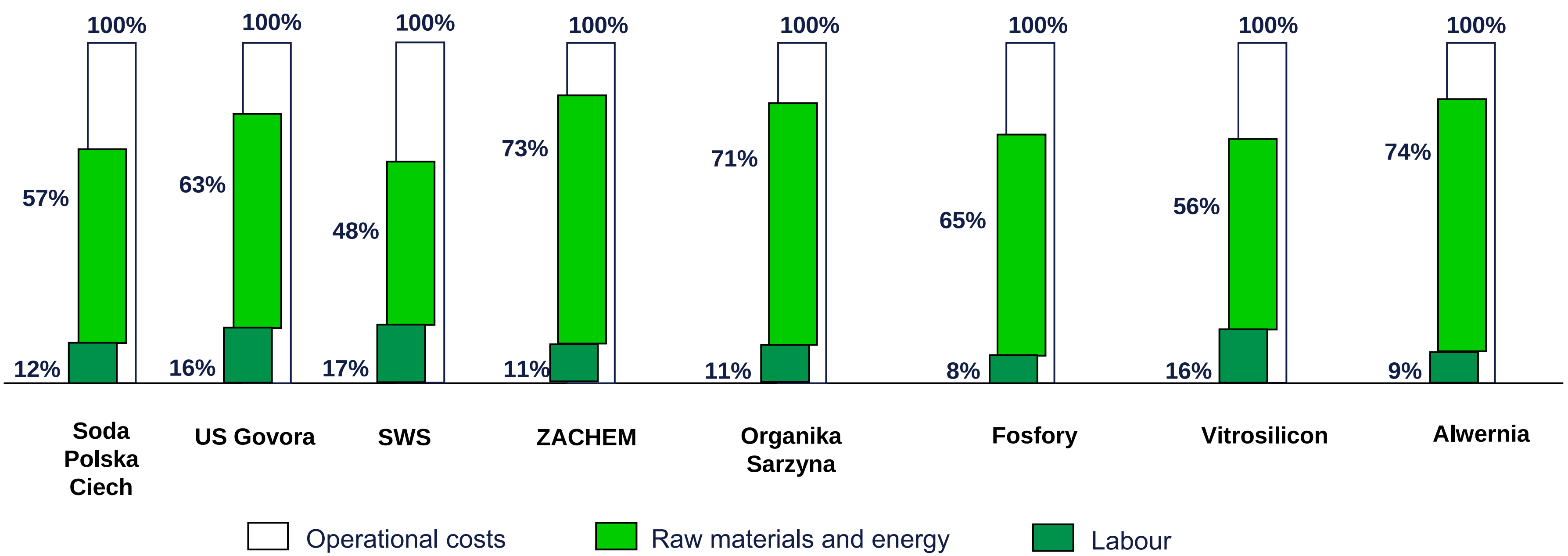
Main raw materials (ZACHEM)
- TDA
- Chlorine
- Propylene

Main raw materials (Organika Sarzyna)
- Ortokrezol
- dicamba100%
- Styrene
- Dian
- Bisphenol A
- ECH

Main raw materials (Fosfory)
- Phosphorite
- Phosphoric acid
- Sulphur
- Potassium salt

Main raw materials (Vitrosilicon)
- Sand
- Soda ash
- Gas

Main raw materials (Alwernia)
- Wet-process phosphoric acid
- Yellow phosphorous
- Soda ash



B. Strategy by Division

Ciech Group Mission

"We create value in those segments of the chemical industry where we have the required competences and a strong and sustainable competitive position."

Key components of the New Ciech Group Vision

Goals	We create shareholder value by building the position of a regional chemical industry leader.
Business geography and markets	Our operations focus on CEE markets. We also seize attractive opportunities in neighbouring Western European markets and in other regions.
Key segments	We focus on local and regional market segments which are less sensitive to market cycles and provide attractive growth prospects. Our priorities are those market segments where the Group can establish a strong and sustainable competitive position.
Portfolio management	We continue to improve our product portfolio with acquisitions, product development, new technologies, and disposals of assets non-core to our value growth strategy.
Operational excellence	We restructure Group companies to improve their performance and profitability and increase their competitiveness. We actively leverage synergies at the Group and company levels.
Trade partners	We build long-term partnerships with our customers and suppliers to ensure mutual benefits and joint success.
Employees	We invest in our employees and recruit the market's best people as they are the key factor of the Group's sustainable success.
Social responsibility	We continuously improve environmental performance with ongoing monitoring of the Group's operations and harmful substances reduction.

