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of the International Tar Association***

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”Current situation in Polish coke industry”

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The following presentation will include:

- **Post crisis situation of Polish coal, coke & tar industry**
- **New investments in Polish coke industry**
- **Future scenarios for Polish coke industry**

Post crisis situation of the Polish coal, coke & tar industry

POLISH COKING COAL INDUSTRY

Polish coking coal mining is the biggest mining industry of this raw material in the European Union.

It focuses primarily on two centers, namely:

- **Jastrzębska Coal Company Plc (JSW S.A.)**
- **Coal Company Plc (KW S.A.)**

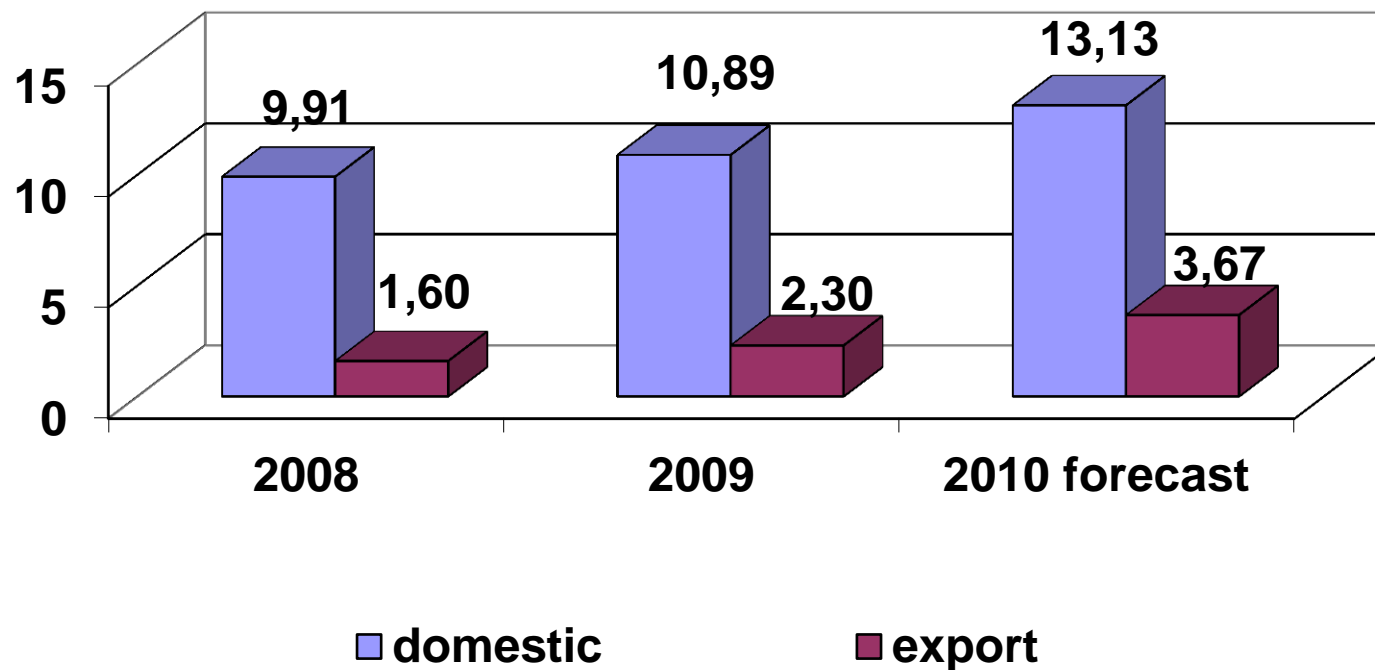
**Table 1. Operating resources of coking coals in Poland
(million tons).**

Coking coal resources	Type of coal	
	hard	semi soft
Jastrzębska Coal Company Plc	380.00	149.00
Coal Company Plc	165.04	535.28
Total	545.04	684.28

In 2009 Polish mining industry produced over 8 m tons of coking coals, of which:

- **5.95 m tons, i.e. 70%, were hard coking coals**
- **2.59 m tons, i.e. 30%, were semi soft coking coals**

Diagram 1. Sales structure of Polish coking coals 2008-2009 and 2010 forecast (million tons).



