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PGNiG S.A. and Grupa Azoty sign a new multi-year gas supply agreement

On April 13th 2016, Polskie Górnictwo Naftowe i Gazownictwo S.A. (PGNiG S.A.) and the Grupa Azoty Group concluded a new gas supply agreement.

Under a framework agreement and bilateral contracts, PGNiG will supply natural gas to five companies of the Grupa Azoty Group, including the companies based in Tarnów, Puławy, Police and Kędzierzyn, as well as to Siarkopol.

The agreement expires in September 2019. The total volume of supplies throughout the term of the agreement may amount to as much as 4.5bn cubic metres. The value of the agreement is estimated at ca. PLN 3.3bn.

"Today's meeting, during which two major state-owned companies signed an agreement, proves that economic patriotism is about specific ideas, goals and, first and foremost – their implementation – aimed at building a strong and independent Poland which attracts investors and is friendly to entrepreneurs", said Mr Dawid Jackiewicz, Minister of the State Treasury. "It is partnering and efficiently managed enterprises from industries of strategic importance for the state that provide foundations for a wealthy and internationally respected Poland", he stressed.

Under the agreement, PGNiG will supply natural gas to five companies of the Grupa Azoty Group: Grupa Azoty S.A. of Tarnów, Grupa Azoty Zakłady Azotowe Puławy S.A., Grupa Azoty Zakłady Chemiczne Police S.A., Grupa Azoty Zakłady Azotowe Kędzierzyn S.A., and Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A.

"The agreement marks a new stage in the cooperation between PGNiG S.A. and the Grupa Azoty Group. The contracts not only guarantee reliable supplies, but also provide for market mechanisms ensuring that gas will be acquired at prices linked to exchange indices. The agreement provides for innovative solutions for the supplies, based on the competitive offer of PGNiG, our strategic supplier. Also, it is certainly not without significance that our cooperation, based on the arm's length principle, involves creating stronger ties between two enterprises of key importance to the Polish economy", comments Mariusz Bober, President of Grupa Azoty.

PGNiG S.A. and Grupa Azoty have signed a framework agreement which defines the general terms of cooperation between the Parties, as well as individual contracts for purchase of natural gas by each of the Grupa Azoty Group companies. The framework agreement provides for the possibility of concluding additional contracts for further supplies in the future.

"The agreement signed today with our largest, and thus strategic, gas customer marks a new phase in the history of our relations. I am delighted to see that we have developed new, satisfactory terms of cooperation with

Grupa Azoty for the next few years. PGNiG has always sought to meet customer needs. As a result, we can offer attractive terms of gas sale on the liberalised market, and our customers can enjoy reliable and predictable terms of supplies. I believe that the cooperation will not only help PGNiG retain its leading position on Poland's natural gas market, but also contribute to a rapid growth in sales", concluded Mr Maciej Woźniak, Vice-President for Trade at PGNiG S.A.