Sources of competitive advantage

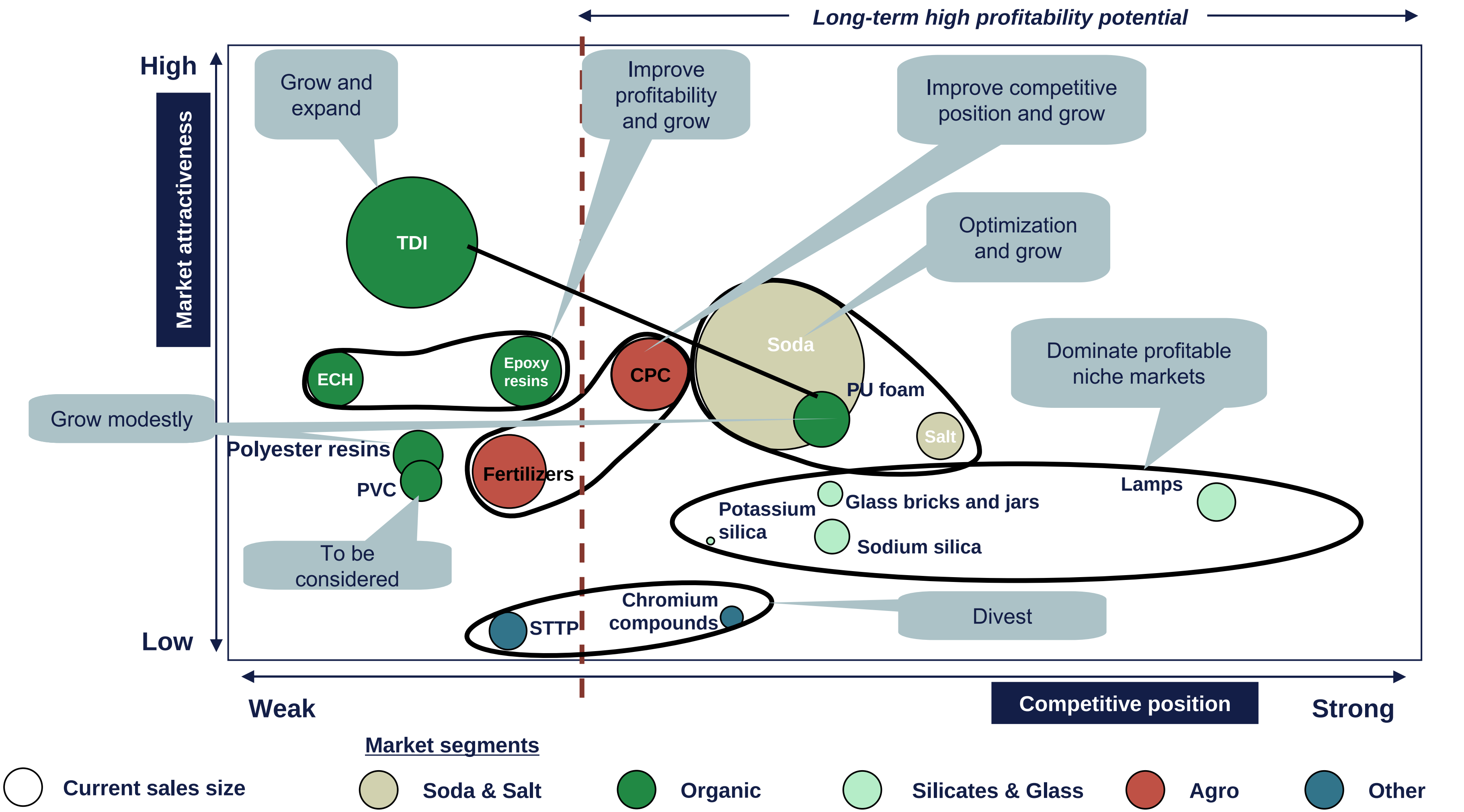
We want to leverage our strong regional position
➢ Product and sales competences
➢ Insight into the needs of regional industries
➢ Strong customer relations
➢ Regional presence
➢ Strong recognised brand

