Tarnów, August 27th 2018

Letter from the President of the Management Board of Grupa Azoty S.A.

Ladies and Gentlemen,

on behalf of the management teams of the Grupa Azoty Group companies I strongly encourage you to read our consolidated Directors' Report for the first six months of 2018.

The first half of this year demonstrated that the key challenges facing the Group on the local and international fertilizers and chemicals markets can only be met by consistently delivering on our strategic goals until 2020. In this context, deliberate and consistent pursuit of these goals is all the more important.

The unprecedented fluctuations in gas prices and coinciding weather events had a dampening effect on agriculture, forcing fertilizer companies to operate under unfavourable conditions throughout the first half of 2018. These extreme market conditions prove how important diversification is for our operations now and how important it will be in the future. Continued business diversification is one of the four main pillars of our Strategy until 2020. In addition to consolidation and the rollout of agricultural products, the strengthening of the second operating pillar through expansion of the non-fertilizer business, and generating and implementing innovations that spur the growth of the chemical sector, remain our key goals for the coming years. Diversification will be supported by further investment projects, including our flagship Police Polymers complex, which is progressing as scheduled. It will help us buck any adverse trends and harness the capabilities and the combined potential of all our business segments.

These product line diversification efforts are additionally supported by our search for innovative solutions and technological advancement. To that end, we have established collaborative relationships with various start-ups, expanded our human resources, expanded our research and development infrastructure, launched the Idea4Azoty programme, strengthened partnerships with research and academic centres and, first and foremost, increased our R&D&I spending. Grupa Azoty was Poland's only company to accompany the Polish government delegation to the UN High Level Political Forum (HLPF) in New York, which reviewed progress towards the achievement of the Sustainable Development Goals. Grupa Azoty, which discussed examples of its own best practices contributing to the implementation of the Agenda, played a major role in the presentation of the report.

The implementation of ambitious expansion plans and strategy requires appropriate capital investment. In the first half of 2018, the Group managed to secure the full funding needed to deliver its investment plan for the coming years. We signed separate agreements with the European Investment Bank, a bank syndicate led by PKO Bank Polski, and the European Bank for Reconstruction and Development. The funding secured under the agreements will enable the implementation of strategic projects until 2026.

The ability to effectively respond to the changing market environment and growing competition in the chemicals sector may only be achieved by combining the potential of all Group companies. During the last six months, we moved a step forward to further strengthening collaboration in sales. It is an event of strategic importance for the entire Group and its efficient operations, which will permit the Group to exploit synergies and solidify its position through integrated sales management.

Cooperation between the companies will help them strengthen their relationships with customers. As a result of the agreement, the Group will follow a uniform trading strategy and policy, consolidating and coordinating its marketing activities under a common brand.

The combination of the potentials of the Group companies based in Tarnów, Puławy, Police and Kędzierzyn-Koźle has not only helped to keep the key chemical plants in Polish hands, but has also generated cost savings of no less than PLN 710m. The developments on the global chemical and fertilizer market show that combining potentials and consolidation is the only solution for this sector, as demonstrated by the multi-billion dollar mergers of market giants seen around the world in recent years. Grupa Azoty also wants to follow this path.

I wish to thank all employees for their commitment in building the value of Grupa Azoty as the Ambassador of the Polish Chemical Industry 2018. I also thank the managers of the Group subsidiaries for their contribution to delivering the Group's strategy, as well as the members of the Supervisory Board for excellent cooperation in making key decisions that will determine the future of the Group and Poland's chemical sector at large.

Yours faithfully,

Wojciech Wardacki

Wojciech Wardacki, PhD

President of the Management Board,
Grupa Azoty S.A.