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Grupa Azoty Group posts solid Q1 2015 performance

The Grupa Azoty Group reported revenue in excess of PLN 2.8bn in the first quarter of 2015 (versus PLN 2.7bn in Q1 2014), with net profit close to PLN 306m (compared with PLN 151m in Q1 2014).

EBITDA also improved year on year, having increased by PLN 163m, to PLN 485m, from PLN 322m in Q1 2014.

“In the first quarter, which is traditionally our strongest quarter of a year, we delivered solid financial results, with a particularly large contribution from the Fertilizers business. The sound performance was driven by mild weather, which encouraged early application of fertilizers in Poland this spring. Plastics and Chemicals saw a downtrend in product prices, prompted by declines in the oil and petroleum products market. Depreciation of the zloty improved our export competitiveness, and the prices of key raw materials had a beneficial impact on our cost base,” commented Andrzej Skolmowski, Vice-President of Grupa Azoty for Finance.

Revenue in the Fertilizers segment grew by almost 13% (PLN 202m) year on year. The growth was fuelled by increased volumes of compound fertilizers sold (notably NPK and DAP), and was further supported by higher prices of two-component fertilizers (DAP) and nitrate fertilizers on the domestic and international markets. These tendencies, coupled with positive trends in energy prices (gas and coal), lifted EBITDA margin to 21% (versus 14% in the same period last year).

EBITDA margin in the Plastics segment (slightly in the negative territory) remained close to the level reported in the first quarter of the previous year, with sales by value down almost 9%, mainly due to the retreating oil prices driving down the prices of benzene and phenol. A moderate rise in cost of sales was attributable to higher Polyamide 6 sales volumes, led by increased output (compared with Q1 2014).

The Chemicals segment's revenue was down by nearly 6% year on year, with EBITDA margin deteriorating slightly to 9%, from 10% in Q1 2014. The decline in sales was largely an effect of lower prices in the OXO segment, where product prices followed the price reductions of key petroleum raw materials (propylene/ortoxylene). Moreover, price pressures in the Pigments (titanium white) business, caused by increased supply of the product on the market, eroded operating margins.

Read more:

- [Grupa Azoty's financial results for Q1 2015 - Press Release](#)
- [Consolidated Quarterly Report for Q1 2015](#)
- [Presentation of Q1 2015 results](#)