Divisions' diverse competitive strategies

Division	Competitive approach
Soda	➢ Good cost position ➢ Europe's #2 manufacturer: leading position in selected markets
Organic	➢ Insight into unique local market needs ➢ Strong position in Poland
Silicates & Glass	➢ Leader's position in niche segments ➢ Advantageous cost position
Agro	➢ Effective local distribution system ➢ Insight into the needs of local customers ➢ Wide range of chemical products for agriculture

The Ciech Group achieves better profitability in those segments where it has a stronger competitive position

Findings of the Ciech Group Product Portfolio Review



The Ciech Group will work to implement a ‘Focused Growth’ scenario

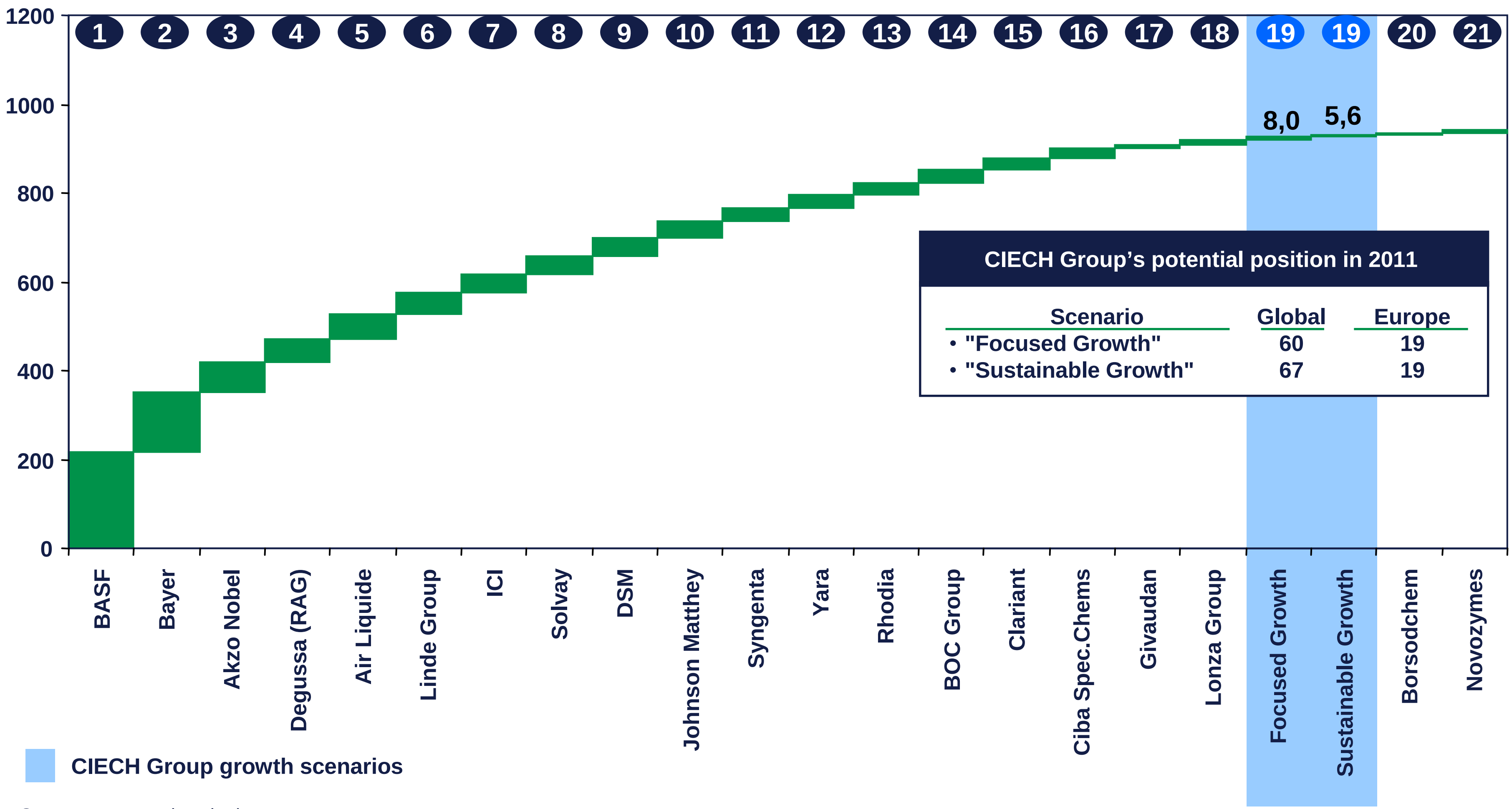
Division	Description	"Focused Growth"	"Sustainable Growth"
Soda	• Integration of the Division • Restructuring of US Govora • Further acquisitions	✓ ✓ ✓	✓ ✓ ✓
Organika	• Integration of Zachem and Organika Sarzyna • Implementation of a modernisation and expansion investment programme • Further acquisition opportunities	✓ ✓ ✓	✓ ✓ ✓
Silica & Glass	• Building the Division through smaller acquisitions and organic investments	✓	✓
Agro	• Development of a common distribution system for CPC and fertilisers • Growth of the Division through acquisitions	✓ ✓	✓
Potential income 2011		~PLN 8b	~PLN 5.6b