POLISH COKE INDUSTRY

Polish coke industry is the biggest industry of its kind in the European Union, it also ranks 9th in the world.

In 2009 Poland became the 1st coke exporter.

Polish coke industry centers around 7 plants with the total production capacity of approximately 10 million tons produced by 26 coke batteries.

Table 2. Number of batteries and production capacity of Polish coke plants.

Coke plant	Number of operating batteries	Production capacity (million tons)
Coke Plant "Zdzieszowice" Ltd	8	4.30
Coke Plant "Przyjaźń" Ltd	5	2.70
Coke-Chemical Complex "Zabrze" Plc	4	1.10
ArcelorMittal Poland Plc – Kraków Division	1	0.66
Coke Plant "Victoria" Plc	5	0.62
Coke Plant Częstochowa Nowa Ltd	2	0.30
Carbo-Koks Ltd	1	0.24
Total	26	9.92

- **Due to global crisis and its influence on Polish coke market, 2 investments: 1 in Coke Plant Czestochowa Nowa Ltd (construction of new battery) and 1 in Coke Plant Przyjaźń Ltd (rebuilding battery No 1) have been postponed in 2009. Both investments are going to be reactivated.**
- **4 batteries in Poland, i.e. 2 in Coke Plant Zdieszowice Ltd. and 2 in ArcelorMittal Poland plc – Kraków Division were cold idled.**
- **2 batteries in Poland, i.e. 1 in Coke Plant Zdieszowice Ltd. and 1 in ArcelorMittal Poland plc – Kraków Division were hot idled. Both batteries were restarted still in 2009.**

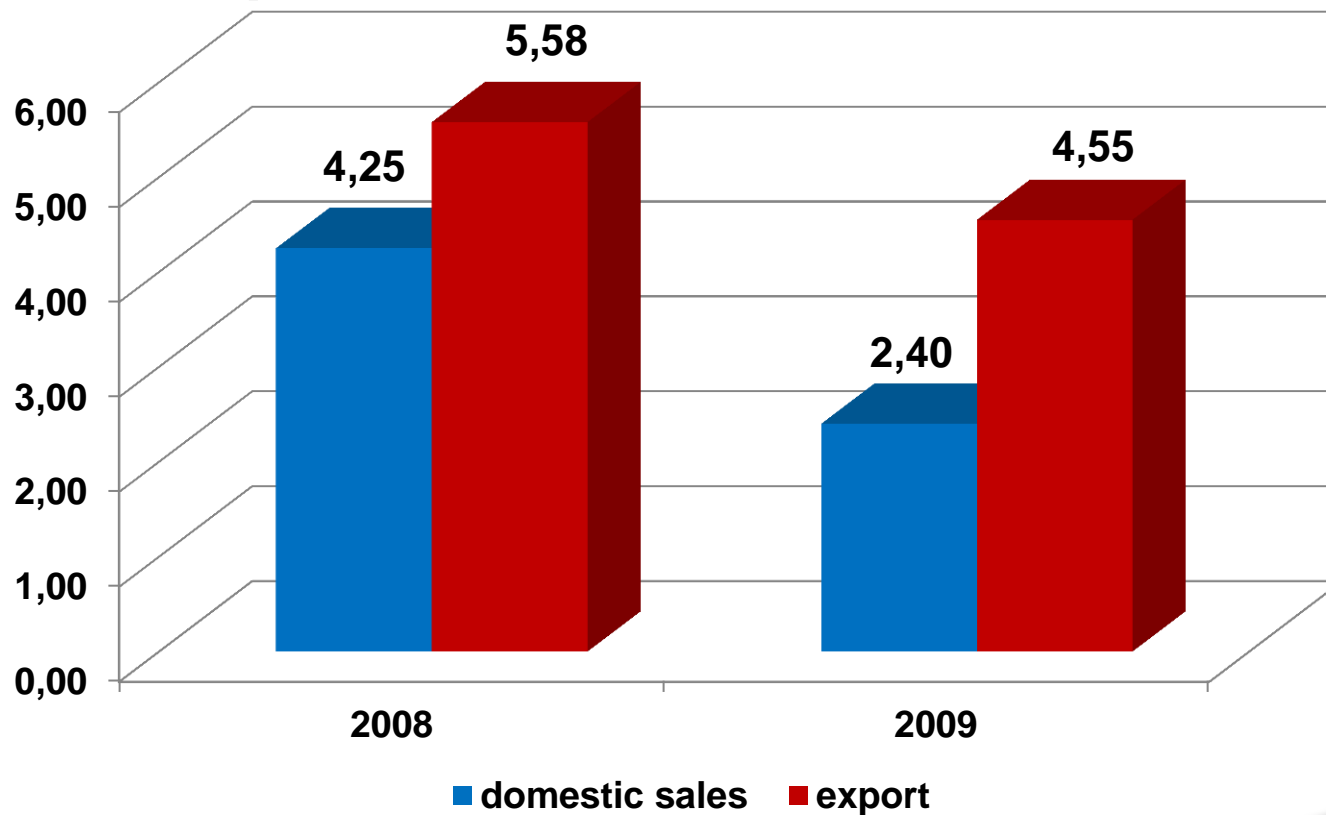
Table 3. Coke production in Poland 2008-2009 (million tons).

