Wojciech Jasiński
President & CEO

Ladies and Gentlemen, Dear Shareholders,

The value-growth measures we took last year resulted in an annual increase of the PKN ORLEN stock price of just under 39%, while the WIG 20 blue-chip index fell nearly 20% over the same period. The price of PKN ORLEN reached its all-time high in August, at PLN 85.25 per share.

In 2015, PKN ORLEN consistently delivered on its strategy, and its financial stability allowed us to continue paying dividends, which last year amounted to PLN 1.65 per share. The Company closed the year with a solid liquidity position and low debt, which was achieved by riding the wave of the favourable macroeconomic climate, resulting in record-high LIFO-based EBITDA of PLN 4.3bn, up PLN 1.4bn relative to 2014.

In 2015, the Company continued its development-oriented projects, aimed at making PKN ORLEN even more resilient to shocks in its business environment in a medium- and long-term perspective. The Company's 2015 performance clearly demonstrates that its strategic objectives and goals, meant to ensure PKN ORLEN's sustainable growth irrespective of the unfolding macroeconomic scenarios, are right on. However, in view of the major changes in our market environment, a review of the current strategy may be in order to adapt it to market trends and challenges.

The Downstream segment was the key driver behind the Company's value growth in 2015. Major CAPEX projects to extend the downstream value chain included construction of the Metathesis Unit, expected to increase the annual propylene output at Płock to 550,000 tonnes, which was continued over the past year. 2015 also saw completion of the Company's flagship project at the Płock Production Plant, namely construction of the Flue Gas Desulfurisation Unit, which is one of the milestones of the five-year programme implemented to meet the stringent environmental protection standards in effect as of January 1st 2016. The entire unit was designed based on the best global flue gas treatment technologies to ensure a meaningful reduction of NOx emissions, almost complete elimination of SOx emissions, and an 84% reduction of particle emissions.

At the end of 2015, we also commissioned the 463 MWe CCGT unit at Włocławek, an essential project not only for PKN ORLEN's generation segment, but also for the enhanced security of the National Power System. Commercial production of heat and electricity at Włocławek is to commence in mid-2016. The second CCGT project currently in progress, a 600 MWe unit at Płock, is pencilled in for completion in late 2017.

The Retail segment continued its impressive growth, once again generating excellent financial and operating results. In line with our strategy for the retail business, we are focusing primarily on its sustainable growth. Accordingly, 2015 saw the opening of new service stations under both the CODO and DOFO models. The Company already holds a considerable share of the Polish market, which is why there is not much rationale behind continued expansion of our service station network, and why we have turned our attention to organic growth instead. To meet our customers' expectations, PKN ORLEN is adjusting its retail business model by developing its non-fuel offering and food service, with 1,404 Stop Cafe and Stop Cafe Bistro operating in Poland at year-end.

Optimisation of feedstock supplies, combined with intensive efforts to diversify supply sources, are important factors securing PKN ORLEN's operational stability. In 2015, crude oil was sourced for the first time from Saudi Arabia under spot contracts, and diversification of supply sources will be continued also in 2016. As regards the sourcing of URAL crude, the primary feedstock used in crude processing, at the end of December 2015 PKN ORLEN signed two new contracts for forward deliveries of the crude to Płock (with Rosneft and Tatneft), securing good pricing terms and more flexibility in terms of supply volumes and points of delivery. As a result, the Company has developed an optimum mix of supply sources under long-term and spot contracts, and is now able to respond flexibly to the changing market environment.

In 2015, PKN ORLEN consistently pursued a number of innovation and R&D projects, one of them involving development of a technology to produce next-generation biocomponents. At the Płock Production Plant, the Company opened a research station where carbon dioxide and process wastewater are used to grow algae. In addition, the Company leverages external expertise as well as new models of social communication and knowledge building. For example, it launched Poland's first global crowdsourcing project in search of innovative solutions. Intended to find the most creative technology concept for efficient recovery and utilisation of low-temperature heat from distillation columns, the project has yielded interesting results with significant implementation potential. The Company is also consistently enhancing its own R&D function, which focuses on development and extension on the petrochemical and chemical value chain.

In 2015, PKN ORLEN once again enjoyed public recognition, both in Poland and abroad. The Company was awarded the 'The World's Most Ethical Company' title by a panel of reputable experts in business ethics and good commercial practices representing the Ethisphere Institute. In 2016, the Company was ranked among the world's most ethical companies for the third consecutive time. PKN ORLEN's high standards of HR policy were recognised by the independent international Top Employers Institute both in 2015 and 2016. The Company also ranked first in terms of revenues among the largest companies in Central Europe in the 9th edition of the 'CE TOP 500' ranking. In the 11th edition of Euromoney's 'Best managed companies in CEE 2015' list, PKN ORLEN was recognised as the best managed company in Poland.
Independent analysts from leading financial institutions across the globe rewarded the Company for its ambitious development plans. The Company's annual report, issued for the first time as an integrated report combining financial statements with non-financial information, received as many as four awards in 'The Best Annual Report' competition organised by the Tax and Accountancy Institute. Moreover, the Company topped the 12th edition of the 'Most Valuable Polish Brands' ranking compiled by the Rzeczpospolita daily, with the ORLEN brand valued at more than PLN 4.5bn. In 2015, PKN ORLEN was once again included in the WSE's RESPECT Index of socially responsible companies.

It also ranked second in the investor relations survey covering the WIG30 companies, organised by the Gazeta Giełdy Parkiet daily with the Polish Chamber of Brokerage Houses (Izba Domów Maklerskich).

I wish to thank all Members of the Supervisory Board, the Management Board and Employees, without whom PKN ORLEN would not have been able to deliver such excellent results. I would also like to thank our Shareholders for placing their trust in us, and to assure them that the coming years will see consistent growth of the PKN ORLEN value based on our solid business foundations.

Wojciech Jasiński

President of the Management Board, CEO
PKN ORLEN S.A.