‘Sustainable Growth’ is the basis for the implementation of the ‘Focused Growth’ scenario

Implementation of the strategy will make the Ciech Group a strong competitor in the EU

Top European Chemical Corporations

Estimated sales, 2011 (PLN b)



CIECH Group's potential position in 2011

Scenario	Global	Europe
• "Focused Growth"	60	19
• "Sustainable Growth"	67	19

Source: company data, broker reports

Strengthen the position of Europe's #2 Producer

Continued Growth and Integration

Soda Division

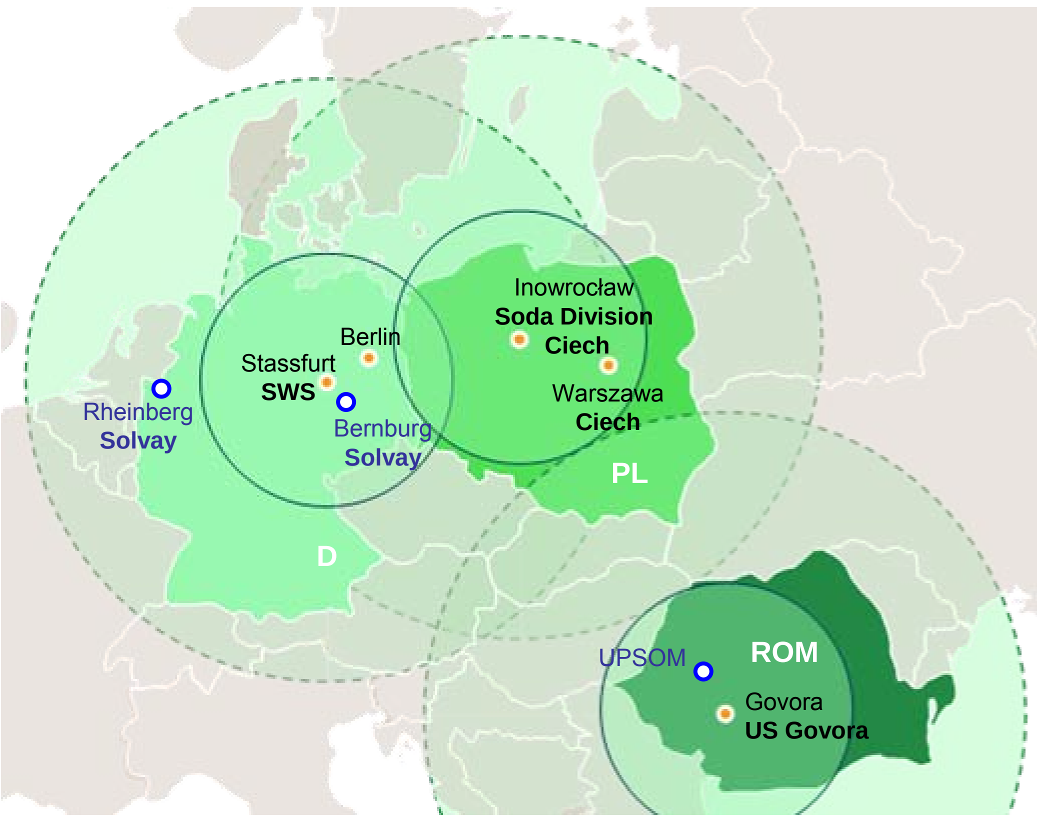
Segment	Business strategy	Implications
Soda	**„Optimise and grow"**	• Key actions necessary to strengthen CIECH's position in the soda ash market: – *Price and geographic optimisation of sales* – *Restoration of US Govora's profitability* – *Expansion of Ciech Soda Polska's production capacity* – *Modernisation and expansion investment at Ciech Soda Polska and US Govora* – *Further acquisitions*
Salt	**„Grow"**	• CIECH's strengthened position and leading role in the Polish salt market thanks to: – *Implementation of an acquisition programme* – *Development of a distribution system*
Soda & Salt	**„Integrate"**	• Integration of Polish soda companies • Integration of Govora within the Division • Integration of new acquisitions