Coke plant	2008	2009
Coke Plant "Zdzieszowice" Ltd	4.12	3.18
Coke Plant "Przyjaźń" Ltd	2.59	1.84
Coke-Chemical Complex "Zabrze" Plc	1.06	0.79
ArcelorMittal Poland plc – Kraków Division	1.02	0.39
Coke Plant "Victoria" Plc	0.52	0.38
Coke Plant Częstochowa Nowa Ltd	0.31	0.24
Carbo-Koks Ltd	0.20	0.12
Total	9.83	6.95

INTERNATIONAL MARKETS FOR POLISH COKE

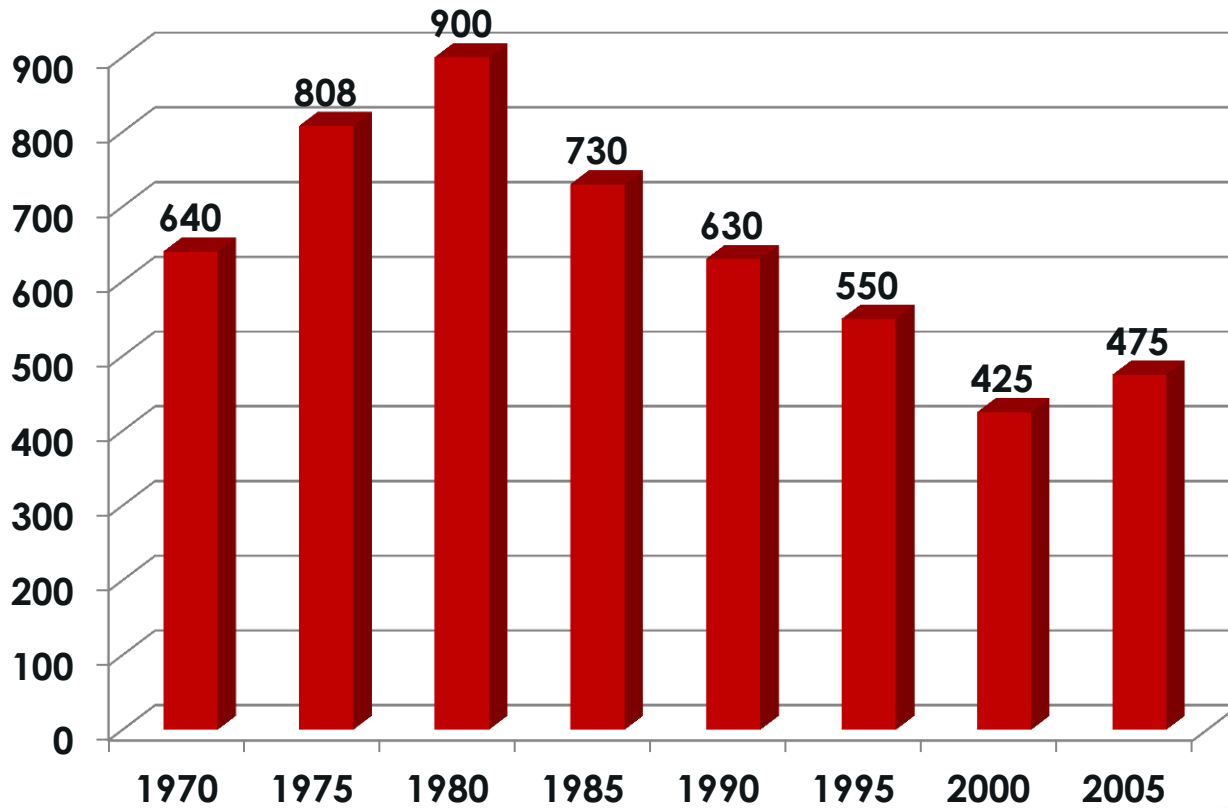
- **Poland's total export amounted at 4.55 million tons in 2009 (18% less than in 2008).**