Implementation

before implementation **implemented**

Acquisition of Sodawerk Staßfurt (SWS)

CIECH Group's soda plants location, Solvay soda plants in Germany and UPSOM in Romania



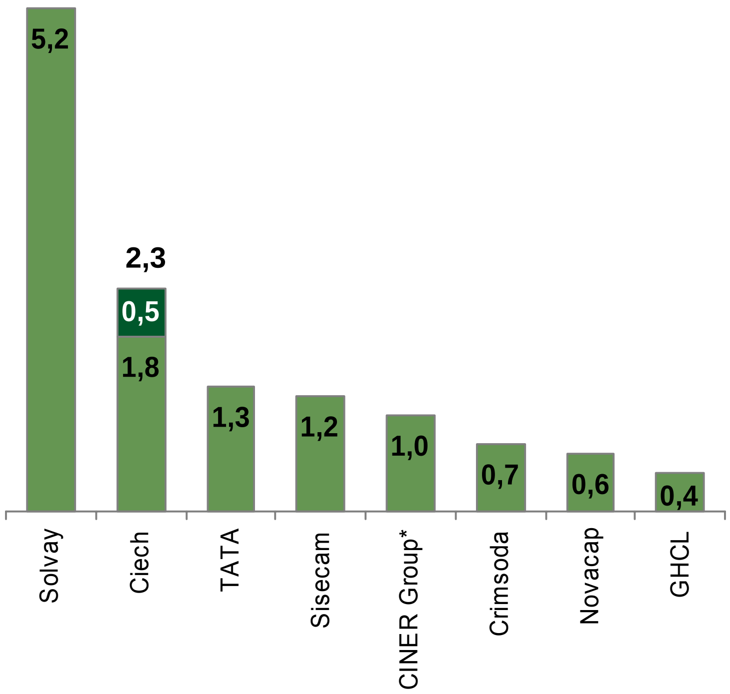
Comments

- Ciech acquired SWS with **600 000 t/y soda ash capacity**, own sources of limestone and brine, with the possibility of rent caverns
- Potential sales of SWS is **EUR 90 m** in 2008 and more than **EUR 110 m** in 2009
- EUR 45 m investment programme for 2007-2008 is financed without Ciech's involvement
- SWS acquiring will bring **savings in transport -** coordination of supply to common clients in Germany (total: 490 tt/y of soda) and Czech Republic (total: 170 tt/y of soda)
- New plant and capacity **will strength Ciech Group's competitive position**. Grow of profit margin is expected

Ciech Group position on soda ash market in Europe

Soda Division

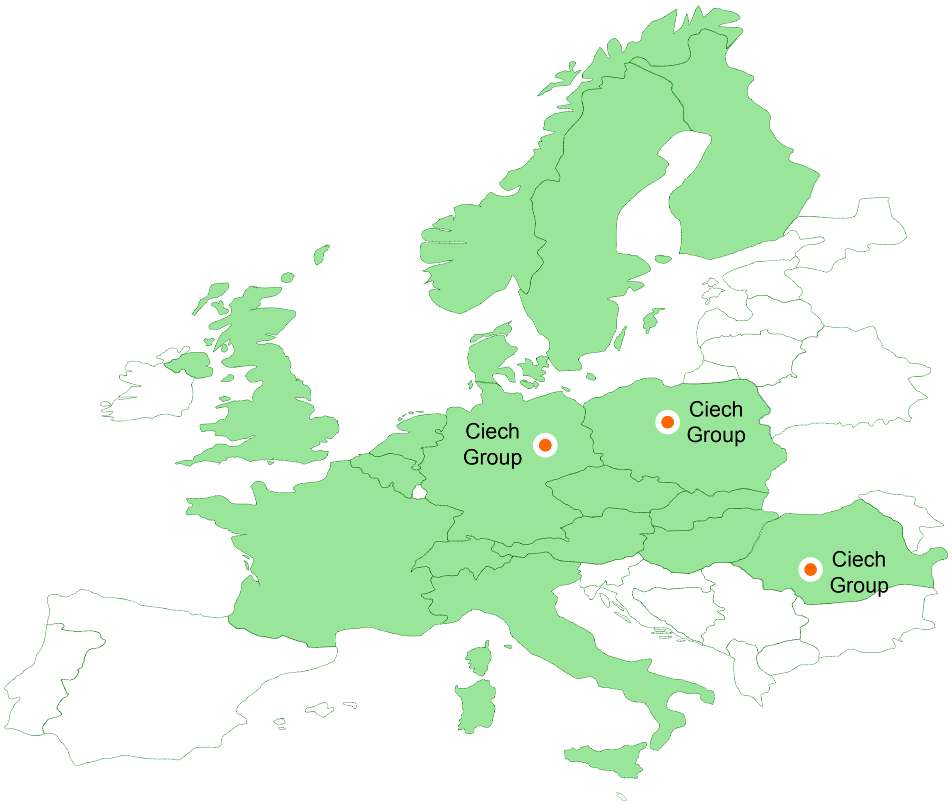
Ciech Group position in Europe, 2007 [soda ash]



Additional capacity reached after organic investments until 2009 year

* Planned capacity in 2009 (trona soda in Turkey)

Key markets served by Ciech Group in Europe [soda ash]



Build an integrated and efficient Division

Leverage Synergies, Implement Investment Programme

Organic Division

Segment	Business strategy	Implications
TDI	„Grow”	• Improved competitiveness: cutting the cost of TDI production • Moderate production capacity expansion • Improved efficiency of the sales system
Epoxy resins / ECH	„Improve profitability, grow”	• Improved profitability, review of the epoxy resins value chain: – *Improved EPI cost position* – *Product portfolio expansion* – *Epoxy resins production capacity expansion and process improvement* – *Improved efficiency of sales* • Improved competitiveness of the distribution system
PU resins PUR	„Grow modestly”	• Moderate production capacity expansion and product portfolio expansion • Possibly smaller acquisitions
Polyester resins	„Retain”	• Investment in product portfolio expansion • Improved efficiency of the distribution system to strengthen the position in Poland
Organic Division	„Integrate and build up the Division”	• Complete integration of Zachem and Organika - Sarzyna • Expected capex totalling ca. PLN 700-1000m • Expected annual impact on EBITDA of PLN 164m within 3-4 years