- **Export sale accounted 65% of Poland's coke production.**
- **Poland became the biggest exporter of coke in 2009.**
- **The main market for Polish coke is the European Union.**

Diagram 2. Sales structure of Polish coke 2008-2009
(million tons).



TAR PRODUCTION AND SALE IN POLAND

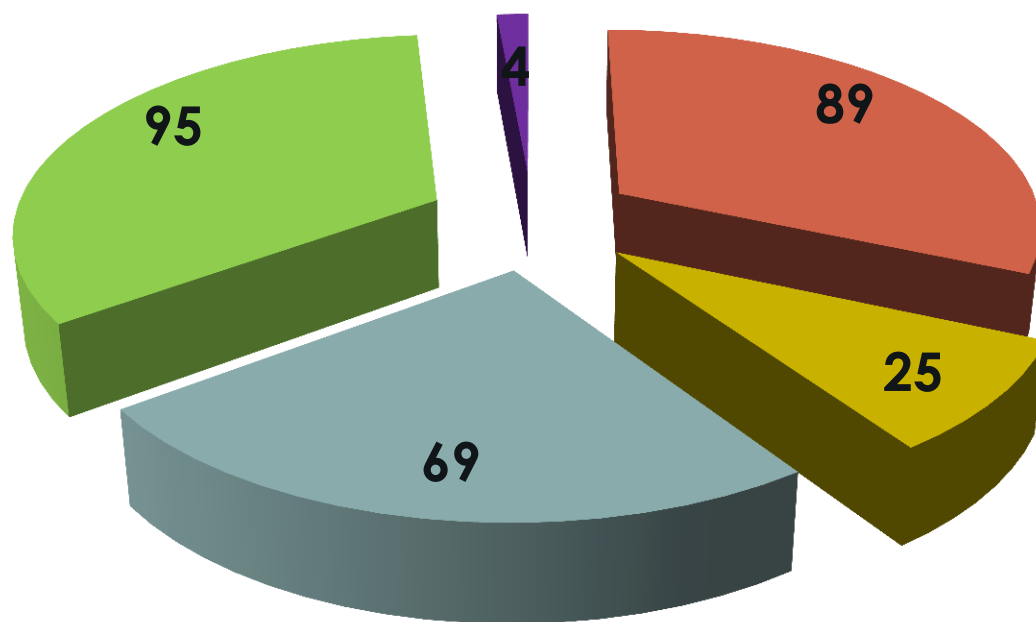
**Diagram 3. Tar production in Poland 1970-2005
(thousand tons).**