Implementation

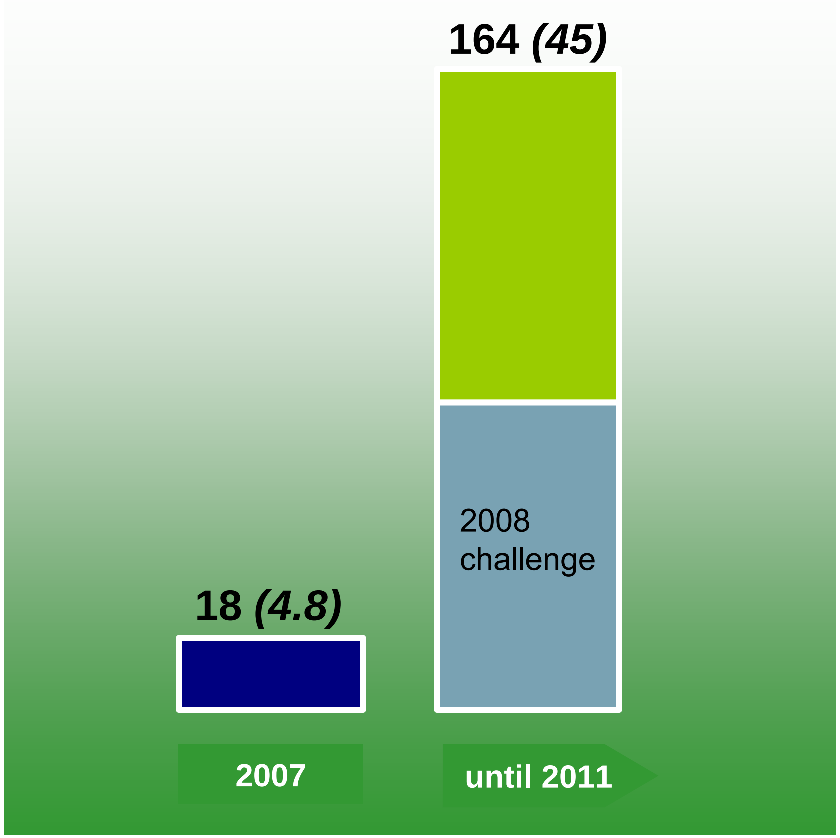
before implementation implemented

Ciech Group's experience in restructuring brings effects in integration of Zachem and Organika Sarzyna

Organic Division

Current Organic Division integration programme

PLN million *(EUR million)*



Comments

- **PLN 164 million saving** p.a. targeted with Organic Division integration programme up until 2011
- Actions being taken in 2008 are vital for successful implementation – planned achievement of **48% terminal effects**
- Key element of Organic Division integration programme:
  - Investment plan
  - Growth in efficiency of sales
  - Growth in cost efficiency of manufacturing processes
  - Safety of raw material and energy supply
  - New logistics procedures
  - Organisational integration and IT

Strengthen the leader's position in profitable niche segments

Build Up the Division with Acquisitions and Organic Growth

Silicates & Glass Division

Segment	Business strategy	Implications
Silica	**„Grow"**	• Organic investments: – *Glazed sodium silicon* – *Sodium water glass* • Improved position: strategic acquisitions • Dominated profitable niche: potassium silica • Launch of new high-margin products
Glass	**„Grow"**	• Glass bricks: – *Growth of the local glass bricks market generated by marketing campaigns* – *Stronger presence in foreign markets* • Lamps - consider acquisitions • Jars – consider acquisitions • New products
Silica & Glass	**„Build up the Division"**	• Reach critical mass • Feasibility of planned acquisitions • Building up a new Division

Implementation

before implementation **implemented**

Win a strong position in the Polish Agro Industry

Rate of Division Development Depends on Attractive Acquisition Opportunities

Agro Division

Segment	Business strategy	Implications	Implementation
Fertilizers	**„Grow with acquisitions”**	• Necessary market consolidation to strengthen competitive position • Acquisitions to expand the product portfolio and achieve synergies in distribution • Acquisition decisions depending on the strategic fit of the return on investment • Right acquisitions to achieve product and raw material synergies with the other Divisions	
CPC	**„Grow”**	• Investment in product portfolio expansion • Review of attractive local acquisitions • Investment in product capacity expansion	
Agro	**„Improve competitive position and grow”**	• Building up the Agro Division to offer a comprehensive service to agriculture customers • Development of an efficient distribution system (new distribution centers) • Synergies in CPC and fertilizers distribution	

before implementation **implemented**

Other Key Areas

Area	Business strategy	Implications	Implementation
R&D	„Grow”	• CIECH Group is currently one of the few Polish chemical companies with the financial capacity and expertise necessary to launch major R&D projects • A strong R&D capability is an important component in implementing the new strategy	
Foreign network	„Rationalise and grow”	• CIECH has a network of foreign companies and branches • Currently foreign companies mostly focus on Soda Division products without tapping the Group's full potential • Good understanding of foreign markets and customer service abroad are crucial to sales due to the large share of exports • Planned rationalisation and expansion of the foreign branch network	
Divestments	„Actively manage the portfolio”	• CIECH will actively manage its subsidiary and product portfolio in order to optimise it and to focus on those market segments where the Group has a strong competitive position	

before implementation

implemented

C. Financial strategy

With revenues at the level of PLN 4.3 billion, Ciech Group will improve EBITDA margin to 14.4% in 2008

2007 financial results and forecasts for year 2008 [million PLN] (million EUR)