**Table 4. Distribution of Polish coal tar 2008-2009
(thousand tons).**

	2008	2009
Production	445	317
Domestic consumption	92.5	35.0
<i>distillation (Blachownia)</i>	<i>60</i>	<i>0</i>
<i>reduction agent (fuel)</i>	<i>32.5</i>	<i>35.0</i>
Export	352.5	282.0

Diagram 4. Eksport of Polish coal tar in 2009 (thousand tons).

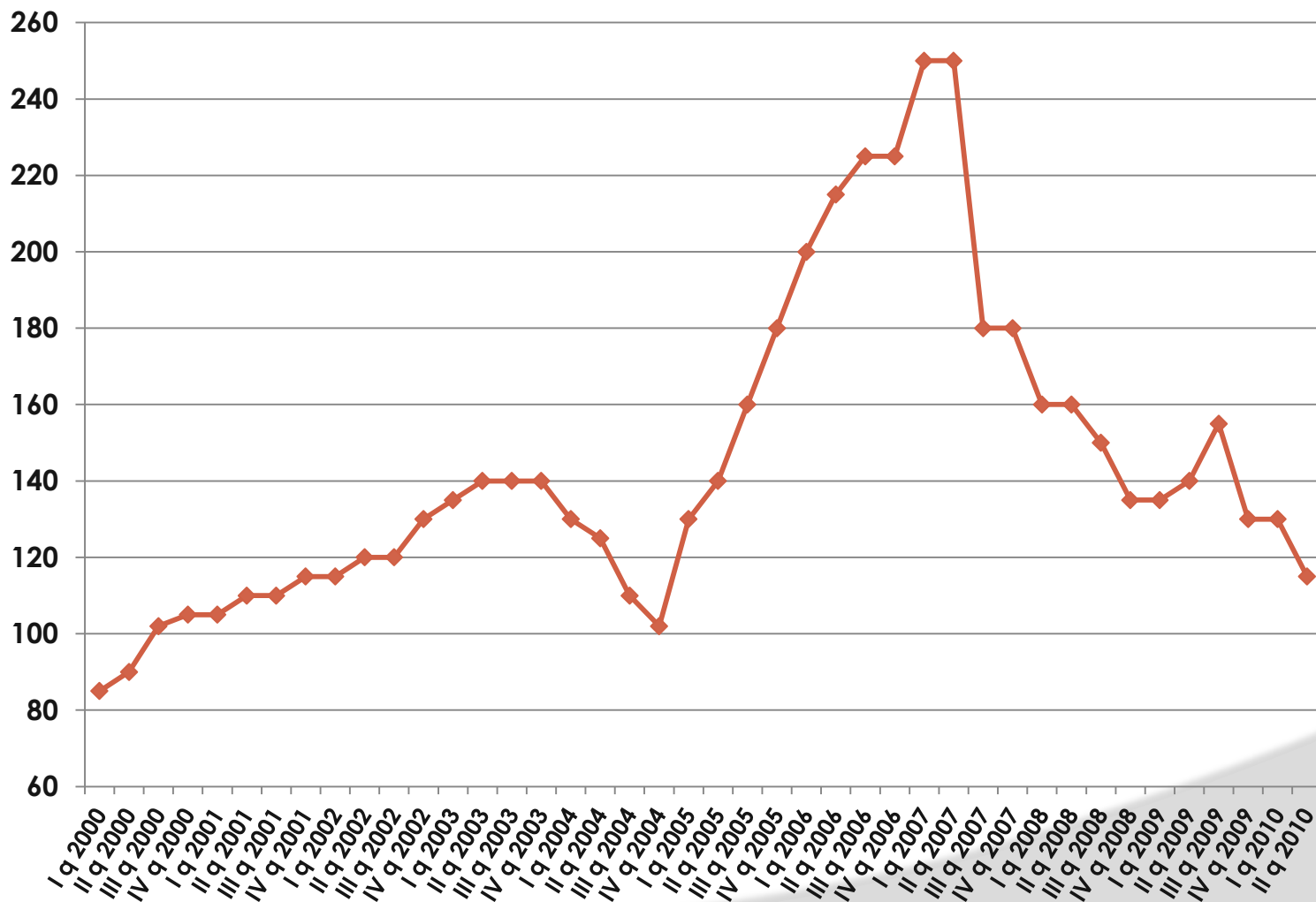


■ Germany ■ Denmark ■ Spain ■ Czech Republic ■ The Netherlands