	2002	2003	2004	2005	2006	2007	2008F[1)]
Sales	1 879 (499)	1 909 (507)	2 315 (614)	2 210 (586)	2 174 (558)	3 419 (905)	4 270 (1 167)
EBITDA	120 (32)	237 (63)	240 (64)	239 (63)	277 (71)	487 (129)	614 (168)
EBITDA margin	6.4%	12.4%	10.4%	10.7%	12.7%	14.2%	14.4%
EBIT	32 (8)	145 (38)	155 (41)	144 (38)	181 (46)	310 (82)	375 (102)
EBIT margin	1.7%	7.6%	6.7%	6.5%	8.3%	9.1%	8.8%
Net profit	-4 (-1)	82 (22)	92 (24)	118 (31)	185 (47)	235 (62)	225 (62)
Net margin	-0.2%	4.3%	4.0%	5.3%	8.5%	6.9%	5.3%
EPS (PLN/EUR)		3.78 (0.85)	4.00 (0.89)	4.16 (1.03)	6.59 (1.69)	8.36 (2.21)	8.04 (2.20)
ROE		17.3%	16.7%	11.6%	15.8%	17.3%	14.2%

1) Forecasts prepared by Ciech SA (February 29, 2008) - PLN/EUR=3,66

Two strategic scenarios – Key financials
Both our scenarios will grow the business and improve its profitability

Ciech (PLN m)	2005	2006	2007	2008F	"Sustainable Growth" 2011F	"Focused Growth" 2011F
Sales	2 210 (586)	2 174 (558)	3 419 (905)	4 270 (1 167)	5 600 (1 486)	8 000 (2 123)
Y/Y (%)	*-5%*	*-2%*	*57%*	*25%*	*10%*	*29%*
EBITDA	236 (63)	277 (71)	487 (129)	614 (168)	952 (253)	1 200 (318)
%	*10.7%*	*12.7%*	*14.2%*	*14.4%*	*17.0%*	*15.0%*
EBIT	144 (38)	181 (46)	310 (82)	375 (102)	616 (163)	800 (212)
%	*6.5%*	*8.3%*	*9.1%*	*8.8%*	*11.0%*	*10.0%*
CAPEX (annually)	120 (32)	459 (122)	629 (166)	554 (151)	3 100[1] (822)	4 800 [1] (1274)
Net Profit	118 (31)	185 (47)	235 (62)	225 (62)	450 (119)	500 (133)
%	*5.3%*	*8.5%*	*6.9%*	*5.3%*	*~ 8,0%*	*~ 6,0%*

[1] 2007 – 2011 cumulative investments

1 EUR = 3,769 PLN (3.10.2007)
1 EUR=3.7768 PLN (FY 2007)
1 EUR = 3.66 PLN (2008F)

Key Assumptions

Synergy and cost reduction (EBITDA, PLN million)

	2007	2008	2009	2010	2011
Soda	-	7.5	15.0	15.0	15.0
Organic	18.0	79.0	120.0	150.0	164.0
Govora	-	5.7	20.6	36.4	43.7
Total	18.0	92.2	155.6	201.4	222.7

Income from disposal of shares (PLN million)

	2008
Alwernia	
Polfa	
Cheman	
Boruta	
Real estate	
Total	80
PTU	not included

Estimated CAPEX	**2007**	**2008**	***cumulative '07-'08 (%)***	**2011***
Maintenance & Modernisation	248	489	*58%*	1 263
Development & Restructuring & Acquisitions	381	65	*24%*	1 837
Total [PLN ml]	**629**	**554**	***38%***	**3 100**

**2007 – 2011 cumulative investments*

Financial targets in long term (Sustained growth)

- Total revenues PLN 5 600 m
- EBITDA margin 13-17%
- Net margin 6-8%
- Stable dividend payout (20-30%)
- 1.5–2.5 Net Debt to EBITDA

D. Summary

Several years' tradition and the adopted development strategy will strengthen Ciech Group's position as a producer of basic chemicals in the region

- Ciech is a **leading player** on the market of basic chemicals **in Poland** and enjoys overall strong position on the markets **soda ash, CPC, TDI, phosphate fertilizers and vacuum salt in Europe**
- The company prepared and lunched a **consistent strategy** which constitutes **company's development** and is aimed at creating shareholders' value
- Taking into account the group business profile Ciech has decided to **concentrate on development of the following main products**: soda ash, vacuum salt, TDI, ECH, resins, crop protection chemicals, phosphate fertilizers, sodium silicates, glass packaging
- The **investment programme** aims at modernization and extension of production capacities of: Zachem, Organika-Sarzyna, US Govora, Soda Polska CIECH, Soda Deutchland, Combined Heat Plant, Vitrosilicon
- Execution of the **„Sustainable growth"** scenario will provide **revenues** from sales at the level of **PLN 5.6 billion** and **EBITDA margin** at the level of **17%** in 2011

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