Table 5. The rise and fall of the Polish coal tar processing industry.

Plant name	Location	Distillation capacity thousand tons/year	Start-up	Shut-down
Hajduki	Chorzów	120	1888	1975
Zaborze	Zabrze	140/250	1915	2000
Chrobry	Wałbrzych	45/75	1925	1978
Blachownia	Kędzierzyn	360	1956/1957 1968	2008
Huta T. Sendzimira	Kraków	110	1957	1995

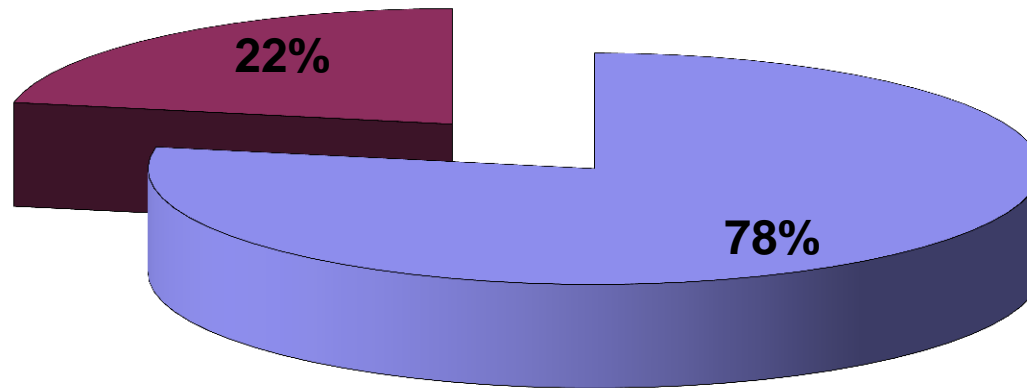
Diagram 5. A history of crude coal tar prices in Poland 2000-2010 (EUR/mt EXW on dry basis)



POLSKI KOKS SA

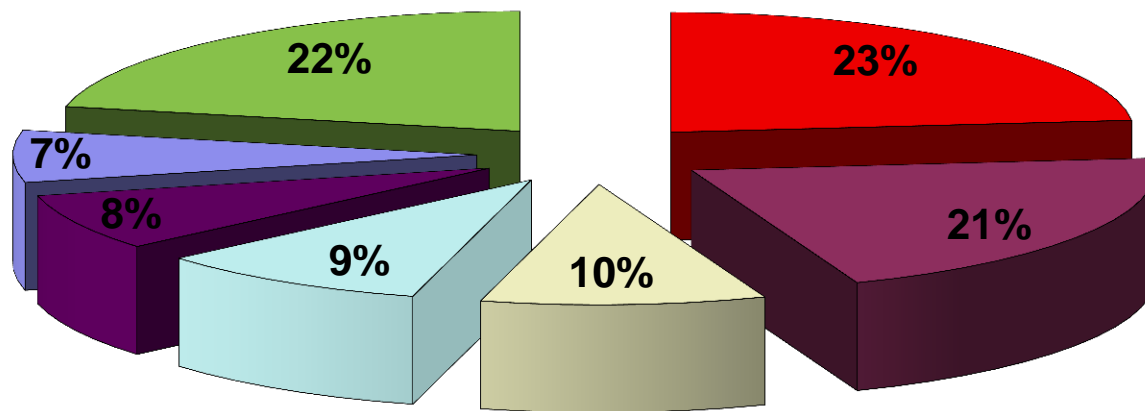
- **Polski Koks S.A. exported 2.59 million tons of coke in 2009, i.e. 57% of total export of Polish coke in 2009.**
- **Polski Koks S.A. allocates around 78% of total sales on the EU market.**
- **Polski Koks S.A. predicts its sales in 2010 to be around 3.97 million tons, i.e. 53% more than in 2009 (2.59 million tons).**
- **Lower demand on the coke market results in decreasing sales on all markets in 2009.**
- **Due to the global crisis some markets were temporarily not available for Polish coke, in spite of successful sales in previous year (North America).**
- **Polski Koks SA expanded its activity on Asian (mainly India) and Middle East (Pakistan and Iran) spot market in 2009.**








Diagram 6. Structure of coke sales by Polski Koks S.A.



■ EU ■ Rest of the world

Diagram 7. Biggest coke customers of Polski Koks S.A. in 2009.



- | | |
|--|--|
|  Romania |  Germany |
|  India |  France |
|  Czech Republic |  Austria |
|  Others | |

New investments in the Polish coke industry.

Projected investments in Polish coke industry for the upcoming years

Coke Plant Zdieszowice Ltd:

- **modernization of by-products plant**
- **reconstruction of stamp-charge coke batteries no. 3-6**

Coke Plant Przyjazn Ltd:

- **technological modernization of coke batteries no. 2-4**

Coke Chemicals Complex Zabrze Plc:

- **technological modernization of coke battery in Coke Plant „Dębieńsko”**

Coke Plant Victoria Plc:

- **modernization of by-products recovery instalation**

Coke Plant Częstochowa Nowa Ltd.:

- **construction of 2 brand-new stamp-charge coke batteries**

Future scenarios for the Polish coke industry

Coal & Coke Group

- **The newly accepted strategy of the Polish Government towards coal mining upholds completing the establishment of a Coal and Coke Group.**
- **The group's main objective is consolidation of entities whose line of business concentrates on coking coal production for the purposes of metallurgic coke manufacture and coke-making .**
- **In accordance with the governmental policy towards Polish mining for the period of 2007-2015, JSW S.A. will act as the group's integration center throughout the projected consolidation activities.**

At present entities participating in the group are :

- **JSW S.A.**
(Jastrzębska Coal Company Plc)
- **Koksownia Przyjaźń Sp. z o.o.**
(Coke Plant Przyjaźń Ltd)
- **Polski Koks S.A.**
(Polish Coke Plc)

In the current schedule of consolidation activities for KK Zabrze S.A. (Coke-Chemical Complex Zabrze plc) with JSW S.A., the deadline for bringing KK Zabrze shares into JSW S.A. has been fixed for the 2nd half of 2010.

Benefits resulting from formation of Coke & Coal Group are numerous:

- **coordination of investment policies**
- **optimizing production**
- **maximizing export of coke as a highly processed product**
- **coordination of trade policies**
- **creation of coke pricing policy**

SUMMARY

- **Polish coal and coke industry will continue to remain the raw materials backup for the EU steel industry.**
- **economic crisis which brought about a noticeable slowdown in 2009 did not stop the ongoing investments in Polish mining and coke industries.**
- **the Coal & Coke Group will continue shaping production and sales policies for coking coal and coke markets in both: Poland and Europe.**
- **Polish coke and coking coal industry has very strong building blocks for the future.**

THANK YOU FOR YOUR ATTENTION !

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